

WESTERN SYSTEM VERSUS CHINESE SYSTEM

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Executive Summary

1. The global dominance of the West is primarily attributed to the widespread belief in the exclusive legitimacy of the Western System. The rising Chinese System does not proclaim itself to be an alternative to the Western System, but it does challenge the latter's exclusive legitimacy.
2. The Chinese System is distinct. Socially, the communities and work units network is organically connected and overlapping with the vertical and horizontal networks of bureaucracy. In the West, the independent and self-organized civil societies contend for resources through partisan politics.
3. Politically, a unified and neutral governing group under the principle of meritocracy leads a *Minben* (民本) democracy, with a division-of-labor mechanism to prevent and correct mistakes. In the West, an electoral democracy of contending parties forms a flexible balance of power under the principle of majority, with an independent judiciary to prevent instability.
4. Economically, the Chinese System features a guided market economy with two functionally differentiated sectors — a state sector and a private sector — which are mutually supportive to avoid market failures. In the West, it is a market economy of free enterprises.
5. The Chinese and Western systems engage each other in two main frontlines. The first is economic engagement, in which the “guided market economy” is growing rapidly. The second and more imperative is the ideational engagement. The two sides have conflicting aspirations though. While the West tries to undermine the Chinese System and place China in the US-led global regime of hierarchy, China strives for equality and independence in coexistence.
6. A look at ideational engagement in the last three decades shows that the attempt to assimilate China has strengthened China's ideational independence. Revisiting the recent fervor of the “China Model” discussion within China, a

cultural renaissance is in sight, wherein the support to the Chinese System is tremendous and a Chinese School of thought is emerging.

7. The argument for a systemic Westernization may be further weakened when the Chinese System consolidates and the state has the confidence to relax controls and become more tolerant.
8. There are four possible scenarios to the Chinese-West engagement: (1) launching an all-out ideational warfare against the Chinese System; (2) erecting trade barriers against China's access to world markets; (3) continuously playing the *status quo* game in the old issue areas but with more emphasis on existing "international responsibilities and "international standards"; and (4) cooperating with China for a smooth transition from the hierarchical model of world dominance to the horizontal model of common wealth with refined new rules. What is going to happen might well be the mixture of the four.

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A Growing Challenge from the Chinese System

- 1.1 The prospect of the PRC economy overtaking the U.S. economy within 20 years could be much less of a threat to the West than the expectation that the Chinese System will be widely considered a legitimate one, and running parallel to the Western System.
- 1.2 Western dominance for the past four centuries since 1600 has primarily depended upon the widespread belief in the Western System's exclusive rationality, modernity and legitimacy.
- 1.3 Despite its insignificant economic impact, the Soviet Union posed the first fatal threat due to its challenge to Western imperialism. Merely 20 years after the Cold War comes a new challenge — the rising Chinese System.
- 1.4 A "System" could be understood as a "trinity" of economic, political and social sub-systems. The "Western System" and "Chinese System" differ in many ways. They differ in the way of organizing society. In the West, the independent, self-organized, class-based and/or group-based civil societies contend for resources through partisan politics. In China, the communities and work units network is organically connected with the vertical and horizontal network of bureaucracy.

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- 1.5 The two systems differ in their way of organizing politics. In the West, under the principle of majority, an electoral democracy of contending parties forms a flexible balance of governing power, with an independent judiciary to prevent instability. In China, a politically unified and neutral governing group leads a *minben* (民本) democracy under the principle of meritocracy, with a division-of-labor mechanism to prevent and correct mistakes.¹
- 1.6 The two systems also differ in the way of organizing economic life. In the West, free enterprises compete with each other to form a “free market economy.” In China, two functionally differentiated and mutually supportive sectors — a state sector and a private sector — form a “guided market economy” to avoid market failures and increase competitiveness in international markets.
- 1.7 In this nuclear age, the rise of China would be nothing but peaceful. Both sides are strong enough to ensure that a military defeat would not be a possible scenario. The West tries to incorporate and assimilate China into the Western System, while China strives for a status of independence and equality in coexistence. Therefore, “engagement” is a situation that both sides accede to.

Engagement with the West and Ideational Independence

- 2.1 “Engagement” has two main frontlines. The first is the economic frontline. The “directed market economy” is obviously taking advantage of the “free market economy” and growing rapidly to become one of the largest economic entities. Engaging China would turn the “directed market economy” legitimate, while delinking with it would deprive Western companies and individuals of opportunities of new wealth, hence rendering it impossible for a free market economy.

