

# Far Eastern Affairs

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## Chinese Modernization: Some Lessons for Russia

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**Abstract.** A comparison of the processes of modernization in China and Russia shows that the key factor of its success is the quality of government: it must have a high degree of viability and at the same time be wholly interested in the far-reaching transformation of society. Such interest is generated when the country encounters critical challenges that threaten its existence, and the ruling class recognizes that the country's fate and their own are indivisible. A visible enhancement of the public's well-being is also a necessary condition of the success of reforms.

**Keywords:** *modernization, reforms, authoritarianism, political will, political responsibility, standard of living, public well-being.*

All of the reform projects seen in the Soviet Union/Russia at the turn of the 1980s and '90s were, in one way or another, built upon the ideas of the market and party pluralism imported from Western sources. This was entirely natural, since most of the developed countries in the West had by this time far surpassed the Soviet Union in quality of life, rates of growth, and success in fields of scientific and technical progress. The West was happy to display its achievements to the many representatives of the Soviet intelligentsia who visited Western Europe and the United States – this was in fact part of their policy – and they had the opportunity to convince themselves firsthand of the advantages of the Western way of life and study, to one degree or another, its foundations: the mechanisms of the market and democracy. The success of the far from democratic People's Republic of China with its new strategy of reform and openness were at that time not as impressive.

Taiwan and Asia's three other "mini-dragons" with totalitarian or authoritarian regimes had by that time also finished modernizing their markets, but the

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This article was prepared with the financial support of the Russian Foundation for the Humanities, Project No. 08-03-95142/tau "Modernization in Russia, China, and on Taiwan: General and Specific."

experience of these tiny nations could in no way counterbalance the significance of the democratic model, which had confirmed its effectiveness not only in many countries of the West but in Japan as well.

Meanwhile, China's progress along the path of modernization, striking in its tempos and initiated and implemented by a single-party, essentially totalitarian (but in the opinion of many experts, authoritarian) government, allowed the country to grow its economic might qualitatively and transform it into a second superpower. The enormous changes that have taken place in China were, however, of little interest to Russian reformers. Only some politicians and China experts from academia pleaded that we devote attention to China's experience, but their voices went unheeded by our crafters of reform.

They had their own reasons for this: Chinese society obviously differed sharply from Russian society (it was an agrarian country overpopulated with an aging demographic, a cheap labor force, etc.), and the Chinese experience appeared to be absolutely inapplicable to Russian reality. On the other hand, firm hopes for a rejuvenation effect from the multiparty system, which had become identified with democracy, had already taken hold in Russian reform circles. Most important, the overpowering imperative for the main social forces guiding the course of reform was the fastest possible privatization of the nation's main sources of wealth, and the example of China and its cautious advance toward new frontiers plainly indicated the opposite might be better.

Initially developing along essentially different lines, reforms in Russia and China turned out to be incomparable in terms of effectiveness. Two decades later, modernization in Russia has yet to get under way; on the contrary, the originally unfamiliar word "demodernization" has come into use. Not one of the fundamental challenges facing the nation has generated a response, and no strategy for development is even apparent.

Today, the question of modernization remains on the agenda, being recognized by an increasingly larger segment of society as critical to the existence of the state. Now, however, public interest in China's achievements has grown noticeably. It has become commonplace in the mass media to compare Russia and China. Many Russians who have visited China (especially for the first time) are quick to share with readers their impressions on how far ahead of this country it has gone in one respect or another. In academic debates devoted to the problems of modernization in Russia, China is being mentioned increasingly often. Systematic scientific investigation of the two parallel processes of renewal are, however, complicated by experts on one country usually not having equal knowledge of the other. As experience shows, Sinologists are usually better acquainted with Russia's reality than their fellow experts on Russia are with China's, since Sinologists are acquainted with Russian life through their own experience and, in addition, it is impossible to study China from Russia without knowing anything about Russia. The ideas of Russian theoreticians on modernization in China are at times too flattering and reflect the need for man's reason in creating

for himself a certain lofty dream and ideal that at different times and for different people served as Eden: Communist society and, in recent decades, the model of Western democracy. A number of major comparative studies have now been made by such Sinologists as M.L. Titarenko,<sup>1</sup> Ya.M. Berger,<sup>2</sup> A.V. Vinogradov,<sup>3</sup> and A.V. Ostrovsky.<sup>4</sup> The landmark monograph by V.F. Borodich,<sup>5</sup> devoted specifically to comparing reforms in the two countries, deserves special mention.

