

JOURNAL FÜR ENTWICKLUNGSPOLITIK

vol. XXXVI 1-2020

CHINA: DEVELOPMENT MODELS AND ENVIRONMENTAL GOVERNANCE

Special Issue Guest Editors: Daniel Fuchs, Frido Wenten

Published by:
Mattersburger Kreis für Entwicklungspolitik
an den österreichischen Universitäten

Contents

- 4 DANIEL FUCHS, FRIDO WENTEN
Development Models and Environmental Governance under
Xi Jinping
- 10 MICHAEL ROBERTS
China: Three Models of Development
- 40 JULIA MARINACCIO
Banning Logging, Conserving Legitimacy:
Large-Scale Ecological Restoration under Xi Jinping
- 61 BENJAMIN STEUER
Governing China's Informal Waste Collectors under Xi Jinping:
Aligning Interests to Yield Effective Outcomes

Interview

- 88 GERHARD HAUCK
„Was der Entwicklungsforschung als Gegenstand noch bleibt ...“
(Interview mit Clemens Pfeffer)
- 101 Book Review
- 105 Editors and Authors of the Special Issue
- 109 Publication Details

DANIEL FUCHS, FRIDO WENTEN

Development Models and Environmental Governance under Xi Jinping

This issue of the Austrian Journal of Development Studies marks the second instalment of our thematic focus on China's political economy under Xi Jinping. In our previous issue (JEP 4-2019), we pointed out that Xi's ascendance to become General Secretary of the Chinese Communist Party (CCP) and President of the People's Republic of China (PRC) in 2012 and 2013 respectively, has been widely interpreted as a major turning point in China's recent history. Such an interpretation in terms of a significant caesura has gained further prominence both within and outside of China, after the CCP itself had proclaimed the beginning of a 'new era' in 2017 (Fuchs/Wenten 2019). With a view to assessing this trope of rupture and to contribute to a critical understanding of China's current political economic challenges, the articles in this issue include a somewhat provocative re-interpretation of China's development model, as well as two in-depth studies on the characteristics of environmental governance under the Xi administration.

The ambiguous relationship between state and market has created headaches for academics who attempt to capture the nature of China's political economy in a neat concept and to explain the driving forces behind its unprecedented growth rates. Some have characterised China's economic model as a variant of "neoliberalism" (Wang 2004). Others have defined it as "state-permeated capitalism" (Ten Brink 2019), simply "state capitalism" (Liebman/Milhaupt, 2015; Wemheuer 2019), "bureaucratic capitalism" (Au 2012), or "Sino-Capitalism" (McNally 2019). Still others speak more cautiously of a "mixed economy" (Kroeber 2016). In contrast, world systems theorists, such as Arrighi, see the principles of a market economy at work, yet claim that it is not capitalist because the state

has not been subordinated to capitalist class interest (Arrighi 2008). Such terminological battle lines indicate not only differences in defining what makes an economy capitalist (or not), but also have an impact on interpretations of the empirical realities of China's developmental trajectory. Has it been defined by an expansion of market principles and an unleashing of entrepreneurial spirit against the state sector (Huang 2008); the dominance of state planning in the economy (Long/Herrera/Andréani 2018); or institutional adaptation and reconfiguration (Fligstein/Zhang 2011; Heilmann 2008)? The resurgence of tightened state control over civil society, combined with Keynesian-style economic steering and increasing liberalisation of the economy under Xi gives these debates renewed relevance.

In this issue, Michael Roberts provocatively re-interprets the unusual and sometimes paradoxical political economic forces behind China's growth model. Roberts compares three models for an explanation of China's developmental success, models that he characterises as neoclassical, Keynesian and Marxist. The neoclassical model suggests that China's rapid post-reform growth was the result of a shift from market-distorting investments in heavy industry to a focus on its comparative advantage of cheap labour. Keynesians would, on the contrary, focus on sustained high investment, anticyclical public management, and investment through the state-owned banking sector. A Marxist model, Roberts suggests, should instead base its explanation on the restriction of the law of value, which cushioned China from the dominance of foreign capital and financial crises. Such restriction, Roberts argues, stems from public ownership: taking a broad definition of "state-owned", about half of China's output can be attributed to the public sector; and state-dependence (financially or bureaucratically) is still widespread, even within the private sector. This has implications for developmental strategy. Roberts argues that neoclassical economists are wrong to propagate a rebalancing from investment to private consumption – which would entail the downsizing of public ownership and investment. On the one hand, real consumption has never been suppressed but has in fact steadily grown. On the other hand, while investment-fuelled growth has led to a secular decline in the rate of profit, this is not China's key challenge – as, in Roberts' definition, a large section of the economy operates outside such restraints. The issue is low total factor productivity. Instead of market liberalisation, China therefore requires advances in innovation and

technological development to boost productivity growth, which, Roberts argues, the Xi administration is tackling with initiatives such as “Made in China 2025”. While we do not agree with Roberts’ interpretation of China’s political economy, especially with the presented assessment of the public sector, his article is an important contribution to contested debates on the characteristics of China’s development model.