¹ *Minbenism* (民本主义) means that the very reason for the existence of a government is to ensure the harmony and welfare of the entire society, or it should be overthrown.

- 2.2 The second is the ideational frontline. Drawing from the evolutionary process of the last three decades, the Western attempt to ideationally assimilate China seems to have strengthened China's ideational independence, which bears similarities with the result of the half-century Soviet-China ideational engagement.
- 2.3 In the early 1980s, with the end of the "Cultural Revolution" and Deng Xiaoping's policy of "reform and opening," Chinese elites were amazed by the Western cultural, material and technological achievements. The belief in the "supremacy of the socialist system" was naturally turned into a belief in the "supremacy of the Western System."
- 2.4 The 1990s was marked by a resurgence of Chinese nationalism. It was partially an instinctive response to the growing Western political, economic and military pressure from the new Pax Americana, and partially from the dramatic breakthroughs of China's market-oriented reforms. A filler for the vacuum of ideas after communism lost its appeal, hundreds of books on traditional China in various disciplines of humanities and social sciences were published. The whole of China seemed to have fallen for a modern version of "ancestor worship," which stimulated the rise of today's "neo-traditionalism."
- 2.5 The neo-nationalists then, however, generally considered the Western System as the blueprint for China's future, in the way of organizing not only the economy and politics, but also society. Most neo-nationalists did not challenge the eventual Westernization, but rejected the Western arrogance and demanded for the self-control of the sequence and timing in the process of China conversion.
- 2.6 In the first decade of the 21st Century, Chinese intellectuals became deeply divided, with neo-leftists favoring socialism and rightists favoring Americanization. The neo-leftists, who emerged in the late 1990s and consisted of some Chinese intellectuals trained in the West, challenged the then ideational mainstream by criticizing the marketization of housing, education, and medical care, and the neglect of the rural society, as well as the

heavy dependence on foreign capital, technology, and markets. They claimed the need for a “new-round of liberation of the mind.”²

- 2.7 Along with the rise and spread of collective protest movements, urban internet opinions backed the neo-leftist stand and forced the government to tilt towards the left. Despite being often accused as “populist,” the Chinese government has adopted policies of new orientation, such as abolishing agricultural tax and fees, pushing for a new Labor Law, reducing the regional gap of development with fiscal policies, reversing medical marketization with a new round of medical reform, accelerating subsidized housing construction, announcing plans to restructure the Chinese economy to domestic consumption, and launching anti-corruption campaigns.
- 2.8 It now seems that the Chinese government is re-gaining popular support through its timely policy adjustment to “sustainable” and “scientific” development. The U.S. based Pew Research Center has since 2002 carried out a worldwide survey of public opinions on “satisfaction” with the performance of their countries. The survey results show that the satisfaction rate in China has become the highest in the world since 2005, climbing from 48% in 2002 to 87% in 2009. In 2009, the satisfaction rate was 43% in Germany, 36% in the U.S., 27% in France, 25% in Japan, and 21% in the U.K.³
- 2.9 Witnessing the slow progress or even misfortunes of many non-Western countries in the process of “democratization,” the credibility of the Western System rapidly loses steam. As China hosted the Olympic Games in 2008, celebrated its 60th anniversary in 2009, and emerged as the biggest winner in

² Cui Zhiyuan (崔之元), “The Institutional Innovation and the Liberation of Mind for the Second Time” (《制度创新与第二次思想解放》), 《二十一世纪》(21 Century), Hong Kong, August 1994.

³ <http://pewglobal.org/database/?indicator=3&survey=1&response=Satisfied&mode=chart>. <http://pewglobal.org/database/?indicator=3&country=45>. The high support rates in China are also confirmed in other studies. See, for example, Shan Wei, “How Much Do the Chinese Trust Their Government?” (EAI Background Brief No. 472, 28 August, 2009, East Asian Institute, National University of Singapore)

the world financial turmoil, the support for a systemic Westernization no longer represents the intellectual mainstream.

