**ERIC LI-‘A tale of two political systems’**

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The entire world's peoples will be unified in this paradise on Earth and live happily ever after. But before we get there, we're engaged in a struggle between good and evil, the good of socialism against the evil of capitalism, and the good shall triumph.  3. That, of course, was the meta-narrative distilled from the theories of Karl Marx. And the Chinese bought it. We were taught that grand story day in and day out. It became part of us, and we believed in it. The story was a bestseller. About one third of the entire world's population lived under that meta-narrative.  4. Then, the world changed overnight. As for me, disillusioned by the failed religion of my youth, I went to America and became a Berkeley hippie.  (Laughter)  5. Now, as I was coming of age, something else happened. As if one big story wasn't enough, I was told another one. This one was just as grand. It also claims that all human societies develop in a linear progression towards a singular end. This one went as follows: All societies, regardless of culture, be it Christian, Muslim, Confucian, must progress from traditional societies in which groups are the basic units to modern societies in which atomized individuals are the sovereign units, and all these individuals are, by definition, rational, and they all want one thing: the vote. Because they are all rational, once given the vote, they produce good government and live happily ever after. Paradise on Earth, again. Sooner or later, electoral democracy will be the only political system for all countries and all peoples, with a free market to make them all rich. But before we get there, we're engaged in a struggle between good and evil. (Laughter) The good belongs to those who are democracies and are charged with a mission of spreading it around the globe, sometimes by force, against the evil of those who do not hold elections.  (Video) George H.W. Bush: A new world order ...  (Video) George W. Bush: ... ending tyranny in our world ...  (Video) Barack Obama: ... a single standard for all who would hold power.  Eric X. Li: Now --  (Laughter) (Applause)  6. This story also became a bestseller. According to Freedom House, the number of democracies went from 45 in 1970 to 115 in 2010. In the last 20 years, Western elites tirelessly trotted around the globe selling this prospectus: Multiple parties fight for political power and everyone voting on them is the only path to salvation to the long-suffering developing world. Those who buy the prospectus are destined for success. Those who do not are doomed to fail. But this time, the Chinese didn't buy it.  7. Fool me once ...  (Laughter)  8. The rest is history. In just 30 years, China went from one of the poorest agricultural countries in the world to its second-largest economy. Six hundred fifty million people were lifted out of poverty. Eighty percent of the entire world's poverty alleviation during that period happened in China. In other words, all the new and old democracies put together amounted to a mere fraction of what a single, one-party state did without voting.  9. See, I grew up on this stuff: food stamps. Meat was rationed to a few hundred grams per person per month at one point. Needless to say, I ate all my grandmother's portions.  10. So I asked myself, what's wrong with this picture? Here I am in my hometown, my business growing leaps and bounds. Entrepreneurs are starting companies every day. Middle class is expanding in speed and scale unprecedented in human history. Yet, according to the grand story, none of this should be happening. So I went and did the only thing I could. I studied it. Yes, China is a one-party state run by the Chinese Communist Party, the Party, and they don't hold elections. Three assumptions are made by the dominant political theories of our time. Such a system is operationally rigid, politically closed, and morally illegitimate. Well, the assumptions are wrong. The opposites are true. Adaptability, meritocracy, and legitimacy are the three defining characteristics of China's one-party system.  11. Now, most political scientists will tell us that a one-party system is inherently incapable of self-correction. It won't last long because it cannot adapt. Now here are the facts. In 64 years of running the largest country in the world, the range of the Party's policies has been wider than any other country in recent memory, from radical land collectivization to the Great Leap Forward, then privatization of farmland, then the Cultural Revolution, then Deng Xiaoping's market reform, then successor Jiang Zemin took the giant political step of opening up Party membership to private businesspeople, something unimaginable during Mao's rule.  12. So the Party self-corrects in rather dramatic fashions. Institutionally, new rules get enacted to correct previous dysfunctions. For example, term limits. Political leaders used to retain their positions for life, and they used that to accumulate power and perpetuate their rules. Mao was the father of modern China, yet his prolonged rule led to disastrous mistakes. So the Party instituted term limits with mandatory retirement age of 68 to 70.  