Generally speaking, comparing the processes that are of interest to us is a complicated task. We can compare particular segments of the public mechanism, e.g., the investment laws of the two countries, their investment climates, the relationship between the government and business, their personnel policies, the fight against corruption, the battle against "brain drain," and so on. In this way we are sure to glean much that is useful and make adopt a variety of organizational devices. This is a job for both Sinologists and industrial experts. We can try to analyze the most distinctive features of modernization in the area of theory in order to discover the factors that guarantee its success. It is of course impossible to appropriate such factors, but they can serve as arguments in debates and help us to obtain a better understanding of our possibilities and the paths of our development. The strength of these arguments lies in their being drawn from real life, rather than being arrived at through theoretical reasoning. We would like to focus on one such factor in this work.

Without dwelling on the fine points of the "modernization" concept, we shall limit ourselves below to the following understanding of its mission: ensuring the nation's competitiveness in the international arena and steadily raising the population's level of well-being (disregarding periods of international financial crisis, of course), either on the basis of developing branches of the economy other than raw materials, or by putting the country at the cutting edge of scientific and technical progress; the latter might include creating its own innovative products.

It seems to us that the character of the PRC government was the decisive factor in the success of China's modernization during the period of reform and openness. The question of the character of China's government is of obvious relevance to present-day Russia, where a statist ideology ("sovereign democracy") gathered strength after the wave of democratization in the 1990s and debates continually arise on the question: Is democracy or authoritarianism a condition for Russia's modernization? Is the tilt toward a strong state that has taken place in Russian society a blessing or an obstacle to a country emerging from its backwardness? It is in this respect that the public's attention is primarily turning toward China: What can the Chinese experience tell us? After all, even with all the differences between them, the two countries are now in a state of development to make up for lost ground, and the longer it continues, the closer Russia comes to the condition that China has already left behind.

(1) We believe that China's strong government was a guarantee of the country's successful modernization. Only a strong government is capable of managing the course of reforms; carrying out far-reaching transformations in the eco-

conomic, social, and political spheres; monitoring the activities of business and directing them in the interests of the public; and ensuring the people's support for reforms. Of course, the PRC leadership's ability to manage the course of reform has its own limits, beyond which lie widespread corruption, nontransparent forms of privatization of doubtful use to the public at large, a growing gap between the poles of wealth and poverty, a build-up of social dissatisfaction, and mass protests by the peasantry. Nevertheless, in terms of its ability to respond to emerging challenges, China on the whole remains a model for us to follow.

It is interesting that of all the properties of China's state machinery that determine its great capacity for modernization, Russians' attention is especially drawn to the competency of the ruling elite, and to the high quality of the government apparatus's management of the country at all levels. Like the devotion to detail in the work of officials (something to which Russians are completely unaccustomed) and the enviable absence of bureaucracy, this property, noted by many Russian businessmen who have worked in China, draws the attention of theoreticians of modernization as well, Russian and otherwise. After pondering over the origins of such merits in a single-party system, our experts have concluded that "Successful authoritarian regimes differ in two key features: regular rotation of the leadership and meritocracy (a system that encourages career growth through personal merit, rather than through loyalty or corruption). China's system of government has such a structure; Russia's, unfortunately, does not."<sup>6</sup>

The competence of the authorities and their attention to detail in setting tasks have allowed the Chinese government to take full use of China's initial advantages: a cheap labor force combined with a huge foreign market, a low level of social aspirations among the public, and potential scales of the domestic market that are attractive to investors. Effective use has also been made of extrinsic advantages: the presence of Taiwan with its valuable experience in agrarian reform, the restructuring of China's economy, industrialization, and the development of new information technologies; and the existence of the enormous Chinese world diaspora. By moving toward rapprochement with the diaspora in accordance with the principles of the openness policy, China's leaders got the opportunity to use its investment and business experience to further modernization. The opportunity to observe the much more radical and rapid political and economic transformations in the Soviet Union/Russia also turned out to be an advantage. Their progress was subjected to intense analysis and strengthened the conviction of China's leaders that only a firm government is capable of restructuring a nation in today's order.

When its reforms were begun, Russia had its own enormous advantages over China: mighty scientific and technical potential (concentrated, it is true, mainly in the military-industrial sphere and in need of renewal) and the highly qualified human capital turned out by its existing educational system. Experts led by Yu.V. Yaremenko developed a model for restructuring the Soviet Union's economy that would have allowed us to prepare it for the conditions of openness and

the market. These achievements of the Soviet Union were unfortunately no longer in demand in the reform period. Instead, the opposite was true: the results of many years of work and deprivation of the Russian people were thrown away uselessly, the economy and educational system deteriorated, and the possibility of modernizing the country was sharply curtailed.

