

KONFERENZBERICHTE

The China Model: A Challenge to the European Varieties of Capitalism

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China's global rise is strongly related to its combination of a market-oriented economic system with strong state control in key industries with an autocratic political system. The country seems to provide an alternative to the Western capitalist models, which are based on markets and democratic institutions. Using the Varieties of Capitalism (VoC) approach as the theoretical framework of analysis, the international workshop "The China Model: A Challenge to the European Varieties of Capitalism" was held in Hamburg from 8–10 December 2012. Margot Schüller and Nele Noesselt, from the German Institute of Global and Area Studies' (GIGA) Institute of Asian Studies, and Barbara Krug, from Rotterdam School of Management, Rotterdam University, organized this three-day workshop. The Fritz Thyssen Foundation and Bertelsmann Foundation funded the event.

It was organized in six sessions, each dedicated to specific aspects of the Chinese and European varieties of capitalism. The first panel focused on the theoretical foundations of the VoC and the "China Model". Michael Witt (INSEAD, Singapore) gave an overview of different Asian business systems. In his joint paper with Gordon Redding, he drew on Richard Whitley's (1999) business systems theory and presented their rich research findings. Richard Whitley (University of Manchester) contributed to the panel by introducing his framework on National Innovation Systems (NIS) and then adapting it to the Chinese context. The second paper was presented by Nele Noesselt, who took a political science perspective on the discourses surrounding the China Model. She argued for a broader conceptualization as a particular Chinese mode of governance that goes beyond the narrow understanding of economic liberalization without democratization.

In the second panel on the political institutions and firm ownership structures in China, Yang Yao (Beijing University) discussed the role of government in China's growth. He identified two main aspects of state involvement that had a positive impact on growth: the lack of responsiveness to social groups and the structures in place to incentivize (local) government officials to pursue growth strategies. The follow-up discussion to this presentation focused mainly on the concept of the "disinterested government". Hans Hendrichske's (University of Sydney) presentation "Capitalism from Below and Firm Ownership in China" centered on the question of how continuous changes and renegotiations of firm structures between (local) state and societal actors have led to a gradual and path-dependent institutionalization of previously informal institutions.

The third panel focused on political institutions, banking and finance. In his presentation on the state of Chinese banking, Shaun Breslin (Warwick University) analysed the consequences of heavy state involvement in China's banking sector. While this involvement has helped China to mitigate the effects of the global financial crisis, the banking system nevertheless still suffers from major dysfunctions. The discussion underlined related challenges, especially the low interest rate policy and underdeveloped securities markets. In her presentation on political institutions and their impact on Chinese outward FDI, Margot Schüller pointed to the rapid increase of Chinese OFDI flows around the globe and to M&A transactions in Europe. She argued that the growing trend of strategic asset-seeking in OFDI has been facili-

tated by China's institutional and regulatory framework. In contrast to the European case, the support for the internationalization of companies is not restricted by the Chinese government to market failure.

In the fourth panel, on the comparison between industrial relations in Europe and China, the paper by Chang Kai (Renmin University, Beijing) was presented by Günter Schucher (GIGA). It contended that the right to strike has been embodied in a number of relevant laws and that strikes are not regarded as illegal. How it is legislated for needs refinement however, as the process currently lacks clarity and soundness. Roberto Pedersini (University of Milan) focused on the changing characteristics of European industrial relations in light of globalization and economic crisis. He pointed out that labour representation and union density in Europe have shrunk in recent years.

The fifth panel discussed inter-firm relations and innovations. Matthew Allen (University of Manchester) explored the connection between institutional regimes, sectoral differences and responses to internationalization. The discussant (Marcus Conlé, GIGA) pointed to the difficulties faced in analysing sectoral and country data within a single framework. Liu Xielin's (Chinese Academy of Sciences) paper pointed to major changes in China's system of innovation system after the launching of the national indigenous innovation strategy in 2006. In the discussion that followed, it was recommended to relate the findings to the three-tier structure of the Chinese economy. Doris Fischer (University of Würzburg) gave a presentation on China's industrial policies that are aimed at low carbon competitiveness. Fischer argued that state guidance and industrial policies have traditionally been geared towards technological catch-up, and that the national innovation system thus needs to adapt for green growth to be achieved.

The sixth panel concentrated on labour markets and employee training. Analysing the vocational educational training system, Günter Schucher (GIGA) underlined that China is trapped in a vicious circle between overreliance on higher education and acute skill shortages. Schucher related this development to the emphasis on general rather than specific education, making firms reliant on in-house training. Joachim Ahrens (University of Göttingen) pondered in his comments whether this was a case of market and coordination failure on the government's side. Yi Dinghong's (People's University) presentation focused on the relationship between labour market arrangements and conditions. Yi provided several policy recommendations for the future development of China's labour market, including the abolition of the household registration system and the extension of social security systems.

The final roundtable discussion highlighted various dimensions of institutional change in China and the EU. Suggestions for further research included a more precise definition of what is meant by political and economic systems, the most appropriate choice for the level-of-analysis and the classification of firms. The participants saw a need to develop typologies for the study of institutional transformation and also to take the time dimension into account. Another central topic of discussion was the special role of the state in the Chinese economy as compared to in European countries.