

Domestic Experiences and the Shaping of a “China Model” of Development

Jennifer YJ Hsu

University of Alberta

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Introduction

The failure of development policies to bring about growth and equity to the majority of developing countries post-World War II has led to widespread disillusionment with not only development policies, but also related institutions. Economic growth has stagnated across much of Africa, parts of Asia and Latin America; growth in Africa in the 1980s and 1990s was lower than that of the 1960s and 1970s. Moreover, non-economic indicators of growth, such as health and education have fared not much better in many parts of the developing world (Economic Commission for Africa 2011; Weisbrot and Ray 2011).¹ The start of the current global economic crisis in 2008 also reinforced policy and institutional failures, largely in the neo-liberal mould. As we enter into the second decade of the 21st century, we see marked shift in the development paradigm: China’s remarkable growth paired with relative social stability has generated significant excitement and discussion for many developing countries. Questions across the spectrum from academic to policy circles are raised with regards to the potential for replication. The lessons and experiences of the earlier development eras have been dispensed away with the latest trend. The gulf between the Keynesian approach and Washington consensus dominated much of the development field from the 1980s to the start of the 21st century; consequently, the development field over the same period has been consumed by the state versus market debate. Such debate has receded as China continues to grow—albeit slower than previous years—in spite of the deepening global economic crisis.

This paper is an exploration into China’s development “model” and what it means for this “new development era” (Pieterse 2009). Much of the recent development literature has focused on China’s role as a development actor in Africa—provider of aid and trade opportunities—much less is on China’s development experience. It is only recently that the field of development studies, including practitioners and academics, have started to engage in discussion and research on China’s development and its impact on the field (see De Haan 2011; Urban, Mohan and Zhang 2011). The purpose of this paper is thus three-fold. First, it is to outline the different conceptions of China’s development model. Second, I will delineate some of the major lessons from China’s development with an eye on its social development. Third, I shall consider the limitations of the model and what this means for a new development era. These three items are framed within the broader perspective of the development studies field, essentially to reconsider whether China is an “exceptional” case because of its circumstances, large population, history, state socialism (Chen and Goodman 2012) amongst others, because there are lessons to be drawn from its 35 years of development that may bear witness to a new development era.

A “China Model”?

There is much debate as to what constitutes as a “China model.” Furthermore there is often conflation between China’s development experience, i.e. “China model” and that of the Beijing Consensus. It is not the aim of the paper to engage in a debate as to whether there is a Beijing Consensus to challenge the Washington Consensus, or what the former entails, but suffice to say Joshua Cooper Ramo’s *The Beijing*

¹ Africa witnessed an average GDP growth rate of 5.6 per cent between 2002-2008, until the global economic crisis (Economic Commission for Africa 2012: 59).

Consensus (2004)² has sparked significant discussion on its existence (see for example Halper 2010; Kennedy 2010). It is not my wish to conflate the “model” with “consensus.” To further avoid conflation “model” with “consensus,” the Beijing Consensus as Dirlik (2009) notes denotes an alternate global order. Thus, the geo-political debate of whether there is a new global order is far beyond the depths of this paper. Consequently, we shall stick to examining the China’s development lessons and ascertain whether these lessons form a “model.”

There are different conceptions of what constitutes a “China model” and in this section we shall analyse the corpus of literature that have examined this issue. Bruce Dickson (2011) is perhaps clearest in defining what forms a China model. According to Dickson (Ibid), China is approaching development from three but inter-related ways: 1) Advocating for national “champions”; 2) encouraging the growth of the middle class and, 3) devoting more resources to the provision of public goods. The creation of national “champions” to rival those of its global competitors whether in the field of electronics or natural resources is clearly intended to keep a larger proportion of the profits in Chinese hands. The goal was clearly enunciated in the 15th Chinese Communist Party (CCP) Congress and reiterated in subsequent policies. The 15th CCP Congress outlined three major policies with regards to enterprise reforms for large and medium state-owned enterprises (SOEs). First, it aimed to create three to five large firms that would feature in the world’s top 500. The second strategy focused on the development of core systems. Large-scale SOEs were encouraged and supported to develop into modern enterprise systems. The third strategy sought to target strategic enterprise groups. Large Chinese state-owned companies are proactively seeking to compete in the global market through joint venture schemes and more recently company take-overs. As Nolan and Wang (1999: 170) suggest, China’s SOEs through institutional reform, government policy, localised action and relations with international investment, present an alternative development path. Although China has actively sought to create globally competitive firms, Nolan argues that China’s large firms have thus far failed produce leading technologies or brand on the global market due to a number of external and internal factors, ranging from global business structure to failures of the Chinese bureaucracy (Nolan 2001, 2002, 2012).