The competency of the ruling elite shaped the ability of China's authoritarian regime to perfect its institutions. Over the years of reform, the totalitarian character of the state was noticeably reduced. The people acquired a certain right to free speech, and the embryos of a civil society began to emerge. The development of political democracy proclaimed and practiced by the country's leadership assumes systematic consultations between officials, workers, and higher and lower echelons, allowing government bodies to consider more fully what is actually happening and to react more appropriately to the needs of the masses. Being to a large degree formal and truncated in practice, the system of democratic consultations nevertheless plays a clearly positive role, helping the authorities adjust the course of reform. A major landmark was the introduction of the "three representatives" system, which opened the door to the Chinese Communist Party for businessmen and thus marked the Party's transformation from a class-oriented organization into a national movement, thereby strengthening the regime and bringing the nation closer together.

As far as this country is concerned, the government's authority was discredited and began to weaken as early as the Khrushchev years, after mass repression was ended. A great deal of authority was also lost during the period of stagnation under Brezhnev, and it became weaker still with the subsequent transfers of power. Without instruments of coercion and without economic incentives, Soviet power was doomed.

In the new country, the Russian Federation, power was divided among different ministries, agencies, and clans. The somewhat weakened role of the government was of a conscious nature: having done away with the single-party dictatorship of the Communist Party, having given away a huge portion of the country's industrial potential for virtually nothing, and having adopted as one of its weapons the dogma of the state needing to get out of the economy, the new government destroyed the framework that, well or badly, bound society together and determined how it functioned. The government was stripped of its ability to regulate the most important processes in society, as a result of which they acquired a semi-elemental character. Corruption assumed truly threatening scales. The state apparatus was in no condition (and apparently did not especially try) to control either the payment of taxes by large companies, or expenditures from the public budget, or the observance of laws that had been passed. It was perhaps natural that the power of the state was manifested in the successful elimination of most of its important opposition, achieving this partly through repression but mainly through backdoor machinations, and in establishing tacit control over the mass media.

It is hardly possible today to draw up an unequivocal design for a strong national government for Russia. In principle, this could be a democratic government with its own system of checks and balances, a civil society, and a free press; or it could be an authoritative regime with government ideologues at the helm; or finally, it could be a semi-authoritarian hybrid similar in one way or another to those that arose in Japan after 1945 and in India after 1947. "The problem lies not in the antagonism between authoritarianism and democracy, but in creating an effective government," notes A.V. Vinogradov.<sup>7</sup> However, if we do not *a priori* reject the experience of either China or Taiwan (and other newly industrialized nations) as obviously inappropriate for Russia, we must recognize that at least at the present stage of reform, the authoritarian model could be 100% effective. This is all the more convincing that in terms of its losing scientific, technical, industrial, and human potential, Russia is beginning to look more and more like China in the 1980s and '90s, which had just undergone the initial stage of its development to make up for lost time; or like Taiwan in the 1960s, '70s, and '80s, when it was going through a stage of import substitution and industrialization.

That the trend toward authoritarianism has found approval from the masses incidentally speaks in favor of this variant, and for good reason: authoritarianism, with all its flaws and shortcomings, has succeeded in raising the quality of life for wide segments of the population and in mitigating the disruptive consequences of the boisterous 1990s. It is wrong, as some experts do, to explain such behavior of the masses by national traits supposedly inherent to Russians: servility, passivity, and so on. One historical reason for the appearance of such qualities is the collective memory of the repressions and suppression of the individual in the Soviet Union; another is the sad experience of the 1990s, when the government authorities, taking advantage of the people's lack of power and reinforcing in them a sense of helplessness, showed from year to year its flagrant disregard for the needs of the ordinary person (be it in privatization, the mass nonpayment of miserly wages and salaries, or the nonfulfillment of social obligations). Meanwhile, the existence of general elections and other democratic freedoms only discredited these liberties. The paternalistic attitudes for which some now reproach the nation and its predilection for a strong hand are largely a reaction against the anarchy of the 1990s.