In the PRC and globally, the dominant economic growth-driven development models are environmentally unsustainable. Over the past decades, China’s GDP growth rates have been accompanied by a tremendous increase in fossil fuel consumption and greenhouse gas emissions (Economy 2010; Andrews-Speed 2012). Faced with deadly levels of air, water and soil pollution, and confronted with growing public discontent (Deng/Yang 2013; Steinhardt/Wu 2016), the policy priorities of the party-state’s leadership have gradually started to shift since the early 2000s (Mol/Carter 2006). As Sternfeld (2017: 1) puts it: “Environmental degradation and the impact of environmental pollution on health are nowadays issues of greatest concern for the Chinese public and the government.” By reducing coal’s share of China’s primary energy mix from 72 percent in 2005 to 59 percent in 2018 (Ma 2019), by becoming a world leader in renewable energies, and by demonstrating its commitment to multilateral approaches in combatting the global environmental crisis, the party-state has indeed made some major achievements and contributed to “China’s new green image” on the international stage (Kostka/Zhang 2018). In most recent years, striving to realize an “Ecological Civilization”, the Xi administration has substantially strengthened the legal framework for environmental protection and re-centralised China’s environmental governance (*ibid.*). However, the nature and effectiveness of these and further reform measures remain subject to empirical analyses and controversial academic debates (e.g. Kostka/Nahm 2017; Eaton/Kostka 2017; Ran 2017).

Contributing to these debates, Julia Marinaccio, in this issue, argues that China’s recent ban on all commercial logging forms part of a wider “organisational ideology” that consolidates the legitimacy of the Xi administration. Encompassing also the largest state-owned logging enterprises, the ban was rolled out nationwide in 2017, backed up by financial resources to cushion its economic impact. Despite reasonable doubt amongst forestry experts about its efficacy, feasibility and desirability, it possesses an impor-

tant environmental symbolism, Marinaccio argues. It exemplifies how the CCP uses imagery, selective use of data and programmatic language to create a metanarrative of past, present and future developmental continuity and correct policy choices, stretching across changing leaderships and culminating in the visions of the Xi administration. Nevertheless, weaving concrete policies tightly into wider regime legitimacy requires (imagined) successes. Marinaccio raises important questions about the ecological and economic sustainability of the ban in the future – and how potential failure could challenge Xi Jinping’s overall narrative of building an “Ecological Civilization” and a “Beautiful China”.

In his article on waste management in China, Benjamin Steuer deploys an evolutionary institutionalist approach to unravel the interplay of a top-down formalisation drive and a widely established structure of informal waste picking and recycling. Tracing historical institutional variation, Steuer finds that in the 1980s and 90s authorities focused public waste management on landfills and incineration, leaving recycling to self-employed migrant workers. The effectiveness, low cost and employment opportunities of this informal approach to recycling meant that increasing central regulation in the 2000s left it untouched. Local regulations on the other hand were more restrictive in attempts to formalise and privatise urban waste management, either by mandating permits and levies or prohibiting informal practices. Such approaches proved ineffective in the light of evasive responses by waste pickers, Steuer argues. A new emphasis on household waste pre-selection and recycling under Xi Jinping has prompted a shift in the orientation and alignment of central and local approaches: informal actors are being integrated into formal urban waste management schemes with minimal regulation (on uniforms, collection points, transparent pricing, and reporting), leaving their work practices and income strategies untouched. Overall, Steuer concludes, a workable compromise between formal and informal practices has emerged that safeguards the principal interests of each domain.

This special issue moreover includes a book review on tax-related challenges resulting from cross-border operations in China’s Belt and Road Initiative. Beyond our thematic focus, the issue concludes with an interview with Gerhard Hauck, who, in conversation with Clemens Pfeffer, discusses the changes the concept of ‘development’ underwent in the

context of colonial legacies and expanding capitalist world markets. Advocating for an area-focused transdisciplinary approach to development studies, Hauck argues that today, more than ever, research and practice have to be conducted in the context of (a critique of) development being equated with global market integration. Contrasting ‘rationalities’ of the development discourse – borrowed from mainstream economics and positivist sociology – with communicative practice between core and periphery that could deliberate truth and rationality anew, Hauck forges links to postcolonial studies while discarding postmodern particularism as a viable alternative.

