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A 21st Century Myth – Authoritarian Modernization in Russia and China

Bobo Lo & Lilia Shevtsova

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This volume considers the phenomenon and myth of authoritarian modernization. The authors focus on how Moscow and Beijing are attempting to meet an increasingly complex range of political, economic, and foreign policy tasks. They examine the contrasting forms of authoritarian rule in Russia and China, and consider whether authoritarianism in general is sustainable in a post-modern century.

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About the Authors

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Summary

In recent years, China has emerged as the poster child for a new economic "model," commonly known as authoritarian modernization or state capitalism. The idea that economic development is best managed top-down by a wise, paternalist state has become especially fashionable in the wake of the global financial crisis.

To many observers, this crisis has not only exposed the weaknesses of the advanced Western economies, but also called into question the value of democratic liberalism itself. Set against the failures of the West, the continued economic success of China and, to a lesser extent, Russia appears to suggest a more promising path of development.

Bobo Lo and Lilia Shevtsova rebut such assumptions. They argue that the notion of authoritarian modernization is in fact a self-serving illusion. In Russia, there has been a significant increase in authoritarianism, but very little modernization. Meanwhile, China has experienced a remarkable transformation, yet one driven largely by economic liberalization and bottom-up reform.

The authors conclude that the real threat to democratic liberalism comes not from competing value-systems such as a putative "China model," but from within. Political and economic stagnation, moral complacency, and a selective approach to values have led to the current crisis of Western liberalism, and helped build up the myth of authoritarian modernization.

Introduction

This is the story of one of the great myths of our time. In recent years, China has emerged as the poster child for a new economic "model," which has been variously described as authoritarian modernization, authoritarian capitalism, and state capitalism. This model is based on the premise that the economy cannot be left to unpredictable market forces, but must be led and tightly regulated by the state. Government not only develops policy, but is directly involved in day-to-day economic activity. "National champions," in the form of large state-owned enterprises, dominate, while political order and social stability are at least as important as growth. Russia has been trying to pursue the same model, albeit with less efficiency and success.

Authoritarian modernization has become increasingly fashionable in the wake of the global financial crash of 2008-09. For many observers, the crisis was above all a crisis of the West, one whose impact extended beyond the economic recession in the United States and Europe to shake the very foundations of Western liberal values. In sounding the death-knell of the Washington consensus (a.k.a. the "Anglo-Saxon" model of capitalism), some believe that it opened up the field to emerging powers, such as China, with fresh ideas and philosophies. Russia's stagnation after 2008 has not dashed such hopes – adherents of "top-down stable progress" argue that it is still doing better than many European countries.

Our paper challenges these assumptions. Far from being a new model based on new thinking, authoritarian modernization is an illusion – and an old one at that. Paradoxically, the record of reform in Russia and China demonstrates this. In Russia, a significant increase in authoritarian control has brought not modernization, but increasing signs of decay. By contrast, China has experienced a remarkable transformation, yet one that is driven largely by economic liberalization and devolution, not authoritarian centralism.

The common denominator in these two disparate cases, though, is that both the Russian regime of personalized power and the Chinese Communist Party have looked for legitimacy by exploiting the mythology of top-down state modernization. The image of the wise paternalist state guiding

reform from above has become a fetish. In practice, however, Moscow and Beijing have pursued policies that owe much more to other influences. For the Kremlin, this is the imperative of preserving the ruling elite's vested interests. For the Chinese Communist leadership, it is the recognition that China has benefited enormously from economic emancipation at home and the globalization of liberal market principles.

Russia as a Global Challenge

The new-old president of Russia, Vladimir Putin, returned to the Kremlin promising to re-energize and modernize Russia, while preserving the same personalized rule. In 2000-2005, Putin succeeded in stabilizing the system, consolidating society, and achieving economic growth using the "top-down" model. Today, however, the situation in Russia has changed dramatically, and evidence has been piling up that the state and personalized rule are not able either to modernize Russia, or to preserve the status quo. Putin's goal of guaranteeing Russia "stable development forward based on a new basis and new quality" [1] in reality serves to mask growing deterioration.

[1] Vladimir Putin, "Russia Concentrates – Challenges that We Have to Respond to ," *Izvestia*, January 16, 2012

Russia has awoken, to the surprise not only of the outside world, which until recently had believed in Russia's stability, but of the Kremlin as well. True, we are observing only the beginning of the new Russia's attempt to deal with its outdated system of personalized power. The gradual degradation of the traditional Russian matrix, occurring at the same time as the apparent decision of the ruling team to stay in power at any cost and prevent political competition, means that we should expect dramatic developments in Russia. They may have broader implications for regional and global security and the balance of forces, as well as for the future of universal values.