- 2.10 Against the rising popularity of the leftist ideas, some rightists became “social democrats.” They turned to the “Third Way” of Western Europe for ideational resources, particularly from the welfare states of the small Nordic countries. They champion “social democratism” and are “socialist in the economy and democratic in politics.”⁴ Yet they are not interested in explaining how a welfare state could be practical among the radically different demography of 1.3 billion, and simply proclaim that by adopting a competitive electoral system would allow for the building of a “welfare state.” Welfare is attractive to Chinese, but surely not the Nordic kind of taxation.
- 2.11 Westernization advocates recently declared the multi-party competitive electoral politics as the “universal value of humanity” (read as liberty and democracy).⁵ In an essentially non-religious and pragmatic society, however, “universal value” has little value without showing the benefits and costs of importing electoral politics, particularly against the obviously negative impact of free grassroots elections in rural China.
- 2.12 The neo-leftists seem to have gained an upper hand. However, they clearly know that China’s success cannot be explained by socialism as it is not a simple story of liberalising the economy. Benefitting from the two decades of study and rehabilitation of the Chinese traditional institutions and thoughts, many neo-left intellectuals turn to the Chinese Traditional System for ideas. They become “neo-conservatives.”
- 2.13 The neo-conservatives transcend the leftists and rightists of the Western kind. Their ideal consists of three major parts: the Chinese Traditional System and

⁴ Xie Tao (谢韬), “The Model of Democratic Socialism and China’s Future” (《民主社会主义模式与中国前途》) *Yanhuang Chunqiu* (《炎黄春秋》) February, 2007

⁵ Chen Xi (晨曦), 《我国学界关于“普世价值”的讨论简述》, Academy of Social Sciences of Guangzhou. (<http://www.gzass.gd.cn/contents/21/2357.html>).

some existing institutions borrowed from the Soviet System (such as Communist Party) and Western System (such as Republic).⁶ With the modern Chinese System, the neo-conservatives offer a systemic explanation to the rise of China.

- 2.14 The three-decade ideational engagement with the West seems to have strengthened Chinese ideational independence. Similarly, the economic engagement with the West has also increased the strength of Chinese independence, as is seen in the financial crisis.

“China Model” Discussion: A Cultural Renaissance Movement

- 3.1 The Chinese success story has incited world-wide discussion of a “China model” since the middle of the past decade. The theory of a China model is very controversial or even superficial and subject to changes with time. More profoundly, it has stimulated the growth of a self-consciousness of a Chinese System vis-à-vis the Western understanding of an inferior “authoritarian regime.” It appears more like a movement of cultural renaissance than a debate on the China model itself.
- 3.2 In the West, the success of the Chinese economy was initially hailed as the triumph of the neo-classical economic theory on market mechanism and privatization. However, the liberalist explanation seems to be at odd with the visible and strong state interventions in China. And it is not difficult to find that the Chinese state has been attempting to control the market mechanism with its institutional leverages. The available leverages, such as state-owned land and natural resources, financial institutions, SOEs in the areas of infrastructure and the international markets of natural resources, etc., have played profound roles in the investment-driven growth, which is also said to have resulted in low domestic consumption.

⁶ Gan Yang (甘阳), *Blending Three Traditions* (《通三统》), 北京: 生活·读书·新知三联书店, 2007).

