

“The End of History?”

In his 1989 essay (later expanded into a book), *“The End of History?”*, Francis Fukuyama had argued 25 years back that *“the century that began full of self-confidence in the ultimate triumph of Western liberal democracy seems at its close to be returning full circle to where it started.. to an unabashed victory of economic and political liberalism.”* In other words, the Washington consensus has become the model. Recent media headlines about the elections, not only in the largest democracy, but also in countries as disparate as Indonesia, Afghanistan, Algeria, Hungary, Iraq, etc. seem to support Fukuyama.

In this context, it was interesting to listen to a recent debate on BBC World News. The motion was, *“Democracy is **not** always the best form of government”*. The debate started with an audience poll on the motion, followed by four speakers, two supporting it, two opposing. At the end, the audience poll was retaken. In the case of this particular debate, in the initial poll, more than half of those present were neutral, but a majority of the remaining was in favour of the motion. However, by the end of the debate, those opposed to the motion became a majority. In other words, the audience had been converted to believe that democracy is always the best form of government.

One of the speakers supporting the motion was Martin Jacques, the author of the book *“When China Rules the World”* (2009). As he argues in the book, very few countries have combined democracy with the process of economic take off. Although democracy has a long history (the *Magna Carta* - the royal charter of political rights -- goes back to the 13th century), at the time of Britain’s industrial revolution in the 18th and 19th centuries, only about a 5th of the men had the right to vote. In the US, by 1860, a majority of the whites had the right to vote, but not the blacks or women. In fact, one of the Founding Fathers of the American Revolution, Alexander Hamilton, had written that *“of those men who have overturned the liberties of republics, the greatest number have*

begun their career by paying an obsequious court to people; commencing demagogues, and ending tyrants.”

The last 35 years of phenomenal, and sustained, growth in China, which is not a democratic country as generally understood, is the antithesis to the Fukuyama argument: its GDP at market exchange rates is four times India's (it was less than India's as recently as 1990). The growth was built on a managed, indeed undervalued exchange rate, and superb infrastructure which underpinned a rapid growth in export-led manufacturing and industry. (In fact, every economic miracle in the post-war era, from Germany and Japan to the Asian Tigers to... to China has the same foundations.) As Pallavi Aiyar wrote in her *Smoke and Mirrors* (2008), *“Transformations that in other countries took centuries to accomplish had been telescoped into a few decades in China.....(China) trumped India when it came to the delivery of basic public goods like roads, electricity, drains, water supplies and schools where teachers actually show up.....The legitimacy of democracy in many ways absolved Indian governments from the necessity of performing. The CCP could afford no such luxury.”* (Or, as George Bernard Shaw commented, is *“Democracy .. a device that ensures we shall be governed no better than we deserve”?*) Aiyar also quotes an incident where a hospital was constructed from scratch in a week's time during an epidemic! After a visit to China a few years back, I came back astonished by what I saw: in the cities I visited, roads, buildings, shops, the clean streets, were comparable to, if not better than, major European cities!

Despite its recent slower growth, over the coming decades, perhaps China will matter more to the global economy than the US: after all, it is the world's largest trading nation; by some estimates, the world's largest economy in purchasing power parity terms; the world's largest car market and manufacturing output; some of the largest banks in the world are Chinese, as is its high speed railway network; the largest investor and trading partner of countries in the US backyard (the Caribbean countries and Latin America) and in Africa; the largest export market for South Korea and Germany; the world's largest commodity importer; etc. etc. – the superlatives keep coming. Lenovo is the global leader in PCs, and is set to making strong inroads in the smart-phone market.

China has its own rapidly growing “Silicon Valley” and is coming up fast in the information technology world.

There are perhaps two reasons for China’s astonishing progress. One is the educational system. Recently, China topped the rankings in the Program for International Student Assessment (PISA): no wonder it has the third largest number of foreign students. Secondly, *“What separates China from India is the fact that China is ambitious, focused and never loses sight of the ultimate goal”* (V. Anantha Nageswaran, Mint, November 26, 2013). To quote Paul Davies (Financial Times, April 2), *“(Western) Financiers and investors in Asia ..admire the way in which the dominant one-party regime ‘gets stuff done’ in contrast to India’s chaotic democracy”*.

After the financial crisis of 2008, in the 21st century, the chances of a Beijing Consensus overtaking the Washington Consensus have increased. We perhaps need to learn much more from Beijing than from Washington!

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