(2) Of course, an authoritative regime cannot in and of itself bring about modernization, no matter how loudly it declares its reformist intentions. Chinese authoritarianism can do it; with good reason, experts declare Russian authoritarianism (which is of a softer variety) to be "incapable of modernization" or "unproductive, modernization-wise."<sup>8</sup> For an authoritarian regime to be able to conduct modernization, a large and influential group of leaders, ready to display the political will to carry out these transformations, must stand at the helm of power. It is not enough that they be able to perceive reality adequately and recognize the need for the required transformations and their scale. In China, this condition is met, despite the rivalry within the ruling elites – or perhaps because

of it. In Russia, it is not met. In speaking of the need for a burst of modernization in Russia, V.L. Inozemtsev notes, "Everything is lost, however, due to the lack of political will that could produce such a breakthrough."<sup>9</sup>

As a result of privatization, an oligarchical structure was formed in Russia – an alliance between corrupt bureaucrats and semi-criminal business that from the very beginning proved itself to be incapable of upholding national interests. The relationship between the two parties to the alliance evolved notably in the 1990s and 2000s: in the beginning, the leading role was played by the oligarchy; later, it passed over to the bureaucracy. A vertical power structure took shape. None of this, however, did much to change the alliance's inherent inability to bring about constructive reform. An exception was the rise in living standards and the slight reduction in poverty due to growing exports of natural resources, especially crude oil and natural gas.

The new elite was to a large degree limited to serving their own interests, and in this respect differed little from the Communist Party's economic bureaucracy of Soviet times. Having a firm foundation of raw material exports, control over the budget, and a huge shadow income, they were basically satisfied with the existing state of affairs. They had no need for modernization and actively resisted it, since it would have knocked the aforementioned foundation out from under their feet. This meant that modernization was impossible without major fundamental changes affecting both the existing system of political power and its socioeconomic base, and without curtailing the advantages of the ruling elite, whether enshrined in law or acquired outside it. The authorities themselves would have to see to this. (From which it followed in turn that a period of major political struggle most likely awaited Russia if it were truly to embark on the path of reform.)

In China, the authorities' switch to serving their own interests at the expense of serving those of the nation has not (at least at the current stage) acquired the same sweep as in Russia. To all appearances, corruption and "political-commercial alliances" have become (or are now becoming) systemic phenomena there as well, but in China they are not blocking modernization (though they are hindering it). In contrast to Russia, the Chinese government is waging a serious battle against corruption even at the highest echelons of power, thereby allowing it to contain its growth.

(3) Political will in turn emerges as a necessary condition for responding adequately to the actual challenges putting the country's vital interests at risk. It is what we observe in near-totalitarian China and did not see in either the democratic Russia of the 1990s or the authoritarian Russia of the early 2000s.

It was entirely natural that a situation of extreme economic crisis served as the imperative for radical market reforms in both countries. In China, it was a consequence of the Cultural Revolution and the egalitarian economic policy forced upon the country by Mao Zedong; in Russia, it arose as a result of the gradual deterioration of the economy before entering a state of stagnation. In both countries, the collapse of the economy was accompanied by a political cri-

sis. This is, however, where the similarities end. At present, PRC leaders are compelled by powerful imperatives to bring about modernization: the need to provide employment to an enormous population that continues to grow substantially with each passing year; a shortage of many key natural resources; environmental problems; and so on. Similar imperatives exist on Taiwan. Russia, however, faces no such challenges with respect to natural resources; environmental problems do exist and are escalating, but they have yet to become as serious as they are in China; while catastrophic, the decline in Russia's population has yet to affect the economy as strongly as overpopulation in China and is compensated for by external migration; and the presence of relatively large reserves of hydrocarbons and other natural riches means it need not rush to modernize.

(4) Even in the face of the worst challenges objectively driving the country toward modernization, yet another condition is needed for the ruling circles to decide upon reforms: they must be conscious of the inseparability of their own fate and the fate of the nation. They must perceive the loss of prospects for the nation as the loss of prospects for themselves. Such an understanding will instill a sense of responsibility for the nation's future in wealthy office holders and compel them to take action to respond to the challenges that threaten it. This is the situation we see in China. On top of this, it seems to us that the PRC leadership's truly national approach to modernization stems from a sense of belonging to a great nation with thousands of years of history and a rich culture, and of having played a part in the country's meteoric rise in recent decades.

We can, of course, take great pride in Russian history and culture as well. However, the creation of second homes abroad by certain groups among Russia's elite apparently has a cooling effect on their patriotic feelings and lowers their desire to expose themselves to the risks of modernization. Under these conditions, gathering the political will to carry out far-reaching modernization will be dragged out until the resources for export are exhausted. Meanwhile, less extensive partial and superficial reforms will prove to be unsuitable, and this will be a painful process.