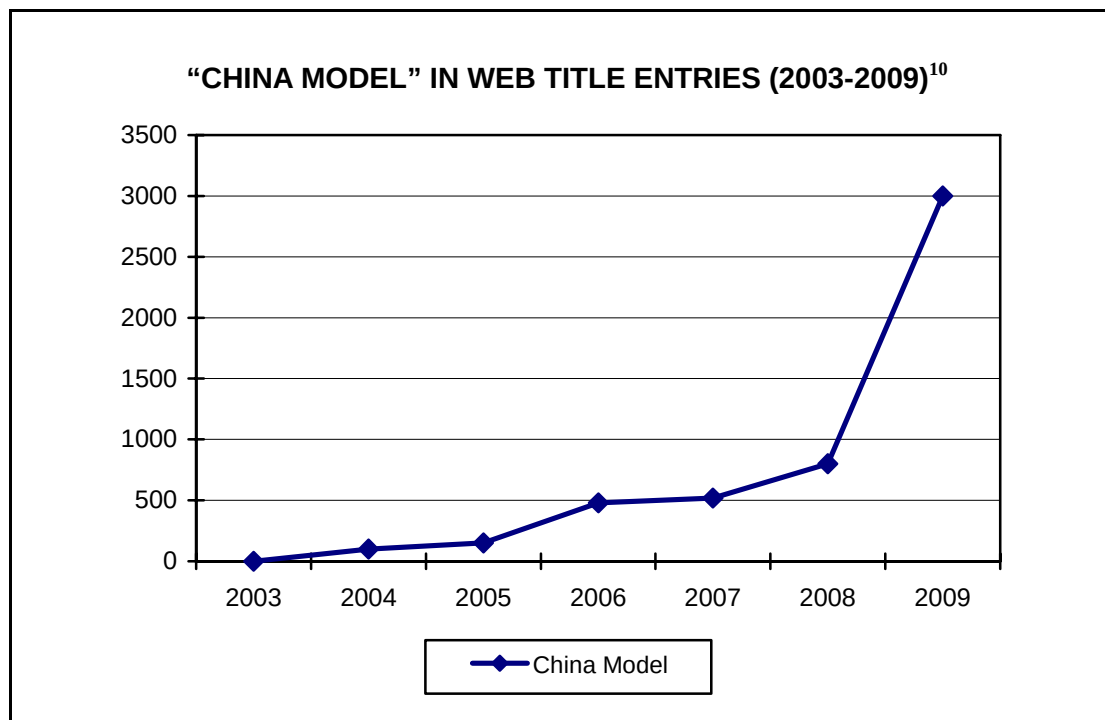
- 3.3 Joshua Ramo published his famous article in 2004 on the “Beijing Consensus,” as opposed to the “Washington Consensus.”⁷ At the policy level, he raised the viability issue of the “China Model” in the world system. However, the policy-level explanation needs explanation by itself. Why is it possible in China?
- 3.4 Attention naturally turns to the systemic attributes of the “China model”, particularly the “authoritarian” nature of the Chinese socio-political system. Now a quick description of the “China model” is known to the entire world: the combination of a (manipulated) market economy with an authoritarian regime. The authoritarian regime is said to be good at efficiently making and imposing both sound and deficient decisions without the need to attend to diverse group interests and public opinions.
- 3.5 A few Chinese specialists question the simplicity of the authoritarian label by pointing to the responsive features of moral politics in China.⁸ Their studies are far from influential, however. The types of “authoritarian” regimes can be differentiated with a few adjectives, but still falls within the popular dichotomous framework of democracy and autocracy. After all, peeking through the Western lens, there is no shortage of evidence of socio-political oppression in China.
- 3.6 With regards to the future of the “China model” as such, there are pessimists and optimists as usual. Optimists see the authoritarian features merely as those of underdevelopment; and China will become a liberal (market) democracy as it develops. Pessimists predict a total collapse due to the unsustainable

⁷ Joshua Cooper Ramo, *Beijing Consensus: Notes on the New Physics of Chinese Power*, London: Foreign Policy Center, 2004.

⁸ See for examples, Randall Peerenboom, *China Modernizes: Threat to the West or Model for the Rest*, Oxford University Press, 2007; Loren Brandt and Thomas G. Rawski, eds., *China's Great Economic Transformation*, Cambridge University Press, 2008; Merle Goldman and Elizabeth Perry, eds., *Changing Meanings of Citizenship in Modern China*, Harvard College, 2002. Elizabeth Perry, “Chinese Conceptions of ‘Rights’: From Mencius to Mao—and Now,” *Perspectives on Politics* (2008), 6, pp 37-50. In her article published in China, she discusses the “vitality” of the Chinese political system in learning and adapting to difficulties. (裴宜理—E. J. Perry, 《新中国的政治体制是否具有活力》(《中国社会科学报》, 13-8-2009, p 8). Chao-Chuan Chen and Yueh-Ting Lee, eds., *Leadership and Management in China: Philosophies, Theories, and Practices*, Cambridge University Press, 2008.

“authoritarian growth.” Worth mentioning is a new type of optimists and pessimists, the former sees a positive role “when China rules the world,” and the latter sees it as a deadly menace to the welfare of the West.⁹

- 3.7 Inside China, the discussion on the “China Model” has been increasingly popular since the beginning of the financial tsunami. The chart shows the use of the term “China model” over the years.



- 3.8 Nearly all the prominent scholars of humanities and social sciences have joined in the discussion in one way or another, and dozens of books with “China model” in their titles have been published. For some, it is a convenient platform for evaluating the changes in socio-economic policies. For many

⁹ The following two books might represent the two extremes. Martin Jacques, *When China Rules the World: the End of the Western World and the Birth of a New Global Order*, Penguin Group, 2009. James Kynge, *China Shakes The World: A Titan’s Rise and Troubled Future – and the Challenge for America*, New York, Houghton Mifflin Company, 2006.