On Dickson’s second point, encouraging the growth of the middle class, the Chinese state has shown it less committed to keeping wages low than previously. The state’s activeness in leading the labour wage bargaining process between 2001 and 2006 (Huang 2012) demonstrate a state that is seeking to respond to the social changes; simultaneously the state’s commitment to wage bargaining and supporting the growth of the middle class is intricately tied to its pursuit of legitimising its rule. By advocating for wage bargaining, the state is ensuring labour concerns and disputes are kept at minimum which in turn will minimise threats to the Party-state’s legitimacy. Moreover, by supporting the middle class the CCP is establishing a new support base for its rule. However as Dickson (2011) notes, increases in wages will squeeze profits from the small to medium enterprises, particularly when these private entrepreneurs are also facing competition from the SOEs. Where the state chooses to back a winner, there will ultimately be a loser (Blecher and Shue 2001). Given the state has explicitly chosen to support large SOEs to create national champions through its industrial policies as early as the 1980s (Nolan 2001, 2002, 2012) and reinforced more recently (see *The Economist* 21 January 2012), the Chinese middle class may emerge victorious by default because private entrepreneurs are likely to be crowded out by the state’s support for large SOEs.

² Joshua Cooper Ramo’s Beijing Consensus is based on three “theorems”: 1) Development need not start from “trailing-edge technology”, but rather on the cutting edge of innovation; 2) sustainability and equality are primary considerations; 3) self-determination.

The potential social and political destabilising forces within China threaten not only the reform process but also the CCP's reign. The challenge for China in its next phase of development is to maintain social stability. For this reason some have argued that a strong control of society is needed (Shutt 2001; Nolan 2004). For Dickson, the third piece in the model is the Chinese state's provision of public goods to ensure the Party-state's hold on power and thus pre-empt demands for political change. In the face of rising inequality across various sectors, including urban and rural, greater inequality may increase sentiments of discontent aimed at the state. The provision of public goods is therefore, a major tool for mitigating social instability. The move towards the provision of public goods includes greater medical coverage for Chinese citizen; the central government announced in April 2009 additional spending of 850 billion RMB (US \$125 billion) on health care. Additionally, the introduction of the New Medical Cooperative System (NMCS) will ensure greater numbers of rural residents with medical insurance (see Brown, de Brauw and Du 2009).

While Dickson (2011) notes political control in passing, Zhao (2010) has dedicated his focus on state control as the central component of China's successful development. According to Zhao, four aspects of China's political reform needs to be considered with regards to the China model. First, the institutionalisation of the leadership system has enabled the CCP to be more progressive and responsive to the needs of the country. For example, Prime Minister Wen Jiabao abolished decision making at premiere work meetings (*zhongli bangong huiyi*) as it had no legal status. Second, the implementation of the cadre responsibility system post-SARS of 2003 ensures cadres are accountable and disciplined where necessary. Zhao's third point is the improvement of citizens' constitutional rights as indicated in the Reform and Opening Up Constitution (1982) with four subsequent amendments in 199, 1993, 1999 and 2004. The fourth aspect of the state's political control of the development process is the move away from revolutionary aspects of the CCP which allows for debates on policies because it is not centred on ideology. Zhao (2010: 434) believes the success and subsequent appeal of China's development model is because it is so focused on material economic and political benefits. Drawing on Zhao's and Dickson's arguments, we can infer that the success of China's development is due to the ability of the state to control and steer China in certain policy directions.

For Pan Wei (2011), the discussion on the China model is perhaps more philosophical. Pan believes China's success is related to the unique way in which the Chinese organise themselves in society, economy and politics. Pan focuses on the role of family and community, or more specifically *danwei* as principal organising units for society. This social order or *sheji* (社稷) in turns affects how political life is structured and ordered where the separation of state and society is therefore not warranted. The idea of politics is accordingly, centred on the government as being responsible for all (*minben* 民本), thus its unity is critical. The organisation of China's economic system is therefore affected by the political system, where the state is dominant in land ownership and major corporations across numerous sectors. However, the free market is permitted in family-owned and collectively owned enterprises. Pan's belief in China's unique form of organisation perhaps stymies any attempt for replication elsewhere.