(5) Improving the well-being of the population is a priority task of the reform strategy in authoritarian China; at the current stage, this means achieving a middle-class level of prosperity (*xiaokang*). Along with humanitarian considerations, this is driven by a desire to ensure the conditions for continuing modernization: strengthening social stability inside the country and securing mass support for reform. Yet another incentive is the understanding that the well-being of the masses is the foundation needed for creating the human potential without which reforms are doomed to fail.

In practice, as we have already noted, this cannot happen without flaws and shortcomings, but on the whole, the enhancement of the quality of life thanks to the rise in people's income and as a consequence of improving the system of social services is obvious, and this ensures a rather high level of support for reforms from below. Coupled with China's other impressive achievements, this

evokes among PRC citizens a sense of pride in their country and transforms the objective of developing China and placing it among world's leading states into a true national idea, making it a powerful factor for advancing modernization.

Raising standards of living was a key problem solved during modernization on Taiwan as well.

Even though it was also promulgated by the "social government" in our more democratic Russia, the quality of people's life, if it is improving at all, is doing so very slowly; under the conditions of inflation, such improvement is barely felt, in sharp contrast to the increase in wealth at the opposite end of society. It appears the government's interest in the public's quality of life is limited to maintaining an acceptable level of social stability. As a result, society is split; under these circumstances, there can be no talk of a living national idea, and modernization cannot become a national objective. It will become such only when the people are able to sample its fruits for themselves.

(By way of comparison, note that the average life expectancy in Russia and China in 1985 was about the same: 67.5 years. In Russia in 2010, it was 69 years, returning to the level of 1970-1975 after a number of setbacks; in China in 2010, it was approaching the level of midlevel developed countries with a figure of 73.5 years.<sup>10</sup>)

(6) Recognizing its responsibility for their country's future, Chinese leaders are targeting reforms to raise its competitiveness and staking out new territories on the world market, beyond the limits of mass-produced household goods and even low-cost heavy machinery. They are therefore attaching special importance to promoting science, education, and innovative development, and are generous in their efforts and the funding of these fields.

In Russia, we can observe two trends in this direction. The leading trend is "conservative modernization," which *a priori* assigns the country a secondary place in the world's division of labor because Russia has no grounds for pretending toward anything else. ("We won't produce Mercedes, just the tires for it."<sup>11</sup>) The second trend is the feeble attempt of organizing an innovative breakthrough in science and technology, regardless of whether there are the scientific, technical, economic, or social conditions needed for it. Russia in fact no longer has any scientific potential, and the scientific environment has eroded away; most important from business's point of view, there is no demand for innovation, since it has found a simpler way to turn a profit: by setting monopoly prices, exporting natural resources, and dividing up the funds of the state budget. To all appearances, managing the development of science and education is being driven by the first trend, which allows us to save on budgetary expenses but leads to the deterioration of the country's intellectual potential.

The process of modernization in China strikes a middle ground between two alternatives: efficiency and social justice; in some periods, it is inclined more to one side than the other, but on the whole continues to move ahead. In Russia, neither is achieved. We do not want to idealize the course of reform in China. Step-

ping up privatization and developing private property creates an even wider base for corruption, for private or corporate interests to prevail over social and economic concerns, and for the intensification of social conflicts. However, China's successes, clearly visible even under the conditions of financial and economic crises, speak for themselves.

Summing up the compared characteristics of power in the two countries, we may state (reverting to Marxist terminology) that the present relations of production in China together with the government structure corresponding to them open new vistas for developing the forces of production, while in Russia the relations of production and the state built upon them were transformed into an obstacle to developing the forces of production and in fact upset them. In China, the government is occupied with perfecting the foundation and structure of the state, i.e., itself: in Russia, both are subject to radical reformation. It is instructive that in the famous report by the Institute of Contemporary Development (Russ. abbr. – INSOR) *Inventing the Future: A Strategy for 2012*, the innovation Russia needs is described as a “radical turnaround: replacing the resource socrum with an innovation socrum, which is commensurate with a change of structures.”<sup>12</sup>

Strong state power combined with political will in conducting radical reforms (including reform of the state power itself) and special attention to the problems of the public's well-being and the development of science and education seem to us to be the decisive factors in carrying out modernization. This is China's main theoretical lesson for Russia.

This is also confirmed by the example of Taiwan, where economic modernization was conducted from the 1960s through the '80s by an authoritarian (and almost totalitarian) regime that had a powerful incentive for creating a developed modern economy on the island: the need to withstand a confrontation with the Mainland and to ensure the loyalty of the population.