Developments in Russia need careful observation, an understanding of their key trends, and sober analysis. Too much is at stake for both Russians and the outside world. Let us ponder the crucial factors that will impact Russia's trajectory and Russia's short-term alternatives.

The nature of the system and the political regime

The Russian system represents an amazing example of the perpetuation of the traditional paradigm of power with the help of various adaptation instruments. This system is based on three fundamental principles bor-

rowed from the past: personalized power, the fusion of power and property, and claims to great power status *(derzhavnichestvo)* and to "spheres of influence" in the post-Soviet space and even beyond. However, the Russian post-communist architects have succeeded in adapting it to the new reality by building an elaborate mechanism of rule that includes: the imitation of Western institutions; the replacement of any coherent ideology by non-ideological "pragmatism;" bribing society with the help of the oil windfall; co-opting influential representatives of various social strata and political groups into the regime's orbit; broad personal freedoms; ambiguity and uncertainty with respect to the nature of the course, its agenda and trajectory; and finally, selective repressions against opposition.

Two factors contributing to the self-perpetuation of the Russian system should also be highlighted. First is the change of the political regime that creates an illusion of renewal, whereas in reality it only prolongs the life of the traditional system. Thus, the change of Yeltsin's regime to Putin's regime, then the pseudo-ascendancy of Medvedev, and the return to Putin gives the impression of development and evolution. Meanwhile, we have a new course and even the emergence of new faces (but only partially) within the old paradigm of power. This chameleon-like ability to change skin while preserving substance, that is, the change of the political regime and leadership as the way to reproduce the system, based on the same foundation, is the mechanism of survival that the Russian political class has perfected for centuries.

The second factor is the traditional pillar of the Russian matrix: militarism, combined with the constant search for an enemy, which has been a means of consolidating the Russian population and formed the basis of its daily life for centuries, since war or the preparation for a new war became the way Russian civilization has survived. [2] Today the Kremlin has abandoned the doctrine of total military confrontation with the West as a civilization, but it has retained aspects and symbols of militarism that continue to play a consolidating role (among them, the Kremlin's attempts to preserve the role of nuclear super power for Russia; the militarization of the budget – spending on state defense, security, and law enforcement will increase by 32.4 percent in 2012; the use of military symbols in political life – "The All Russian People's Front," the new Kremlin's movement, Putin and Medvedev's frequent appearances in commander-in-chief's uniforms, Putin in a fighter plane cockpit, Medvedev watching military exercises, etc.). In times of trouble and uncertainty for the regime the Kremlin has always returned to the model of Russia as the "besieged fortress." This is how the ruling team guaranteed the per-

[2] This type of militarism distinguishes Russia from other authoritarian and totalitarian systems.

petuation of its power in 1999-2000, 2003-2004, and 2007-2008, and how the Kremlin tried to justify its rule in 2011-2012.

Russia's evolution during the last twenty years demonstrates how the state that had aspired to play the role of "civilizational model" for the world, and even succeeded in creating its own galaxy with satellite states, today tries to survive by imitating its former ideological opponent. The limits of the "Let's Pretend!" game have already become apparent, but the Russian ruling elite is not ready yet to accept the game based on the rule of law, which means that despite all of its imitation techniques Russia is still stuck in the old civilization paradigm.

The two faces of Putin's regime

Vladimir Putin's regime has acquired a rather peculiar nature, which is essential to its survival. For the first time in Russian history, representatives of the security agencies rule the country. Until now, the security agencies never stood at the actual helm of power, but were always under the civilian authorities' control. Moreover, government is not just in the hands of people from Russia's most secretive agency, the FSB, known for its dubious methods and suspicious mindset, but of those from its middle and provincial levels, always known for being particularly archaic and having a repressive-oriented outlook. The ruling security-bureaucrat – *securocrat* – clan has succeeded in gradually getting control of huge state assets, and these former Janissaries have become the omnipotent rulers. This regime has nothing in common with those described in either Francis Fukuyama's Praetorian Realism, which defines the scenario for imposing order on civil chaos in modernizing lands, [3] or with Robert Springborg and Clement M. Henry's Matrix Realism, which similarly emphasizes the army's modernizing role in the institutional arrangements of the Arab states. [4] The Russian securocrats have failed to demonstrate any inclination toward even partial reform that would give the economy a breath of fresh air.

[3] Francis Fukuyama, "Political Order in Egypt," *The American Interest,* May/June 2011.