The notion of uniqueness is also adopted by Naughton (2010) who argues that three fundamental principles associated with China's development makes it difficult to replicate. These three principles include China's size and thus potential of the domestic market, an abundance of labour and the authoritarian system. Despite these three principles, Naughton suggest six conjectures which may evolve into lessons for other nations. Conjecture number one refers to China's mixed economy, where state-ownership has not hampered China's development. Conjecture two refers to state-managed market competition. Related to this conjecture is that public ownership can be exploited for maximum profitability, which is the basis for number three. The fourth conjecture is that investment-led growth is

essential, irrespective of whether there is current demand or not. The fifth relates to the aggressive role of the state in creating growth opportunities. And the sixth conjecture which Naughton offers is that managers of publicly-owned company can be motivated by tying their compensation to the company's performance. Naughton (2010: 459) concludes that rather than seeing China as adopting new principles of development we ought to see it as "pragmatic adaptation to circumstance."

Chen and Goodman (2012) share similar sentiments to Naughton with regards to the existence of a model, largely attributable to China's recent history. They believe that the lack of consensus of what constitutes a China model, a set of highly specific circumstances—including China's size and scale—and experience of state socialism makes a China model of replication highly unlikely. Indeed, China's population and size makes it unique and may generate unprecedented growth through consumer demand. While the potential of China's consumer demand is highly regarded, it remains a potential. Household savings dropped to 16 per cent of GDP in 2001 from 20 per cent in 1992, jumped back to 23 per cent in 2008 (Ma and Yi 2010: 16). Increases in savings rate means consumption rate is on the decrease. Economists concur that household consumption rate as a total of China's expenditure has declined significantly (Baker and Orsmond 2010; Ma and Yi 2010; Zhang and Shi 2011). Zhang and Shi (2011) estimate that consumption as a share of GDP decreased from 55 per cent in the 1980s to 34 per cent in early 2011. Thus, this potential is yet unrealised with economists concurring the precipitous decline of household consumption. Although there may be disagreement over what constitutes a "development model," there is sufficient evidence to demonstrate that China's development, its pursuit of growth, can be distilled into potential lessons, or at the very least we can delineated certain policies that have been instrumental to its growth. Dickson's assessment of China's development may perhaps be most instructive in guiding our thinking on a "model." Yet, as we carefully assess the three elements—advocating for national champions, encouraging the growth of the middle class and devoting more resources to welfare—one cannot but help notice that the last two aspects are directly tied to preserving the Party-state's reign. Nonetheless, preservation of power has driven the Party-state to utilise its strength to dictate the terms and condition of China's reforms. The development policies as adopted by China have evolved over time and as many commentators note through a series of trial and error (Ho 2009), selective learning (Zhao 2010) and pragmatism (Naughton 2010; De Haan 2011). Policies of creating national champions have been in effect since the 1980s but the state's commitment has waxed and waned over time although reinforced recently through the "return of the state" (see Wines 2010; *The Economist* 21 January 2012).³ State support for the middle class would not have been possible in the early years of the reform as one would not have existed. Encouragement for the middle class is clearly a recent phenomenon and one that the state sees as an important factor in maintaining a harmonious society (Minter 2012). Furthermore, it is only recently that the state has committed significant resources to public welfare. The most recent Five Year Plan (2011-2015) has outlined commitment to social welfare. Given these factors, I would argue that there is indeed a model but there are certain elements of the model that have been overlooked, particularly when we consider what lessons can be drawn from China to inform new development paradigms. The following section will examine some of the earlier development policies that have influenced China's success.

Further Considerations on the China Model

To say there is no China model is somewhat disingenuous. There are clear lessons that can be gleaned from China's experience of the past 35 years and this can inform the "new learning paradigm" (Kremer,

³ The CCP permitted for the first time entrepreneurs into its membership ranks in 2001, since 1921, and under such policy, private entrepreneurs were encouraged and hailed as exemplary members of the Party and society. However, since 2010 the state has reverted back to its support for SOEs at the expense of small and medium private entrepreneurs. There is sufficient evidence to indicate that small and medium entrepreneurs have since found it difficult to conduct business (see Yang 2012).

van Lisehour and Wen 2009) for the development sector. Moreover, to conclude that China's development experience is simply a result of a pragmatic and flexible decision-making says nothing about the lessons or policies adopted; China's success over the last three decades is more than a mind-set or attitude of the Party-state. I have drawn heavily on Dickson's (2011) conception of the China model, however there are elements of his model that have contributed to China's development that require greater attention.

