

'BEIJING CONSENSUS' AS A CONSENSUS OF NATIONS

Joshua Cooper Ramo



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RJ Dear Mr. Cooper Ramo, in 2009, Gordon Brown stated that the 'Washington Consensus' is over, and you have also stated this even earlier in the Beijing Consensus. Do you think that is it possible today to transform the Washington consensus, and on what terms would it be possible to form a new consensus?

Well, I think it would be appropriate to recall the context in which the 'Washington Consensus' came into being, and its ten fundamental points. **The main problem with the 'Washington Consensus' was in the philosophy underlying it, which largely rested on the premises that there was only one single economic and political model in the world,** as well as a singular security model that was suitable for every nation, and that every nation would be willing to adopt.

In my opinion, the concept of the 'Washington Consensus' is plain

nonsense. There will never be a single economic model that suits every nation in the world.

More importantly, the ultimate test of any model lies in whether or not it is acceptable to the population of a given country, and whether or not it can be implemented by the bureaucratic arms of separate countries. I think that rather than encouraging countries to adopt a specific model of economic development, it would be a better idea to let them have some flexibility in terms of the model that they adopt, as long as they realise that the underlying goal of that specific model is to try to achieve stability and to encourage relatively equitable economic growth.

RJ Was the 'Washington Consensus' exclusively an economic model or was it intertwined with the concept of a unipolar world?

Yes, I think that this concept was combined with a geopolitical model, which basically assumed that everyone in the world was quite happy to be a part of the capitalist system, in which the United States is the dominant power, and which, I think, is unrealistic. Secondly it assumed a set of domestic institutions which only most probably can thrive and function well in an advanced democracy.

RJ Doesn't it seem to you that the conception of the United States as the centre of the world did not actually take form in the late 1980s, but rather that it emerged in the late 1940s? Do you think there was something new in

and the Breton-Woods system is that the former really took the idea that market forces alone could serve as a regulatory instrument much further than the Bretton Woods system did. Bretton Woods, in fact acknowledged that market forces were insufficient for the management of economies and particularly currency regimes. It was only in the 1970s that we moved away from the gold standard. It was after an agreement on the Japanese currency in 1992, that we finally had a world where policy makers largely believed that markets alone were sufficient for the management of currency and trade arrangements.

The 'Washington Consensus' is very much based on the notion that if you have a world where everybody has open capital markets, you will always remain in a state of equilibrium. While that may be true in an academic sense, it is really impossible to implement something like this in reality. So, I think there is a difference between the Breton Woods system and the 'Washington Consensus' system. The latter system genuinely assumed that it was actually practical, and also assumed that it was a good thing to have markets that were relatively free of any government involvement.

RJ But when you speak about the 'Beijing Consensus', should this then be understood as a prospective consensus, for which the centre is actually comprised of relatively marginal national powers (that holds this status, at least at this point)?

There is never going to be a single economic model that suits every nation in the world

the concept of the 'Washington Consensus' in comparison, for example, to the Breton-Woods system or, for instance, to the United Nations system?

I think that the primary difference between the 'Washington Consensus'

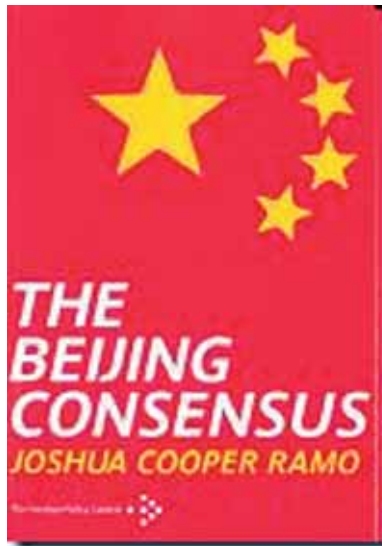
What I actually meant when I used this term is that the 'Beijing Consensus' is a consensus of nations. Brazil, Russia, India and China are all examples of this. The consensus here lies in the idea that the Washington model is not the only possible model.