¹⁰ Created with Baidu (百度) Index, quoted from Qian Gang (钱钢: 《盛世话语之涌腾: 以“中国模式”为例》, 《传媒透视》, 02-2010, Hong Kong)

others, it is about a systemic explanation of China's performance. There are four major views arguing against the existence of a "China model".

- 3.9 The first focuses on the Chinese policy of liberalization as part of the world's tide led by Reagan and Thatcher, namely, marketization, privatization and opening to the world markets.¹¹ The argument implies that the continued success in China hinges on further economic liberalization.
- 3.10 The second emphasizes the political aspect of backwardness. The scholars argue that China needs to not only further marketizes, but also democratizes.¹²
- 3.11 The third argues that the China case is a large-scale repetition of the "East Asian Model" of export-led growth under an authoritarian/neutral "developmental state."¹³ The argument implies that while the size of China might allow a shift of attention to domestic markets, the Chinese economic growth hinges on the continued developmental nature and effectiveness of the state.
- 3.12 The fourth points to the "internal oppression" of the Communist Party through widespread corruption, such as compromising social equality, welfare of laborers, environment and natural resources, in contrast to the "external oppression" in the process of the Western development.¹⁴ The argument implies that due to the disadvantages of the authoritarian political system, the Chinese economic development is not sustainable, fostering internal rebellions, and calling for democratization as most other developing countries had done.

¹¹ Yang Yao, "The End of Beijing Consensus: Can China's Authoritarian Growth Survive?" *Foreign Affairs*, February 2, 2010.. 樊纲:《当前主要问题在于市场化改革不够深入》,《21 世纪经济报道》, 4-4-2006.

¹² Li Junru (李君如),《慎提中国模式》,《学习时报》,中央党校, 7-12-2009).

¹³ Wang Huiyao (王辉耀),《中国模式的特点、挑战及展望》,英国《金融时报》中文网 (<http://www.ftchinese.com/story/001030607>).

¹⁴ Ding Xueliang (丁学良),《“中国模式”为何不好推广?》”中间论坛”, FT 中文网, 2008 年 9 月 19 日, <http://www.ftchinese.com/story/001022056>). Qin Hui (秦晖),《第三种可能》,《南风窗》 No. 20, 2007, pp 61-62).

- 3.13 The support for the existence of the China model focuses on one aspect: the rule of the Chinese Communist Party as a unified and responsible governing group. Some point to the Party's capacity of keeping social stability through the policies of balancing social interests.¹⁵ Some further emphasize the Party's unique capacity of "learning" in response to the needs of the Chinese society at different times, pointing to its open-minded pragmatism through "gradualist" and/or "shock-therapy" kind of policy adjustments, including the recent social policy adjustment towards mass consumption.¹⁶
- 3.14 Pledging the non-stop "reform" of policies and institutions, the Chinese government has avoided the concept of the China model and abstained from the discussion. Some specialists in international relations suggest not using the concept to avoid offending the West and the suspicion of "exporting" it to underdeveloped countries.¹⁷
- 3.15 The Chinese support for their political system seems to have strengthened. A recent survey on "Asian Movement for Democracy" asks: "Does the political system in your country fit the need of your people?" Positive answers constitute 76% in China, 36% in South Korea, 21.6% in Japan.¹⁸ Another survey by some U.S.-based scholars shows that most Chinese define democracy as substantive instead of "procedural", that is to say, instead of electoral competitions, democracy for the Chinese means the government's

¹⁵ Zhang Weiwei (张维为), *China model seen from the Eastern Europe dilemmas* (《从东欧困境看中国模式》, 《红旗文稿》, No. 23, 2009, pp 4-6). Zheng Yongnian (郑永年): *China Model: Experiences and dilemmas* (《中国模式: 经验与困局》, 杭州: 浙江人民出版社, 2010).

¹⁶ Wang Shaoguang (王绍光), 《学习机制、适应能力与中国模式》in 《开放时代》, No. 7, 2009, pp 36-40; 《学习机制与适应能力: 中国农村合作医疗体制变迁的启示》in 《中国社会科学》No. 6, 2008; 《学习能力与中国改革的内在追求》in 《21 世纪经济报道》, 9-12-2008, p. 2.