The early stages of China's development saw dramatic decrease in poverty. According to Ravallion and Chen (2007), two-thirds of the poverty reduction (measured by those living under \$1 a day) over 1981-2004 occurred between 1981 and 1987. Furthermore, 40 per cent of the reduction took place in the first three years of the period (Chen and Ravallion 2007). While China's poverty reduction is often associated with growth in the industrial sector fuelled by foreign investment, trade liberalisation and expansion, much of China's poverty reduction occurred in the early phase of China's reform, prior to the influx of foreign direct investment (FDI) and trade reforms—80 per cent of China's FDI from 1979 to 2005 came after 1995, while only 15 per cent of the numbers in poverty fell after 1995 (Ravallion 2008: 7). What were the drivers behind China's impressive achievements in poverty reduction? There is strong evidence to suggest that growth in China's agricultural sector was an important driver in poverty reduction (Dollar 2008; Ravallion 2008; Fan, Nestorova and Olofinbiyi 2010; Montalvo and Ravallion 2010). The move to the household responsibility system in the early 1980s saw not only an increase in grain production by 20 per cent but it also had tremendous impact on poverty reduction. Lin (1992) attributes nearly 60 per cent of China's growth in the early 1980s to the shift to the household responsibility system. Following the initial successes at the rural level, further measures were taken including investments in the development and subsequent wide-spread adoption of improved seed varieties for a range of crops, thereby improving food security and agricultural growth. The early successes of China's rural reforms were paralleled with a willingness to experiment, research and allow for local differences to guide future policies (see Du 2010). By allowing farmers and local officials, room to trial certain agricultural options provided a "degree of ownership to the key stakeholders that appears to have been important for the sustainability of the reforms" (Ravallion 2008: 15). Moving from a quota system to a contract system, one preferred by farmers, not only allowed greater choice as to what farmers produced but also enabled the accumulation of surplus capital and labour, which have been instrumental in the growth of the non-farm sector. By pairing rural reforms with state investment in rural research has paid dividends for both farmers and the Chinese state. Dollar (2008: 14) notes that the combination of such aforementioned factors has seen China's grain production improve by 11 per cent (between 1991 and 2005), increase of 73 per cent for tea, a high-value and labour-intensive crop and 741 per cent for fruit.

The investment in agricultural research and "verifiable success" (Ravallion 2008:14) of local experiments to guide development policy has ensured a level of heterogeneity in China's development process. The establishment of the China Rural Development Research Group in 1980 played a critical part in providing information and recommendations to China's leadership with regards to rural reforms. With information asymmetry and legacies of the past with regards to policy discussion—political and personal ramifications deterred open discussions—research conducted by the Group were important in depoliticising research and learning. Such research allowed for the assessment of the household contracting system in Anhui in 1981 and the subsequent report convinced the highest levels to adopt it on a larger scale (Luo 2010). Although research-oriented development has seen significant impact on rural reforms, it has also led to questions on other aspects of China's development. For example, Wenzhou's (Zhejiang province) experience has generated substantial research into its success, where private entrepreneurs of small and medium enterprises and a lack of government interventions were the main drivers of Wenzhou's success. After initial repudiation as a result of the investigations conducted

by the Research Office of the State Council (1989 and 1991), Wenzhou's strategy was allowed to proceed in the mid-1990s (Zhu 2010). Zhu (2010: 113) believes Wenzhou's ultimate vindication is directly attributable to the various levels of the local state: "Its attitude to reforms depends on its ability to grasp the spirit of the central authorities, and its level of understanding of local realities." The involvement of the local state, with room to experiment is a factor in China's development success.

