1. **Introduction**

For centuries political philosophers have made many prescriptions concerning the role of government, and the best ways to ensure the fulfillment of this role. Thomas Hobbes advocated an absolute and unchangeable government because he believed it was the only way to ensure the government could succeed in its purpose - to keep order in society and guard natural rights, or ensure well-being (Collinson and Plant, 2006). John Locke believed that the role of government was to “uphold natural law and the natural rights to life, liberty, and certain property,” and if the government “violates the rights of individuals or seeks to obtain absolute power, then the people are entitled to remove [the existing government]” (Collinson and Plant, 2006). In the present day, there are many who believe that Western style democracy is the only way to ensure natural rights, and advocate its adoption by the rest of the world. There are many reasons why a democratic institution offers great potential for success, but it is the purpose of this essay to argue that democracy is not the necessary ingredient for a country’s success; unlike the US government and media, for example, would have the rest of the world believe. This essay applies the argument to the case of China as a case study.

In section 2, I discuss the research and arguments of other authors who have made efforts to find a relationship between democracy and economic growth. In section 3, I will suggest reasons why democracy may have disadvantages, and reasons why an autocracy (a government institution that holds power indefinitely, or has an “absence of regularized contest for leadership” (Besley and Masayuki, 2007)) has the potential to be socially optimal. Therefore I will suggest that the negative connotations that are often associated with absolute government may not be warranted. In section 4, I focus on how the preceding arguments apply to the debate about China and the country’s political future; I will argue that autocracy has been successful for China in the past, continues to be in the present, and can continue to be socially optimal in the future. Finally, I summarize my discussions and arguments in the essay’s conclusion.

2. **Growth: Social and Political Factors**

A great deal of study in economics has been devoted to understanding what might be the cause or causes of growth in an economy. Furthermore, many of these studies suggest growth is influenced by economic factors, some of which are likely to be influenced by government policy. It makes sense then, that there have been efforts to consider what form of government institution (i.e. democracy or autocracy) might result in the highest possible economic growth (a progression of reasoning similar to that in Alesina and Perotti, 1994). However, “out of sixteen empirical studies, three uncover a positive association between democracy and growth, three find a negative association, and the remaining ten are inconclusive” (Tavares and Wacziarg, 2001). Alesina and Perotti (1994) suggest that, “other things being equal, there seems to be no obvious correlation between democracy and growth.” This gives reason to consider that any proposed correlation between government institution and growth may be the result of government institution and
growth both being influenced by some other dynamic, such as the government policies that affect economic factors.

Aghion et al. (2006) find that freedom of entry in markets, which they associate with political rights, enhances growth in sectors of the economy that are superior in terms of “value added per worker,” or what they call “close to the world technological frontier”. They also find a strong correlation between democracy and freedom of entry in markets. They suggest that “democracy enhance growth in technologically advanced sectors when democracy is associated with policies that allow more competition and more freedom of entry” (Aghion et al., 2006). However, a correlation does not mean that democracy causes freedom of entry, which is suggested to cause growth. Freedom of entry may be observed more often in democracies, but is not improbable in autocracies. David A. Leblang (1996) supports findings that “the protection of property rights has a significant, positive effect on economic growth rates across countries. While regime type (democracy, autocracy) – the crucial variable in so many studies – has no significant effect. Tavares and Wacziarg (2001) theorize that political instability, distortions (meaning “policies that benefit a small set of insiders at the expense of the general population”), government size, human capital, income inequality, trade openness, and physical capital accumulation are all likely to affect growth, and vary with the degree of democratization. They draw the following conclusions:

“We found evidence that democracy increases human capital accumulation and decreases physical investment rates... We also uncover evidence of less robust effects of democracy on growth working through income equality (more democracy/less inequality/higher growth) and through government consumption (more democracy/more government consumption/lower growth). Finally, we uncovered no strong evidence that democracy impacts growth through government-induced distortions, political instability, trade openness or macroeconomic instability” (Tavares and Wacziarg, 2001).