[4] Robert Springborg and Clement M. Henry, "Army Guys," *The American Interest,* May-June 2011.

Of course, one should not go too far in viewing the Russian regime as an exclusively chekist phenomenon. It is an amalgam of the Russian version of "Chicago boys" [5] and the representatives of the special services: the Chicago boys have been building the Russian market according to their own understanding of its rules and managing it

[5] The Russian liberals serving the government who are interested in economic reform and who ignore the need for political liberalization.

on the operational level, and the securocrats have been performing other functions of the state, including taking care of stability and security, while in the meantime erasing the opposition and controlling the financial flows.

There are representatives of other social and political groupings who are playing supporting roles. They include even the communists, who have become the sparring partners of the Kremlin during the elections, giving it anti-communist legitimacy, and parroting the opposition in the intervals between elections. However, it is the chekist-liberal axis that is crucial for the survival and efficiency of the Russian system. The role of the "systemic liberals" working in the government or for it is especially important for the functioning of the system: they not only guarantee a pragmatic economic course but also legitimize personalized power in the eyes of the Russian liberal minority and Western governments.

The posture, views, and personality of Putin, the "national leader" and representative of the chekist group, have had a serious impact on the substance and style of the regime. However, one should not misunderstand today's complicated personalized power in Russia and exaggerate the importance of the person at the top. The "personalizer" – the leader who wears the super-presidential hat – controls the major power resources, but he is also simultaneously a hostage of the state bureaucracy and its key representative. The powerful ruling bureaucratic class constrains the leader, who becomes strait-jacketed by a myriad of trade-offs and commitments to it. The leader, of course, could free himself and become a real authoritarian (or even totalitarian) ruler by appealing to society and abandoning the bureaucracy as his base. Putin had a chance of liberating himself from his dependence on the state bureaucracy and his Praetorians during the presidential elections. But he demonstrated that he is unwilling to risk going this way and prefers to stay within the "bureaucratic-authoritarian" type of political regime. This does not exclude the possibility that a potential future candidate for the role of Russia's "Savior" may emerge who would try to escape the bureaucratic embrace and offer a purely authoritarian model of rule.

The Russian economy – a false bottom

Compared to Europe's current difficulties, the Russian economic situation looks quite healthy. GDP has been growing at about 4 percent per year. In 2011 inflation was down to just 7 percent a year. Foreign exchange reserves stood at $511 billion, and federal government debt was a mere 10 percent of GDP.

However, as with everything else in Russia, the economy's performance is deceptive. The major problem is the economic model itself, which is based on four pillars – *state control, monopoly-building, a commodity-based structure, and militaristic aspects.* It is, of course, logical that a monopoly of political power in Russia is accompanied by state monopolism in the economy. True, this phenomenon is not an inevitable feature of all authoritarian regimes. In Russia this type of monopolism is the result of the traditional fusion of power and property, and the attempt of the personalized power to preserve tight control over economic life and not allow independent actors to emerge there.

As a result, the state, in the form of the bureaucracy, has not only become an aggressive player in the economy, but it is also the regulator, deciding the rules, which it naturally sets in its own favor. In fact, we are dealing with a bureaucratic corporation that has privatized the state and through it controls the economy. The ascendancy of Putin's silovik-securocratsi, with their thirst for total control and petty interference, only strengthens this trend and undermines market principles. The state rejects the rule of law and operates on the basis of the slippery, unofficial rules of the game, and the bureaucracy does not observe even these rules consistently.

The expansion of the state, based on informal norms and the merger of power and property, makes corruption inevitable and drives business into a gray area, making it totally dependent on the whims of the ruling apparatus. Naturally, the economy is dominated by "sharks" – state- or partially state-controlled financial and industrial corporations (their financial flaws are usually privatized by securocrats) that hurt the prospects of small and medium businesses. These account for 20-21 percent of employment (in Europe the comparable share is around 50 percent, and in China 80 percent). An even more serious problem is not the numbers, but the dependence of small and medium businesses on the local authorities, or their linkage to state corporations, which limits their initiative and entrepreneurial spirit and makes them interested not in innovation but in the status quo.

Another pillar of the Russian economy is its commodity-based character, which makes Russia resemble a petro-state (the oil and gas sector's share of the federal budget is 50 percent, and it accounts for more than 75 percent of exports). A petro-state has unmistakable characteristics: the fusion of the authorities and business; the emergence of the rentier class, living on dividends from the sale of natural resources; systemic corruption; the domination of large monopolies controlled by the bureaucracy; the susceptibility of the economy to external shocks; the risk of "Dutch disease," whereby

an increase in revenues from natural resources deindustrializes a nation's economy; state intervention in the economy; and a gulf between rich and poor. The petro-state has no interest in modernization but only in preserving the natural resource economy. All these characteristics are increasingly typical of Russia.

