

How much longer will China's growth model last?

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How much longer will China's economy continue to achieve the 10 percent annual average growth rate it has been able to pull off over the last 30 years? The so-called "Beijing consensus" -- a combination of mixed ownership, basic property rights, and heavy government intervention, believed to be responsible for China's economic success -- is once again at the center of controversy.

Yang Yao, deputy dean of the National School of Development and the Director of the China Center for Economic Research at Peking University, has voiced skepticism over China's sustained economic growth in an article titled "The End of the Beijing Consensus" published in the U.S. magazine Foreign Affairs.

Yang says China's economy is now 12 times greater than it was in 1978, when it began economic reforms, but has created serious income inequality and internal and external imbalances. The overall Gini coefficient -- a measure of economic inequality where 0 equals perfect equality and 1 absolute inequality -- reached 0.47 in 2008. China's city dwellers earn three and a half times more than people in the countryside, the highest urban-rural income gap in the world. China has also encountered the so-called middle-income trap -- a situation that often arises when a country's per-capita GDP reaches the range of US\$3,000 to \$8,000, the economy stops growing, income inequality increases, and social conflicts erupt.

Martin Jacques, a former British magazine editor and academic who caused a sensation with his book "When China Rules the World: The Rise of the Middle Kingdom and the End of the Western World," is critical of the West's misconceptions of China. Jacques says the humiliation China underwent from its defeat in the Opium War in the late 19th century until its colonization was an "exception" in its 2,000-year-old history and its ascendancy today marks a return to its former glory.

There are no signs of a rift within China's leadership, which will see a generational change between 2012 and 2013. Andrew Nathan of Columbia University predicted a smooth road ahead in the transfer of power to Vice President Xi Jinping and First Vice-Premier Li Keqiang.

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