And I think there are some elements in the Beijing model that are very important, and they largely have to do with the way that capital is managed, as well **issues around political stability in terms of putting political stability ahead of economic liberalisation.** Finally, I do think the issues around the military and security self-determination matter a great deal. I think that, at the end of the Cold War, there were a lot of people who thought those challenges were going to go away, and now it seems that this is definitely not the case.

RJ *Do you think that a non-Western country could feasibly become the centre of some new kind of internationally recognised consensus?*

I think the answer is yes. I think that the basic concept of the 'Beijing Consensus' is that the most interesting innovative ideas do not necessarily have to originate from the centre anymore; rather, now they can come from anywhere in the world. Actually, **to some extent, that is a disruptive phenomenon, but it is not necessarily disruptive in a bad way.** It simply makes the world system much more complex. I do not know much about Russia but, as you may already know, many of the most interesting things that are produced in China are not copies of something from the West – they are completely indigenous to this country.

RJ *In your opinion, what might such a new system, based on this consensus, look like? What could this new system be?*



In fact, I do not know nor does anybody. At present, we are in a sort of an evolutionary moment in international politics, which we have to get beyond by defining a new system. As you may know, the argument that I have made previously is that it should not be an entirely centralised system, and I think that **the new system should look somewhat like a human's immune system and, just like an immune system, this new system should be capable of reacting to threats that it has never faced before and struggling with them.** It must act spontaneously, preparing to deal with those new threats. I think that such a metaphor is probably most suitable for us, considering that what we currently think of is based on institutions that are only suited to dealing with those threats we have already seen in the past.

RJ *Can we expect to witness the dissolution of yet another major empire – in this instance, the American empire?*

There are many different models in terms of what could happen. You could have a short period in which the United States reasserts its dominance in the world. Or there may be a period in which the world begins to divide into separate fractions according to regional groupings, in the same way as in the cases of Europe and Asia and the United States.

RJ *Is the concept of a G-2 (the United States and China) something that is viable today?*

No, **the idea of establishing a G2 is not viable for a number of reasons.** First of all, because the Chinese are not interested in such an arrangement. The Chinese want a much more democratic international system, whereas the United States maintain significant influence and are capable of vesting much more into defending its interests. Secondly, today you cannot really have two states deciding things and dictating their will to the rest of the world. In an ideal world, both the USA and China would try to coordinate their actions to some degree, but the notion of excluding all other nations on the planet from the process of decision-making at the international level is just a ridiculous idea. ■

Joshua Cooper Ramo was speaking with Boris Volhonsky

Joshua Cooper Ramo is an American political scientist and an economist. He is currently Managing Director at Kissinger Associates, a strategic advisory firm. He has previously worked for various print and electronic media and became the youngest ever Foreign editor at *Time* magazine. He was also one of the founders of the American-Chinese Forum of Young Leaders and is a member of the Council on Foreign Relations.

Mr. Ramo has authored a number of books on the issues of modern China, including the book 'The Beijing Consensus' (London: Foreign Policy Centre, 2004), which brought him international acclaim. In

this book, Ramo introduces the term 'Beijing Consensus' as an alternative to the 'Washington Consensus', which is gradually losing its appeal. According to the author, the main concepts of the 'Beijing Consensus' are countries' aspirations to retain their national sovereignty and a paradigm of multi-polarity on the world stage. Ramo argues that China is a prominent representative of this model and that this country may serve as an example worth of emulation by the developing countries.

As Joshua Cooper Ramo noted in one of his publications, 'China's peaceful rise strategy is not intended as a challenge to the US. It is the power of a model for global development that

is attracting adherents at almost the same speed the US model is repelling them.'

The World Economic Forum hailed Ramo as 'one of China's leading foreign-born scholars'.

In his last book 'The Age of the Unthinkable: Why the New World Disorder Constantly Surprises Us And What We Can Do About It' (March 2009), the author claims that the world is now in the midst of unprecedented change — instead of relying on our traditional models and institutions of the past, we must adapt to these changes with innovative solutions and creative problem-solving ideas to face the global challenges ahead.