I should mention that overall Tavares and Wacziarg (2001) find a moderate negative impact of democracy on growth. Again, however, these findings and so many others rely on the assumption that government policies and economic factors vary predictably with the degree of democratization. Unfortunately there is no existing model that accurately predicts how growth varies with all degrees of democratization, so surely there is at least the possibility that an anomaly in theory, could exist in reality. Alesina and Perotti (1994) assert that autocracies are not as predictable as they are assumed to be in theory; “the group of democracies is more homogeneous: the democracies have done much better than the worst autocracies but not as well as some of the most successful autocracies” (Alesina and Perotti, 1994).

3. Democracy versus Autocracy

The purpose of the previous section was to indicate that so far no reasons exist to imply that democracy is a necessary element for success in terms of economic growth. What follows is a discussion of the advantages and disadvantages associated with both forms of government institutions.

Start by considering the more common arguments; the potential disadvantages of autocracy, and advantages of democracy. A changeable government is likely to be a more accountable
government. In a democracy, it is easier to replace a governing body that is inadequate, and there is cause to believe that if a governing body wishes to remain in power this will provide incentive for the governing body to be adequate. There is also an argument that absolute power corrupts even the most selfless of leaders. In theory there are certainly reasons why a democratic government may be more accountable to the people it governs than an autocratic government. Since these reasons are particularly common in Western thought, and are repeated frequently in the endless pro-democracy arguments, I do not feel the need to regurgitate all of the reasons that I am familiar with. I do not disagree with arguments that conclude there is greater likelihood of accountability in democracy; I will suggest, however, that there are still other factors that could make a government accountable that may exist in an autocracy. For example, a high sense of moral responsibility among the majority of a governing body.

Next consider how democracy may fall short of autocracy. Recognize that the arguments that follow are based on assumptions which may or may not be true in practice; however, the same is true for most of the pro-democracy or anti-autocracy arguments. “Existing research does not support robust conclusions, whether positive or negative, about the optimizing consequences of electoral incentives. The arguments do, however, demonstrate that a fair and open electoral process does not necessarily lead to desirable policy results” (Keech 1980).

Assume that the goal of politicians is gaining power and staying in power, and that they create and carry out policies for the purpose of maximizing the chances of achieving this goal (Keech 1980). Under this assumption William Keech provides substantial support for the reasoning that competitive elections (a crucial element of democracy) may not “perform their traditionally-assigned function of harmonizing politicians’ ambitions with the public welfare”. The following are citations from Elections and Macroeconomic Policy Optimization by William R. Keech (1980) that should make clear the reasoning for some potential disadvantages of democracy:

“Fiscal decisions are made… by ordinary politicians who are responsive to the demands of the voting public” (Buchanan and Wagner, as cited by Keech 1980). This follows from the original assumption and implies that politicians will give the voters what they demand in order to be elected or re-elected.

“Voters like to receive benefits, but not to pay for them with their taxes. Politicians who compete for the support of the electorate have an incentive to comply with these voter preferences” (Buchanan and Wagner, as cited by Keech 1980). Most people enjoy receiving something for nothing. For example, it is common for voters to complain about tax increases, and at the same time complain about funding for health care and education.

“Vote-maximizing governments are led to apply an infinite discount rate, formulating policy in the short run with no regard for the future” (Keech 1980). In giving voters something for nothing governments must borrow against the future, and as this continues debt becomes enormous.

“The electoral-economic cycle breeds a lurching, stop-and-go economy the world over. Governments fool around with transfer payments, making an election-year prank out of the social security system and the payroll tax. There is a bias toward policies with immediate, highly visible benefits and deferred, hidden costs… The result is economic instability and inefficiency” (Tufte,
as cited by Keech 1980). Governments that carryout these kinds of policies may benefit society in the short-term, but eventually these benefits must be paid for. In the long-term perspective these benefits may not be worth the consequences.

“The policy results of a fair and open electoral process are not necessarily optimal” (Keech 1980). It might be the case that an autocratic government is less prone to some of the possible disadvantages of democracy. It should at least be considered that democracy is not immune to imperfections.