We are not asserting that a government capable of modernization has to be authoritarian, as in China. Our conclusion confirms the more cautious thesis that John Kenneth Galbraith formulated as “Under the conditions of a crisis, when active measures are needed, the initiative always comes from the state. When they say that its role should be kept to a minimum, this is an ideological postulate that has no scientific basis.”<sup>13</sup> The picture of a bright future in which authoritarianism becomes a “historical vestige” is of course extraordinarily enticing.<sup>14</sup> This does not, however, contradict the thought that “modernization demands authoritarian political support, while democratization is possible only at the ultimate stage,”<sup>15</sup> a thesis to which it is possible to relegate the Chinese version of modernization. At the same time, the opposite view has its own force as well: “Under our conditions, there cannot be full-fledged 21st century economic modernization without political liberties. For only the pressure of society in its civilized form allows us to disrupt the malicious symbiosis between government and property.”<sup>16</sup>

At the same time, the example of China refutes liberalism's postulate that the role of the state ought to be kept to a minimum. In the opinion of Russia's lead-

ing economist Ye.G. Yasin, Research Director of the Higher School of Economics, "The state cannot assume responsibility for economic growth; this is a matter for business. The state can only facilitate private initiative."<sup>17</sup> In China, however, the opposite is true. This thesis of liberalism obviously should not be taken as absolute: under certain conditions, it could be justified; under others, it might not.

China's experience also refutes another postulate of liberalism: that rapid development results from lowering the population's standard of living by means of cutting social expenditures. "You can have either an economic miracle or maintain a certain level of consumption," believes Ya. Pappe of the Russian Academy of Sciences' Institute for Economic Forecasting.<sup>18</sup> From his point of view, "it is impossible to buy the loyalty of pensioners and the budgetary sector" under current conditions. Experts from liberal circles constantly advocate cutting social expenditures as a necessary condition for rejuvenating the economy.<sup>19</sup> On the contrary, the population's standard of living has risen during the reforms in China; cheap labor is essentially the sole resource available for acquiring the funds needed for modernization. In Russia, there is no need to save on social expenditures: financial reform could be accomplished if we put an end to the orgy of corruption, bring illegal financial dealings out into the open, get major companies to pay their taxes honestly, and stop the flight of capital abroad.

While corroborating with its content the idea of a strong, responsible, and socially oriented state as the force behind modernization, China's experience offers nothing to help us understand how, under current conditions, we can transition to one embodying these principles. One of the key differences between the character of the government in the two countries is that in Russia, as was noted above, a ruling class (or at least a powerful segment of one) has been formed that is interested not in modernization but in preserving the *status quo*. For this class, a number of the radical demands made by those who favor reform are unacceptable. We refer to, e.g., the demands made by the leading economists who drew up *Strategy 2020* "to break the direct tie between the government and business, to create a genuine competitive environment, and to free Russian business from corrupt pressure and the regular tribute collected by the country's power structures and bureaucracy."<sup>20</sup> Agreeing to these demands would signal the authorities' willingness to limit their own privileges sharply, or the readiness of one segment to curtail the perquisites of another (and consequently a fierce political struggle between the two). Neither of these scenarios appears to be at all realistic. If this is the case, how can we promote modernization?

This is a question of vital importance for Russia, but we need not expect any revelations from China. Before they were given a free hand, the shapers of China's reforms withstood a vicious battle with their political opponents, first with those devoted to the ideology of egalitarian Communism and then with the supporters of democratic order. However, Russian reformers face an opponent of a different kind: it is emerging from the depths of the country's current structure with all its inherent defects, and defeating it means that the Russian ruling class will have to

defeat itself. In China (in contrast to Russia), this opponent has not become master of the situation, at least at the current stage of development. In the Chinese experience, we can find some useful examples of battling it, e.g., laws calling for harsh punishment (not necessarily the death penalty) for corruption. However, what for China is a way for the state organism to purge itself (and it does so quite well) in Russia would involve a huge segment of that organism that is quite capable of fighting back. Even if harsh laws such as China's were introduced, the question of how we could realistically enforce them would remain open.

It would be interesting to learn how our representatives of different political persuasions and schools of economic thought evaluate the Chinese experience. (It would be only a slight exaggeration to say that each one sees what he wants to see, and the actual usefulness of contemplating the success of others tends to zero. In fact, however, such subjectivity is still not displayed by everyone.)