The local state is a stakeholder to consider not only in economic development but also in the social realm. With greater attention now on the provision of public welfare and services, both central and local levels of the state have started engaging with non-governmental organisations as a mechanism to assist in the delivery of social services. While the central state focused on the regulations and demarcation of the boundaries of NGOs' work (see for example Simon 2005; Hsu 2009), local states have demonstrated various degrees of willingness to engage with NGOs (Hsu 2012). The disposition to experiment as seen above with rural reforms and Wenzhou is also reflected with the new NGO sector.⁴ For example, the Ministry of Civil Affairs (MCA) in conjunction with the Shenzhen government in July 2009 adopted the *Cooperative Agreement on Advancing Overall Reforms to Civil Affairs Undertakings*, outlining reforms in thirty-four areas relating to civil affairs. A notable reform in the *Agreement* relates to the registration of NGOs:

Unless other regulations specify otherwise, [the parties will] explore establishing a system whereby civil society organizations [can] apply and register directly with the Ministry of Civil Affairs. The Ministry of Civil Affairs shall regard this as a point for observation, tracking, and research (Item 11).⁵

This particular item is a noteworthy change from the established norm of NGOs needing to acquire the support of a sponsoring government unit, as organizations can directly apply to the MCA for registration, thus permitting NGOs greater space and autonomy in their development. The Agreement is indicative of the importance of local states in the growth and expansion of the NGO sector. Furthermore, in November 2011, the director of Guangdong Civil Affairs declared an easing of registration requirements for social organisations by eliminating the need for a supervisory agency. Beginning 1 July 2012, cultural, environmental, social services and recreational organisations no longer need a sponsoring agency, which previously included trade and business associations. The Minister of Civil Affairs, Li Liguo, encouraged other provinces to follow the lead of Guangdong (Xinhua 2012). Guangdong's approach has paved the way for other provinces to experiment with NGO registration, including Yunnan (China Development Brief 2012). In conjunction with the development of NGOs, China is in the process of experimenting with methods of delivering social welfare. Experimentation of different service-delivery models—producer side and consumer-driven models being the primary models—is an area in which different jurisdictions are trialing. Shanghai is seen at the forefront of developing a viable contract-based model where NGOs are invited to bid for government contracts (Simon and Teets 2012). The Shanghai municipal authorities are increasingly encouraging the contracting of social services to NGOs and thus, present an interesting case to understand how state and NGOs will respond to the changes within the sector (Teets 2011; Chen 2012). With 35 million RMB set aside by the Shanghai Municipal Bureau of Civil Affairs with 100 per cent matching grants from the District Bureau of Civil Affairs, over 100 non-profit organisations

⁴ Certain jurisdictions are permitted by the central state to experiment with policies affecting NGO registrations. For an account on the NGO registration process see Simon 2010.

⁵ English translation of the Agreement can be found at:

<http://www.cecc.gov/pages/virtualAcad/index.phpd?showsingl=135467>. The full Chinese version at:

<http://www.sztx.org.cn/ass/detail.asp?id=4164>.

won grants to conduct projects between May 2009 and June 2010; projects ranged from services assisting the elderly to the poor (Simon and Teets 2012:22). While problems with the model were plentiful, including lack of competition for the bids to difficulties for non-profits engaging in the bidding process, this level of experimentation is clearly in the tradition of China's development experience, where the model is in part premised on the willingness to investigate and test potential possibilities. The focus on social development is particularly pertinent at this stage of China's development. This ability to experiment with different models of social development reflects the lessons learnt from the past to inform future policies.

Contextualised within the perspective of broader understanding and practice of development, a Chinese model of development is therefore appropriate given the success of its agricultural reforms vis-à-vis poverty reduction. Moreover, Chinese development practice demonstrates the utility and importance of experimentation, research and subsequent policy measures being guided by the first two set of actions. A combination of past and present experiences and lessons thus constitute a Chinese model of development. We can distil six general elements of a China's model of development that may guide new thinking with regards to development practices: 1) implement agricultural reforms to kick-start poverty reduction, 2) willingness to experiment and conduct research to inform policy, 3) support for national champions, 4) support for the middle-class, 5) focus on the delivery social goods, and 6) the role of the state in development process. But, clearly there are limitations with any model, thus the following section will ponder such challenges for China's development model.