It seems reasonable to believe that both autocracy and democracy have potential deficiencies. At the very least one should consider the possibility that a good autocracy can be superior to a bad democracy in terms of growth. However there still exists the argument that “democratic institutions entail a trade-off between measurable economic costs and social benefits which are harder to evaluate” (Tavares and Wacziarg 2001). So far I have based most of my discussion regarding democracy and autocracy in the economic realm. However my argument for successful economic growth in autocracies also applies to social concerns; there is the ever present possibility that any given autocracy can be significantly different from the ‘typical’ autocracy in terms of measurable statistics, and unobservable qualitative judgements. In the next section I will address some of the social aspects along with the economic issues relating to autocracy; specifically autocracy in China.

4. China’s Political Future

There are many ongoing discussions about the future of government in China. There are arguments that either support or criticize Chinese government policies of the past and present, and there are a variety of arguments for institution and policy changes that ‘should’ or ‘must’ take place in China’s future. Nolan (2005) argues:

“The country (China) faces deep economic, political and social challenges. These include the vast extent of poverty and rapidly growing inequality; the challenge for Chinese businesses from the global business revolution; a deeply degraded natural environment; declining capabilities of the state; a comprehensive challenge in international relations; widespread corruption; and extreme dangers in engaging closely with the global financial system.” (Nolan, 2005).

There are many arguments prescribing democratization for China as a solution for the many problems, while others argue that Western democracy will inevitably evolve as the Chinese economy continues to develop. I disagree with the latter of these two positions on the basis that the neither the leadership nor the majority of the population appear to have a desire for a competitive multi-party system. The following three quotations provide some support for this claim:

“China’s leaders claim that the one-party state has long practiced democracy, in the sense of governing on behalf of the people, and they show no signs of preparing to cede any political power” (Kahn, 2007). The Chinese government plans to keep a strong hold on power, and asserts that it acts in the majority’s best interests.
“Life is getting better so rapidly that many still support the system. Most Chinese say that if the Communist Party were suddenly to announce free elections, it could count on the votes of peasants to win overwhelmingly” (Kristof, 1993). Life improvements were rapid in 1993 and continue to be rapid today. As the government continues to improve the quality of life it is unlikely that a demand for a new government will emerge.

“Polls... reveal majority support for the central government and overwhelming belief that the courts, the press, and government institutions will be responsive to [the people’s] grievances” (Pei; Lin; China Newsweek, as cited by Fogel, 2007). Not only does the majority stand behind the autocratic Chinese government, they also believe that the government can solve the major problems that face China.

Just as there does not currently appear to be a majority demand for democratization, I do not believe such a demand will emerge without cause. In the subsections that follow I suggest why the uncontested rule of the Chinese Communist Party (CCP) has been successful in the eyes of the majority, and why it is likely to continue to be seen in this light. If autocracy continues to be considered successful, then there will be no cause for a majority demand for democracy in the future. It follows that democracy will have been neither necessary, nor inevitable.

4.1. Why Autocracy Has Made Sense for China

For unsuccessful countries democracy may offer the best probability for success, but it is not necessary in order for a country to be successful. The Chinese Communist Party could prove to the world that autocracy is not guaranteed to benefit the few in power at the expense of the majority; that it is possible for an autocratic government to serve the needs of the people without being elected to represent them. Forty-two percent of membership of the Politburo of the Chinese Communist Party now belongs to provincial leaders (Bo, as cited by Fogel, 2007); evidence that at least some degree of representation exists in the CCP. China has a form of government that has been, and has the potential to continue being a very successful autocracy. The claim that autocracy has achieved success for China, economically and socially is substantiated in many ways:

“Its Human Development Index (HDI) ranking has risen continuously over the past 20 years, to 85th in 2003 among 177. Life expectancy and some other health indices are higher today than average levels in developing countries and roughly the same as in medium-income countries. China’s primary school enrolment rate was 11 percent higher than the average level of developing countries in 2002, and was at the same level as medium-income countries. Adult and Youth literacy rates are also above average levels in developing countries and equal to those in medium-income countries. In the past 26 years, GDP has grown 9.4 percent a year on average, and the absolute poor population in rural areas has dropped from 250 million to 26.1 million” (China Development Research Foundation and UNDP, 2005). These statistics counter arguments that the CCP has failed to benefit the people of China. The reality is that the Chinese Communist Party has achieved great successes for China and the Chinese people.