Gennady Zyuganov, the leader of Russia's Communists, is delighted to hail China's successes as proof of the creative possibilities of socialism, emphasizes the leading role of the Chinese Communist Party, and wants the China proclaimed by the Communists to serve as a living example of the progress that the Communist Party of the Russian Federation promises for Russia if it should come to power. In its program, however, the Russian Communist Party promises not the Chinese brand of communism, but the "rebirth of the Soviet order," and at the final stage "the dominance of socialist public property over the basic means of production."<sup>21</sup> Zyuganov therefore prefers to speak less of the market component of China's social order, and to emphasize the differences between the socialist state in China and those of the multi-party social democratic nations.

M.G. Delyagin, director of the Institute for the Problems of Globalism and a proponent of a strong state, notes that "The key factor of China's success on the road to modernization is its effective system of government, which is responsible before its people and knows how to achieve results characteristic of democracy (down to the turnover of leaders)." Other factors, such as the cheapness of labor and so on, have in his opinion played a secondary role. Delyagin considers the Chinese model to be 100% applicable to Russian conditions. In his opinion, "any other than authoritarian or 'neo-Stalinist' modernization of some sort is in principle impossible, given Russian society's current level of decay."<sup>22</sup> (He places the term "neo-Stalinist" in quotation marks, using it with the proviso that the repressive side of a Stalinist regime be excluded from consideration.)

Those of a liberal bent do not deny the successes of the authoritarian regime in China, as this is impossible; they do, however, take them with a definite grain of salt, thus demonstrating different approaches to the problem. In the opinion of N.V. Zagladin, "The main factor in China's modernization is not authoritarianism but the ability to attract American investment and technology."<sup>23</sup>

K.G. Kholodkovsky, while recognizing the success of China's authoritarian regime, casts doubt on its effectiveness in the future.<sup>24</sup> Such doubts are completely natural, but no one has ever claimed that authoritarianism lasts forever.

Like some other liberal figures, the well-known political figure B. Ye. Nemtsov sees the foundations of China's success exclusively in the peculiarities of its initial position, e.g., the population's low standards of living, and so on. At the same time, he cleverly describes them in a negative light from the standpoint of social justice and blames them on the Chinese authorities. The following indignant passage of his merits extensive citation for its originality alone:

"A great many people, including my daughter, were certain that the Chinese experience gives certain grounds for attempting to bring to Russia modernization without democratization. I therefore conducted a study to find the reason for the Chinese miracle, and why China was able to achieve such fantastic success without changing its political system.... I found that there are no pensions in China. None at all. Only government workers, national security personnel, and military officers receive a pension. Second, there is no free education in China. Third, there is no free medicine in China. The Communist's asocial policy thus allowed the Chinese people to pay very low taxes, which naturally aided the development of business.

"The second reason for China's success is its very cheap labor force.... What is now the role of the Communists, and what is the role of the regime? The Chinese people need the regime so that there will be no free education and no pensions; so that those Chinese who are resentful of their position will be unable to achieve success. The Chinese authorities ensure their country's competitiveness at the cost of these sacrifices."<sup>25</sup>

The assertions of a well-known politician who has specially investigated the "reason for the Chinese miracle" cannot help but evoke bewilderment, since they tally badly with the facts, some of which we present below:

Yes, the pension system in China covers only a minority of the population; however, it encompasses not only officials but a large segment of the urban employees who work under contract, and whose monthly salaries incidentally exceed 1,200 *yuan*, or around 6,000 rubles (which, given the relatively low cost of goods in China, is quite substantial). In the countryside, a rural system of pension insurance is gradually being developed on a voluntary basis.

Free compulsory education has been introduced in cities and towns in China, along with access to free secondary vocational education for children from poor families.

There is no free medicine in China, but expanding the network of medical services is the country's number one priority, even though they may not be free, and this problem is gradually being solved. Tens of thousands of medical institutions were either built or refurbished during the 11th Five-Year Plan.

Most important, the Chinese Communists' policy is not one of preserving poverty; on the contrary, it is one of overcoming it and improving the quality of life. Russia has yet to achieve the rise in the average life expectancy in China, which speaks volumes by itself. Nemtsov's criticisms are even more inappropriate when we consider that PRC government's policy is in this respect strikingly

better than the one Russia's liberal leaders (of whom Nemtsov was one) followed in the 1990s.