Limitations of the Model

China's development over the last 35 years has no doubt seen success in a number of areas, including poverty reduction in the early phase of its reform and also consistently achieving growth in real gross domestic product (GDP) at 9.7 per cent per annum (Sutherland and Yao 2011: 91). These successes have drawn the attention of developing nations, particularly many in Africa. Recent reports from South Africa demonstrate a willingness on the part of the South African government to adopt a "China model" of development, which is largely interpreted by the South Africans as state-directed capitalism.⁶ Reports and a recent "state of the nation" speech given by the South African president have tended to focus on investment in infrastructural projects.⁷ However, as we have seen China's development entail far more than state-led growth in large scale projects. Moreover, there is ample evidence to indicate that China's development has encountered significant challenges. The increasing rate of inequality across China, between urban and rural areas is now a marked feature of China's development. Ravallion (2008: 9) estimates that China's Gini co-efficient increases at a rate of seven per cent decade and at such rate will reach high inequality status by 2015, with a Gini co-efficient of 50 per cent. Regional disparities in income as well as other measures of inequality, for example the Human Development Index (HDI),⁸ confirm the widening inequality. Absolute income gap per capita between rural and urban areas increased from less than 200 RMB in 1978 to more than 7000 RMB in 2007 (Sutherland and Yao 2011: 92). Incomes aside, significant differences in terms of human development are found across China. For example, China's most developed areas such as Beijing and Shanghai have a HDI of approximately 0.8, similar to that of Portugal or the Czech Republic. Provinces such as Guizhou or the Tibet Autonomous Regions, the least developed in China, have a HDI of 0.6, comparable with that of Tajikistan or Laos

⁶ For example, see the *Mail and Guardian*, "State of the Nation: Zuma adopts Chinese model" (3 February 2012).

⁷ Jacob Zuma, State of the Nation Speech President of the Republic of South Africa on the occasion of the Joint Sitting of Parliament, Cape Town, 9 February 2012. Available at: <http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=24980&tid=55960> [Accessed on 23 May 2012]

⁸ The Human Development Index is composite measurement of development including health, education and income indicators.

(Ibid: 98). The regional variations is a result of various factors including preferential policies aimed at the urban coastal areas, level of foreign direct investment amongst others. The regional differences in human development are as Ravallion (2008:10) notes, generating “inequality in opportunity” and “[i]n this respect, the emerging inequalities in health and schooling in China have created concerns for future growth and distributional change.” Clearly, economic growth has generated new problems which will affect the future of China’s development. Studies have also shown that income inequality—and also gender inequality—are closely associated with health epidemics such as HIV/AIDS, where income inequality is an important driver of diseases (Farmer 1999; Barnett and Whiteside 2006; Sutherland and Hsu 2012). Income inequality, for example, has prompted the resurgence of commercial sex work in China, where female migrant workers are making choices to enter such industry due to the potential of higher income but with greater risks, in comparison to employment in other non-farm work (Sutherland and Hsu 2012). Without actively redistributing the wealth of China’s economic success, the Chinese state will continue to contend with rising social unrest.⁹ While the Chinese state is taking measures by investing in the provision of social services, as discussed earlier, another major concern is *how* the Chinese state has practiced development within its own borders, particularly with reference to ethnic minority regions of China.

China’s model of development while having achieved substantial reduction in absolute poverty, development policies and practices in China’s minority regions have attracted criticisms. The Han dominated and often chauvinistic treatment of ethnic minorities has resulted in frequent unrest in regions such as Tibet and Xinjiang, and more recently Inner Mongolia. The implementation of the Western Development Strategy in 2000 with the aim of bringing greater prosperity to ethnic minority areas, involved significant transfer of resources from east to west, investment and development of large infrastructural projects. The transfer of resources included the migration of Han Chinese into the western regions. For the most part, the beneficiaries of these development policies were not ethnic minorities of the region but Han Chinese. Continuing in-migration of Hans into Xinjiang has altered the demographics of the region, where Uyghurs once accounted for 83 per cent of Xinjiang’s population in 1955 are now at 45 per cent (Cote 2011: 1858). Hastings notes that economic development in Xinjiang have been closely tied to the exploitation of natural resources in the area with ensuing unchecked environmental damages. Moreover, continued migration of Hans into Xinjiang has impacted the employment opportunities of Uyghurs. Discrimination in the labour market has led to marginalization in employment opportunities for Uyghurs and subsequently, Uyghurs face higher incidences of poverty than Hans in the region (Hasmath 2012; Hastings 2011: 894). Economic and cultural marginalisation of Uyghurs in their own region has created outbreaks of discontent in the region. Despite strong control on the practice of religion, Islam is thriving in Xinjiang with increasing numbers of mosques and individuals self-identifying as Muslims (Mackerras 2005: 821) as a form of resistance to the hegemony of the Chinese state, dominated by Han majority. Other regions such as the Tibet Autonomous Region face similar concerns (Hasmath and Hsu 2007). Recent attempts to put down ethnic discontent across Xianjiang (2008, 2009), Tibet (2008) and Inner Mongolia (2011) by the Chinese state demonstrates the hegemony of Party-state when dealing with religious (Vala 2012) and ethnic minorities (Groot 2012). The forceful repression of demonstrations and discontent highlights the limitations of China’s model of development with regards to cultural and ethnic diversity and the consequence of such totalising policies have reinforced the inequalities between the Han majority and ethnic minorities. While the Chinese state may have “procedural policies” in addressing the needs of ethnic minorities, the actual