“Compared with other countries at the same level of economic development, China’s human development is at a relatively high level. China ranked 85th on the HDI in 2003 while GDP per
capita (measured on a PPP basis) was 96th. This means that compared with other countries, China’s achievements in human development surpassed its achievements in economic development” (China Development Research Foundation and UNDP, 2005). There are few arguments that dismiss China’s economic growth, but many seem to ignore the fact that this economic growth is being channelled toward improving the quality of Chinese life.

The CCP has managed to produce many socially desirable results for China. “The party is presiding over one of the greatest increases in living standards in the history of the world” (Kristof, 1993). It is possible that a democracy in China may have been able to achieve similar results, but clearly the autocratic Chinese Communist Party has achieved substantial results. This does not mean that there is no room for improvement, but among the many developing countries in the world, are there any that do not have major obstacles for their governing body to overcome in the foreseeable future?

4.2 Why Autocracy Makes Sense for China’s Future

In section 2, I introduced some of the research that links government policy and economic growth; I will now focus on some of the institutional factors that will influence the success of China in the future. There is evidence that a strong legal system, market reforms that encourage competition, efficiency, innovation and the protection of property rights all encourage continuous economic development (Aghion et al., 2006; Leblang, 1996; Peerenboom 2006). “China has resisted the third wave of democratization and remains officially a socialist state, albeit a unique twenty-first-century version of a socialist state that has endorsed a market economy and rule of law” and “while far from perfect, China’s legal system outperforms the average in the lower-middle income class” (Peerenboom, 2006). Other crucial elements for the success of any government institution are political stability (Alesina and Perotti, 1994), and political accountability (Aghion et al., 2006; Besley and Masayuki, 2007). Robert W. Fogel argues that in China: “economic advances and governmental attention to public opinion, especially with respect to grievances, is a formula for continued political stability... the government’s responsiveness to popular concerns indicates that political stability is likely to remain at the level required for continued long-term economic growth” (Fogel 2007).

Furthermore, Besley and Kudamatsu, through extensive empirical analysis, claim that “China has been a stable autocratic regime” since 1976, and “during this time period has been successful in economic and human development” (Besley and Masayuki, 2007).

Still, there exist countless future scenarios that could lead to economic and political collapse in China. “The point at issue is not what might occur, but what is likely to occur” (Fogel, 2007). If the Chinese Communist Party were to collapse, the Chinese economy, in all likelihood, would collapse with it, and given that a significant share of the global economy is intertwined and invested in the Chinese economy it is in the best interest of the Western democracies, and the rest of the world, to support the efforts of the CCP (Nolan, 2005).

Robert Fogel offers counterarguments to several of the most popular Chinese collapse scenarios that are in favour of the political stability that is necessary to justify his growth predictions for
China (displayed in the two tables that follow from his working paper, ‘Capitalism and Democracy in 2040: Forecasts and Speculations’).

Table 1
The Global Distribution of Gross Domestic Product (GDP) in 2006, by Grouping of Nations

<table>
<thead>
<tr>
<th>Grouping</th>
<th>Population (in millions)</th>
<th>Percent of total</th>
<th>GDP in billions of $ (PPP)</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>282</td>
<td>5</td>
<td>9,601</td>
<td>22</td>
</tr>
<tr>
<td>European Union (EU 15)</td>
<td>378</td>
<td>6</td>
<td>9,264</td>
<td>21</td>
</tr>
<tr>
<td>India</td>
<td>1,003</td>
<td>16</td>
<td>2,375</td>
<td>5</td>
</tr>
<tr>
<td>China</td>
<td>1,369</td>
<td>22</td>
<td>4,951</td>
<td>11</td>
</tr>
<tr>
<td>Japan</td>
<td>127</td>
<td>2</td>
<td>3,456</td>
<td>8</td>
</tr>
<tr>
<td>6 South East Asian Countries (SE6)</td>
<td>1,381</td>
<td>6</td>
<td>2,552</td>
<td>6</td>
</tr>
<tr>
<td>Subtotals</td>
<td>3,540</td>
<td>58</td>
<td>32,199</td>
<td>73</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>2,546</td>
<td>42</td>
<td>12,307</td>
<td>28</td>
</tr>
<tr>
<td>World</td>
<td>6,086</td>
<td>99*</td>
<td>44,506</td>
<td>101*</td>
</tr>
</tbody>
</table>

*Totals do not equal 100 percent due to rounding.