¹⁷ Zhao Qizheng (赵启正), 《中国无意输出模式》, 《学习时报》, 中央党校, 7-12-2009

¹⁸ www.asianbarometer.org. The project is led by Chu Yun-Han (朱云汉) of National Taiwan University. Also see his article 《对民主与市场的反思: 一个政治学者在 21 世纪开端的沉痛思考》(《思想: 天下、东亚、台湾》, 第三卷, 联经出版事业公司, 2006).

adherence to Confucian *Minbenism* and the provision of effective services to the people's welfare.¹⁹

- 3.16 In today's China, readers and publishers are attracted by books and articles with an independent "Chinese perspective," which are prominent in philosophy, arts and literature, law, history, sociology, political science, international relations and economics. Under scrutiny is the Chinese System, traditional and contemporary, in contrast to that of the Western System.
- 3.17 The "China model" discussion is much less about a "model of development" than a response to the comprehensive West-China ideational engagement. The rise of China is also a reflection of a cultural movement, a "Chinese renaissance," so to speak.
- 3.18 The idea in favor of a systemic Westernization remains a significant one. It is backed by the century-long and fruitful Western learning, by the Western governments and media, and particularly by the fact that China is a rapidly changing society troubled by many characteristics of underdevelopment. However, the idea might be further weakened as the Chinese System consolidates and the state becomes less oppressive and more tolerant. After all, tolerance to diversities is a part of not only the Chinese tradition, but also strong and safe nations with self confidence.

Future Scenarios of the West-China Engagement

- 4.1 The Chinese System does not boast itself as an alternative to the Western System. However, it is weakening the argument for the exclusive legitimacy of the Western System. And the Chinese System, once consolidated, would suggest the end of Western global dominance which has lasted four centuries since 1600.

¹⁹ Tianjian Shi (史天健), "Is There an Asian Value? Popular understanding of democracy in Asia." In *China's Reforms at 30: Challenges and Prospects*, Vol. 14. Eds. by Dali Yang, Litao Zhao, World Scientific, 2009. Also see another article by Shi, "The Same Word but Different Implications: Procedure or Substance?" Paper presented at the 20th World Congress of the International Political Science Association, Santiago, Chile.

- 4.2 The West-China engagement that involves alternative policies from the West may lead to policy interactions and alternative scenarios.
- 4.3 The first scenario is a launch of an all-out ideational warfare so that some “Gorbachev-like” leaders will come to power and repeat the outcome of the Cold War. The ideational vulnerability is a major problem in a closed country, but not in a country like China that encourages its people to travel, study, work, invest and even settle abroad. In time, the Party state (or state Party) would be confident enough to abolish the political restrictions to the internet. Moreover, the future generations of Chinese leaders, who have to compete to outperform the older ones, are unlikely to follow the paths of the USSR and Ukraine, or Japan and Taiwan.
- 4.4 The second scenario is the erection of higher trade barriers to block China’s access to world markets and world affairs, so as to slow down China’s growth and isolate its people from the international community. A *de facto* economic sanction would only unite the people around the government, and might well help create a technologically self-reliant country like that of Mao’s time, but with a huge domestic market. Moreover, in times of globalization, sanctioning a huge and open country via economic means is not feasible; the West also needs China’s cooperation in dealing with global issues.
- 4.5 The third and most probable scenario is the further engagement of China in the old issues, such as human rights, more autonomy for ethnic minorities, Taiwan, and international finance and trade. That is to pressure China to undertake more “international responsibilities” and follow “international standards” as defined by the existing regimes in the global hierarchy. For China, it is hardly interested in the “responsibilities” and “standards.” Discriminated (eg. arms and high-tech embargo and non-market economy status in WTO) and often a victim or a collateral of that hierarchy, China is not keen to help the West in ousting their disliked regimes and create enemies for itself. However, China will continue to play the game with its culturally inherited patience, cautiously avoiding a showdown with the West.

- 4.6 The least possible scenario will be that of one which tolerates and cooperates with China to smooth the transition to a vision of shared world in the future, namely, replacing the hierarchical model of medieval-type world dominance with a horizontal model of cooperation and benign competition. Although this scenario is far beyond a favorite vision of the existing hierarchy, it is what the 21st century rise of China and India is all about. The two countries with more than one third of the world population are fighting for a fair share of the wealth in the world, and the success of their endeavor would lead to a refined world order.
- 4.7 The reality may well be a mixture of all the above four scenarios. The struggling engagement between the two Systems offers a large space for China's neighbors to maneuver. Even "fourth world" countries like Myanmar could well take advantage of that and prosper.