13. One thing we often hear is, "Political reforms have lagged far behind economic reforms," and "China is in dire need of political reform." But this claim is a rhetorical trap hidden behind a political bias. See, some have decided a priori what kinds of changes they want to see, and only such changes can be called political reform. The truth is, political reforms have never stopped. Compared with 30 years ago, 20 years, even 10 years ago, every aspect of Chinese society, how the country is governed, from the most local level to the highest center, are unrecognizable today. Now such changes are simply not possible without political reforms of the most fundamental kind. Now I would venture to suggest the Party is the world's leading expert in political reform.  14. The second assumption is that in a one-party state, power gets concentrated in the hands of the few, and bad governance and corruption follow. Indeed, corruption is a big problem, but let's first look at the larger context. Now, this may be counterintuitive to you. The Party happens to be one of the most meritocratic political institutions in the world today. China's highest ruling body, the Politburo, has 25 members. In the most recent one, only five of them came from a background of privilege, so-called princelings. The other 20, including the president and the premier, came from entirely ordinary backgrounds. In the larger central committee of 300 or more, the percentage of those who were born into power and wealth was even smaller. The vast majority of senior Chinese leaders worked and competed their way to the top. Compare that with the ruling elites in both developed and developing countries, I think you'll find the Party being near the top in upward mobility.  15. The question then is, how could that be possible in a system run by one party? Now we come to a powerful political institution, little-known to Westerners: the Party's Organization Department. The department functions like a giant human resource engine that would be the envy of even some of the most successful corporations. It operates a rotating pyramid made up of three components: civil service, state-owned enterprises, and social organizations like a university or a community program. They form separate yet integrated career paths for Chinese officials. They recruit college grads into entry-level positions in all three tracks, and they start from the bottom, called "keyuan" [clerk]. Then they could get promoted through four increasingly elite ranks: fuke [deputy section manager], ke [section manager], fuchu [deputy division manager], and chu [division manger]. Now these are not moves from "Karate Kid," okay? It's serious business. The range of positions is wide, from running health care in a village to foreign investment in a city district to manager in a company. Once a year, the department reviews their performance. They interview their superiors, their peers, their subordinates. They vet their personal conduct. They conduct public opinion surveys. Then they promote the winners. Throughout their careers, these cadres can move through and out of all three tracks. Over time, the good ones move beyond the four base levels to the fuju [deputy bureau chief] and ju [bureau chief] levels. There, they enter high officialdom. By that point, a typical assignment will be to manage a district with a population in the millions or a company with hundreds of millions of dollars in revenue. Just to show you how competitive the system is, in 2012, there were 900,000 fuke and ke levels, 600,000 fuchu and chu levels, and only 40,000 fuju and ju levels.  16. After the ju levels, the best few move further up several more ranks, and eventually make it to the Central Committee. The process takes two to three decades. Does patronage play a role? Yes, of course. But merit remains the fundamental driver. In essence, the Organization Department runs a modernized version of China's centuries-old mentoring system. China's new president, Xi Jinping, is the son of a former leader, which is very unusual, first of his kind to make the top job. Even for him, the career took 30 years. He started as a village manager, and by the time he entered the Politburo, he had managed areas with a total population of 150 million people and combined GDPs of 1.5 trillion U.S. dollars.  17. Now, please don't get me wrong, okay? This is not a put-down of anyone. It's just a statement of fact. George W. Bush, remember him? This is not a put-down. (Laughter) Before becoming governor of Texas, or Barack Obama before running for president, could not make even a small county manager in China's system. Winston Churchill once said that democracy is a terrible system except for all the rest. Well, apparently he hadn't heard of the Organization Department.  