Source: Fogel 2007
Source: Fogel 2007

Fogel’s growth estimates for China are based on an annual GDP growth rate of 8.4% from 2000 to 2040, resulting in a 2040 GDP of over $123 trillion. Considering that, by some estimates, China has been experiencing double digit GDP growth in recent years, his estimates are not implausible.

It is my position that China will remain an autocracy in the foreseeable future, but only if it continues to meet, or exceed the needs of the Chinese population. There must be continued improvements in living standards and economic growth. There must be further market reforms to enhance efficiency, and to foster competition and innovation. The legal system must be further developed to protect basic freedoms and property rights, and counter government corruption. Inequalities in income, living standards, social and economic opportunities must be reduced.

<table>
<thead>
<tr>
<th>Grouping</th>
<th>Population (in millions)</th>
<th>Percent of total</th>
<th>GDP in billions of $ (PPP)</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>392</td>
<td>5</td>
<td>41,944</td>
<td>14</td>
</tr>
<tr>
<td>European Union (EU 15)</td>
<td>376</td>
<td>4</td>
<td>15,040</td>
<td>5</td>
</tr>
<tr>
<td>India</td>
<td>1,522</td>
<td>17</td>
<td>36,528</td>
<td>12</td>
</tr>
<tr>
<td>China</td>
<td>1,455</td>
<td>17</td>
<td>123,675</td>
<td>40</td>
</tr>
<tr>
<td>Japan</td>
<td>108</td>
<td>1</td>
<td>5,292</td>
<td>2</td>
</tr>
<tr>
<td>6 South East Asian Countries (SE6)</td>
<td>516</td>
<td>6</td>
<td>25,604</td>
<td>12</td>
</tr>
<tr>
<td>Subtotals</td>
<td>4,369</td>
<td>50</td>
<td>258,083</td>
<td>85</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>4,332</td>
<td>50</td>
<td>49,774</td>
<td>16</td>
</tr>
<tr>
<td>World</td>
<td>8,791</td>
<td>100</td>
<td>307,857</td>
<td>100*</td>
</tr>
</tbody>
</table>

Note: GDP in U.S. dollars of 2000.

*Total equals more than 100 percent due to rounding.
I refrain from speculating how such change will be brought about for the following reason. CCP officials (and their advisors), I feel, are well aware of what must be done, and the consequences associated with failure. If the past is any indicator of the future, than China’s leaders will succeed in “devising policies in a pragmatic, experimental, non-ideological fashion to solve concrete problems” (Nolan, 2005) in order to achieve China’s social and economic goals.

5. Conclusion

In summary, some of the political factors of economic growth were introduced, and it was argued that an autocracy can exist, in theory and in reality, that employs policies that are optimal for economic growth. It was then argued that in theory democracy and autocracy each have imperfections and neither is guaranteed to be economically or socially superior. Consistent with these arguments, the claim that autocracy has been successful in China was substantiated, it was further argued that China would remain an autocratic institution in the future, and that the Chinese Communist Party will continue to successful.

To clarify, I am not displeased with democracy. It was not the purpose of this essay to argue against the ideals of democracy, but rather to argue in favour of autocracy in China. My motivation for a counterargument to the pro-democracy movement comes from the blind ambition that seems to drive such a movement. I agree, in part, with the statement, cited by Peter Nolan, from President Bush’s ‘How the US will lead “freedom’s triumph”’, that “Freedom is the non-negotiable demand of human dignity; the birthright of every person – in every civilisation…Today, humanity holds in its hands the opportunity to further freedom’s triumph over all [its] foes. The U.S. welcomes our responsibility, to lead in this great mission” (cited in Nolan, 2005). However, I feel that to argue that China must democratize, is to blindly disregard the fact that autocracy in China has been working for the Chinese people and is still thriving today.
References