⁹ A number of issues can trigger social unrest from unfair land grabs by local officials to ethnic tensions in areas such as Xinjiang or Tibet. Data on the number of social unrests as published by the Ministry of Public Security are available up until 2005. The Ministry estimates that 10,000 protests occurred in 1994 and increasing to 74,000 in 2004, involving approximately 3.76 million people.

implementation is far from the conception of the policies (see Hasmath 2010a: 20; 2010b). The management of Chinese ethnic minorities exposes the shortcomings of the Chinese development model; the transfer of resources, including the migration of Han Chinese into areas with significant ethnic minorities fails to deliver inclusive growth. The emerging consensus on development is the need to have people-centred approaches, focus on well-being and participation (see for example, Rapley 2007; Sen 2000). Development may be conceived differently between China and the West (Urban, Mohan and Zhang 2011), but there seems to be some convergence on the Chinese idea of development of a “harmonious society”¹⁰ but to achieve harmony requires more than just economic development, as the 12th Five Year Plan (2011-2015) noted. Prime Minister Wen Jiabao clearly observed that development, where people’s interest are prioritised is necessary (9 July 2007), thus people-centred development—whereby the participation of all stakeholders are considered and accounted for in the process of development—should not be considered either “Western” or “Chinese,” but a strategy that will elicit the most inclusive and balanced development. The 12th Five Year Plan called for “inclusive growth” (*baorongxing zengzhang* 包容性增长) where the benefits of economic growth are available across strata and regions—providing affordable housing for 36 million low-income people is one of the measures. Consequently, the lack of inclusive growth in China’s development policies, not only with respect to ethnic minorities, but across China has engendered volatile situations, as seen in the increasing number of protests. But, thus far, the Chinese model of development, where little differentiation between the needs of the Han majority and ethnic minorities, between urban and rural, and other such groups has demonstrated the limitations of the model; that is, increasing social disturbances as a result of unchecked economic growth and development.

Conclusion

China’s model of development can guide and inform a new learning paradigm in development practice. We can distil six general elements of a Chinese model of development that may guide new thinking with regards to development practices: 1) implement agricultural reforms to kick-start poverty reduction, 2) willingness to experiment and conduct research to inform policy, 3) support for national champions, 4) support for the middle-class, 5) focus on the delivery of social goods, and 6) the role of the state in development process. But, as noted above China’s model is significantly hampered by several limitations and thus any attempt to replicate the model is unadvisable. The growing inequality, not only in terms of income but also other factors as measured by HDI is particularly worrisome, as this is a direct outcome of China’s economic development. Furthermore, the Party-state’s hegemonic practices in developing regions with high concentration of ethnic minorities have resulted in outbreaks of discontent from Xinjiang to Inner Mongolia. The strength of the state has certainly helped China’s development but it has also led to the tensions between minority ethnic groups and the Party-state. Nonetheless, what China’s development experience has taught us is the need to consider local and regional characteristics; the importance of locally derived knowledge was instrumental in the initial phase of China’s reform and poverty reduction. Such local knowledge needs to be encompassed in all aspects of China’s development for it to be “inclusive,” something so heavily trumpeted by the Party-state in its 12th Five Year Plan. There is a need to engage with development research with relation to China because there is a thirst for understanding China’s development trajectory and also because of the increasing role of China as a development actor. Future development policies and new development practices will need to engage with not only the successes of China’s development but also its limitations, otherwise the same disappointments and failures of development will ensue.

¹⁰ The term “harmonious development” refers to the current socioeconomic ideology of the Party-state, where equity, justice, rule of law and other such factors are seen as essential to the development of China. See: “Building harmonious society crucial for China’s progress: Hu” (*People’s Daily Online* 2005)

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