References

- Andrews-Speed, Philip (2012): *The Governance of Energy in China. Transition to a Low-Carbon Economy*. Basingstoke: Palgrave Macmillan. <https://doi.org/10.1057/9781137284037>
- Arrighi, Giovanni (2008): *Adam Smith in Beijing. Lineages of the 21st Century*. London/New York: Verso.
- Au, Loong-Yu (2012): *China’s Rise. Strength and Fragility*. Pontypool: Merlin Press.
- Deng, Yanhua/Yang, Guobin (2013): *Pollution and Protest in China: Environmental Mobilization in Context*. In: *The China Quarterly* 214, 321-336. <https://doi.org/10.1017/S0305741013000659>
- Economy, Elizabeth (2010): *The River Runs Black: The Environmental Challenge to China’s Future*. 2nd Edition. Ithaca: Cornell University Press.
- Eaton, Sarah/Kostka, Genia (2017): *Central Protectionism in China: the ‘central SOE problem’ in environmental governance*. In: *The China Quarterly* 231, 685-704. <https://doi.org/10.1017/S0305741017000881>
- Fligstein, Neil/Zhang, Jianjun (2011): *A New Agenda for Research on the Trajectory of Chinese Capitalism*. In: *Management and Organization Review* 7 (1), 39-62. <https://doi.org/10.1111/j.1740-8784.2009.00169.x>
- Fuchs, Daniel/Wenten, Frido (2019): *China’s Political Economy under Xi Jinping – The Beginning of a ‘New Era’?* In: *Austrian Journal of Development Studies* 35 (4), 4-16. <https://doi.org/10.20446/JEP-2414-3197-35-3-4>
- Heilmann, Sebastian (2008): *Policy Experimentation in China’s Economic Rise*. In: *Studies in Comparative International Development* 43, 1-26. <https://doi.org/10.1007/s12116-007-9014-4>

- Huang, Yasheng (2008): *Capitalism with Chinese Characteristics: Entrepreneurship and the State*. Cambridge: Cambridge University Press.
- Kostka, Genia/Nahm, Jonas (2017): Central-Local Relations: Recentralization and Environmental Governance in China. In: *The China Quarterly* 231, 567-582. <https://doi.org/10.1017/S0305741017001011>
- Kostka, Genia/Zhang, Chunman (2018): Tightening the grip: environmental governance under Xi Jinping. In: *Environmental Politics* 27 (5), 769-781. <https://doi.org/10.1080/09644016.2018.1491116>
- Kroeber, Arthur R. (2016): *China's Economy*. New York: Oxford University Press.
- Liebman, Benjamin L./Milhaupt, Curtis J. (Eds.) (2015): *Regulating the Visible Hand? The Institutional Implications of Chinese Capitalism*. Oxford: Oxford University Press. <https://doi.org/10.1093/acprof:oso/9780190250256.001.0001>
- Long, Zhiming/Herrera, Rémy/Andréani, Tony (2018): On the Nature of the Chinese Economic System. In *Monthly Review* 70 (5), <https://monthlyreview.org/2018/10/01/on-the-nature-of-the-chinese-economic-system/>, 10.1.2020. https://doi.org/10.14452/MR-070-05-2018-09_4
- Ma, Tianjie (2019): How Green is China? In: *New Internationalist*, <https://newint.org/features/2019/10/16/how-green-china>, 10.1.2020.
- McNally, Christopher A. (2019): Theorizing Sino-Capitalism: implications for the study of comparative capitalism. In: *Contemporary Politics* 25 (3), 313-333. <https://doi.org/10.1080/13569775.2018.1553125>
- Mol, Carter P.J./Carter, Neil T. (2006): China's environmental governance in transition. In: *Environmental Politics* 15 (2), 149-170. <https://doi.org/10.1080/09644010600562765>
- Ran, Ran (2017): Understanding blame politics in China's decentralized system of environmental governance: actors, strategies and context. In: *The China Quarterly* 231, 634-661. <https://doi.org/10.1017/S03057410170000911>
- Steinhardt, Christoph H./Wu, Fengshi (2016): In the Name of the Public: Environmental Protest and the Changing Landscape of Popular Contention in China. In: *The China Journal* 75, 61-82. <https://doi.org/10.1086/684010>
- Sternfeld, Eva (2017): Introduction. In: Sternfeld, Eva (Ed.): *Routledge Handbook of Environmental Policy in China*. London/New York: Routledge, 1-13. <https://doi.org/10.4324/9781315736761-1>
- ten Brink, Tobias (2019): *China's Capitalism. A Paradoxical Route to Economic Prosperity*. Philadelphia: University of Pennsylvania Press. <https://doi.org/10.9783/9780812295795>
- Wang, Hui (2004): The Year 1989 and the Historical Roots of Neoliberalism in China. In: *Positions: East Asia Cultures Critique* 12 (1), 7-69. <https://doi.org/10.1215/10679847-12-1-7>
- Wemheuer, Felix (2019): *Chinas große Umwälzung. Soziale Konflikte und Aufstieg im Weltsystem*. Köln: PapyRossa.