The debates among Russian experts touch upon yet another aspect of the Chinese experience that is also associated with the character of the government: its ability to ensure innovative development. In the opinion of Ye.G. Yasin, China cannot be an example for Russia because the two countries find themselves at different stages of development. China, now at the stage of industrial development, is successfully copying and marketing on a massive scale cutting-edge foreign products, but Russia faces a different giant task: "mastering the best technologies and developing an industry of innovation," but "the same political system that today facilitates the success of China at the same time hinders innovation" (Yasin refers to it as "a traditional bureaucracy"). Our path is therefore "modernization of the country primarily on the basis of Western culture."<sup>26</sup>

V.L. Inozemtsev, director of the Center for the Study of Postindustrial Society, does not agree with Yasin's conclusions. In his opinion, Russia's task in the next few years remains transforming itself into a highly developed industrial country, and thus "there is something Russia can learn from China, and our modernization will largely resemble China's."<sup>27</sup> Inozemtsev believes that China's experience "will be useful both in industrial modernization and in organizing our system of government."<sup>28</sup> The Soviet Union in fact faced the task of renewing its industrial base, i.e., industrializing all over again, in the final decades of its existence. The decline of industry that occurred in the 1990s made the innovative development of the country that Yasin talks about impossible until it passes through this stage of industrialization. Russia's transformation into an importer of advanced technology from China (which has now overtaken us) serves as an indicator of the present situation.

As regards the innovative development of China itself, its ability to master foreign technology has already been proven, and it has all the necessary prerequisites to create its own high-quality innovative products. The existence of free competition on the domestic market, of competition on foreign markets, and of China's national desire to become a first-rate power, leads to constant demand for innovation, and the country's leaders are consequently making great efforts to organize and stimulate innovative activity. China's openness to the outside world creates broad opportunities for studying and adapting foreign experience, and China is actively taking advantage of them. Under these conditions, the emergence of a stratum of highly qualified scientists and the creation of science teams equipped with the necessary experience and having access to state-of-the-art facilities for creative work is thought to be only a matter of time.<sup>29</sup> It would be best to start where military technologies are concerned. In general, the PRC leaders' mission to transform China from "the world's factory" into "the world's laboratory" in no way seems illusory. Unlike the drab vision of Russia's future as a manufacturer of tires for Mercedes that was mentioned above, Chinese experts reckon that "from the point of view of long-term prospects, China will become a

center of technological innovation and research for transnational companies.”<sup>30</sup> The difference is clear.

The Soviet Union, incidentally, despite the stranglehold of bureaucracy, the closed nature of the country, and the unreceptiveness of its planned economy to technological innovation, could boast of world-class achievements in a number of fields. These were either branches of pure science where neither adaptation nor expensive equipment were required and creative enthusiasm was all that was needed, or branches of science that served military industries where there was ruthless, cutthroat competition with potential foreign enemies plus keen rivalry between design bureaus themselves.

Unfortunately, unlike China, the prospects for innovative development do not look bright for Russia, where the economy has no need for scientific and technological developments and science is eking out a miserable existence. Even if China, as some Russian experts expect, “does not turn itself into a world leader from the standpoint of innovation and advanced social technologies,”<sup>31</sup> it will still pull ahead of us, making itself a source of experience in the field of innovative development that would be valued for its similarity to the path we must follow, if we want to modernize.

“Do we seriously need to learn modernization from China?” asks Inozemtsev. His answer is: “Undoubtedly. Will the Russian elite have any such desire? Not likely.”<sup>32</sup>

This means that we will either not move forward at all, or we will make enormous mistakes on our own.

#### NOTES:

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8. *Ibid.*
9. *Ibid.*, 2010, No. 2, p. 93.
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13. *A Critique of Russian Reforms by Foreign and Domestic Economists*. – <http://rusref.virt-box.ru/indexzexp.html>.
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15. See the speech by V.V. Sumsky in "Modernizatsiya, avtoritarizm i demokratiya [Modernization, Authoritarianism, and Democracy]," *The World Economy and International Relations*, 2010, No. 11, p. 96.
16. See the speech by V.L. Sheynis, *ibid.*, p. 102.
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19. See, for example: "Razrabotchiki "Strategii-2020" prevrashchayutsya v buntovshchikov [The Drafters of 'Strategy 2020' Become Rebels]," *Nezavisimaya gazeta*, March 1, 2011.
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28. See: "Modernizatsiya Rossii v kontekste globalizatsii," *The World Economy and International Relations*, 2010, No. 3, p. 112.
29. For a discussion of this issue, see also the broadcast with the participation of Ye.G. Yasin and Ya.M. Berger on the radio station "Ekho Moskvy" at <http://echo.msk.ru/programs/tectonic/654640-echo/>.
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