18. Now, Westerners always assume that multi-party election with universal suffrage is the only source of political legitimacy.  I was asked once, "The Party wasn't voted in by election. Where is the source of legitimacy?"  I said, "How about competency?"  19. We all know the facts. In 1949, when the Party took power, China was mired in civil wars, dismembered by foreign aggression, average life expectancy at that time, 41 years old. Today, it's the second largest economy in the world, an industrial powerhouse, and its people live in increasing prosperity.  20. Pew Research polls Chinese public attitudes, and here are the numbers in recent years. Satisfaction with the direction of the country: 85 percent. Those who think they're better off than five years ago: 70 percent. Those who expect the future to be better: a whopping 82 percent. Financial Times polls global youth attitudes, and these numbers, brand new, just came from last week. Ninety-three percent of China's Generation Y are optimistic about their country's future. Now, if this is not legitimacy, I'm not sure what is.  21. In contrast, most electoral democracies around the world are suffering from dismal performance. I don't need to elaborate for this audience how dysfunctional it is, from Washington to European capitals. With a few exceptions, the vast number of developing countries that have adopted electoral regimes are still suffering from poverty and civil strife. Governments get elected, and then they fall below 50 percent approval in a few months and stay there and get worse until the next election. Democracy is becoming a perpetual cycle of elect and regret. At this rate, I'm afraid it is democracy, not China's one-party system, that is in danger of losing legitimacy.  22. Now, I don't want to create the misimpression that China's hunky-dory, on the way to some kind of superpowerdom. The country faces enormous challenges. The social and economic problems that come with wrenching change like this are mind-boggling. Pollution is one. Food safety. Population issues. On the political front, the worst problem is corruption. Corruption is widespread and undermines the system and its moral legitimacy. But most analysts misdiagnose the disease. They say that corruption is the result of the one-party system, and therefore, in order to cure it, you have to do away with the entire system.  23. But a more careful look would tell us otherwise. Transparency International ranks China between 70 and 80 in recent years among 170 countries, and it's been moving up. India, the largest democracy in the world, 94 and dropping. For the hundred or so countries that are ranked below China, more than half of them are electoral democracies. So if election is the panacea for corruption, how come these countries can't fix it?  24. Now, I'm a venture capitalist. I make bets. It wouldn't be fair to end this talk without putting myself on the line and making some predictions. So here they are. In the next 10 years, China will surpass the U.S. and become the largest economy in the world. Income per capita will be near the top of all developing countries. Corruption will be curbed, but not eliminated, and China will move up 10 to 20 notches to above 60 in T.I. ranking. Economic reform will accelerate, political reform will continue, and the one-party system will hold firm.  25. We live in the dusk of an era. Meta-narratives that make universal claims failed us in the 20th century and are failing us in the 21st. Meta-narrative is the cancer that is killing democracy from the inside. Now, I want to clarify something. I'm not here to make an indictment of democracy. On the contrary, I think democracy contributed to the rise of the West and the creation of the modern world. It is the universal claim that many Western elites are making about their political system, the hubris, that is at the heart of the West's current ills. If they would spend just a little less time on trying to force their way onto others, and a little bit more on political reform at home, they might give their democracy a better chance. China's political model will never supplant electoral democracy, because unlike the latter, it doesn't pretend to be universal. It cannot be exported. But that is the point precisely. The significance of China's example is not that it provides an alternative, but the demonstration that alternatives exist. Let us draw to a close this era of meta-narratives. Communism and democracy may both be laudable ideals, but the era of their dogmatic universalism is over. Let us stop telling people and our children there's only one way to govern ourselves and a singular future towards which all societies must evolve. It is wrong. It is irresponsible. And worst of all, it is boring. Let universality make way for plurality. Perhaps a more interesting age is upon us. Are we brave enough to welcome it?  26. Thank you.  (Applause)  Thank you. Thank you. Thank you. Thanks. |