Finally, militarism is reflected in growing military expenditures at the expense of the economic areas responsible for the quality of human life and enhancing human potential (the national economy, education, and health).

The Russian economic model serves the needs of the system of personalized power and leaves no room for innovation and entrepreneurial activity, which might create independent economic actors and endanger the status quo. No wonder Russia spends only 1.03 percent of its GDP on innovation (in 2003 the figure was 1.23 percent).

The formidable structural deficiencies of the economic model are being exacerbated by negative situational trends (both domestic and foreign). The growing outflow of private capital (estimated at $83 billion in 2011); more uncertain than usual oil prices; the "double-dip" recession in the EU; and the curtailment of foreign lending, all represent rising risks that could make the Russian obsolete (archaic) economic model even more fragile. Putin's regime's gradual loss of legitimacy and credibility does not give him enough leverage and potential to deal with the accumulating economic problems, which in turn makes his political leadership even weaker. Putin's regime has gotten itself into a trap: in order to survive, the Kremlin will have to continue spending, which is already too high (budgetary spending for 2012 is projected to be 39.1 percent of GDP), and it will have to continue the militarization of the budget, which is essential for preserving the status quo. This will be the fastest way to undermine its economic foundation. However, if the Kremlin decides to cut back planned social and military spending, the ruling team will undermine its own political base.

The West as unintended supporter

Paradoxically, the West plays an important role in the survival and perpetuation of the Russian system and its political regime, which speaks volumes about the ability of the Russian ruling class to adapt to the new reality. [6] This is also a new development in the evolution of Russian personalized power.

[6] On the role of the West in Russian evolution see: Lilia Shevtsova and Andrew Wood, *Change or decay. Russia's Dilemma and the West's Response* (Carnegie Endowment for International Peace, 2011).

We have hardly ever had such a puzzling example of a declining civilization using a liberal civilization in order to survive.

The mechanism of "siphoning" from the West is a quite elaborate and cynical one. First, the Russian system imitates liberal institutions, using them to legitimize itself in a society that wants to live in a modern world. Second, the Russian elites have succeeded in personally integrating into (and with) Western society – they live in the West, educate their children in the West, and keep their money in the West. Third, the Kremlin quite skillfully draws Western politicians (the most well known example being former German chancellor Gerhard Schroeder), experts, and intellectuals into its projects with the goal of improving the Kremlin's image and guaranteeing the integration of the Russian ruling elite into Western society. Fourth, the Kremlin tries to involve Western business and political circles in its various deals.[7] In the eyes of the Russian population, the West's involvement in this survival scheme only proves that Putin is right when he argues that "The West is like us!" and discredits a liberal alternative for Russia. Finally, while integrating itself into Western society, the Russian elite uses anti-Western propaganda to consolidate society around personalized power and tries to close Russian society off from Western influence.[8]

[7] Mikhail Khodorkovsky wrote about Russia as an "exporter of commodities and corruption."

[8] The Russian political class still follows the paradigm described by Sir Isaiah Berlin in the 1940s: "Russia ...prefers other countries to abstain from taking an interest in her affairs; that is to say, to insulate herself from the rest of the world without remaining isolated from it." Isaiah Berlin, *The Soviet Mind: Russian Culture under Communism,* ed. Henry Hardy (Washington, D.C.: Brookings Institution Press. 2005) p. 90.

The current Western malaise, which is reflected in economic stagnation and growing frustration with the model of governance and the liberal democracy paradigm, is a factor that weakens the potential of the Russian liberal trend and its supporters. It also constrains the emergence of a Russian liberal alternative, thereby exacerbating the atmosphere of general disillusionment and weakening the search for alternative solutions.

Modernization as the way to preserve the old system

During the Medvedev-Putin tandem rule, the "modernization campaign" became the third attempt to breathe new life into the Russian system by drawing on Western means and technology. The first attempt was made under Peter the Great, and the second – under Stalin. These two attempts brought some energy into the economy, but after a period of revival, each time Russia reverted to stagnation. This proves that financial means and technology can have only a temporary re-energizing influence, if the structural prin-

ciples and norms remain obsolete. Medvedev's modernization "Viagra" was doomed from the very start and could not stimulate real change. The reason is simple: genuine post-industrial modernization of the economy needs a free individual, which means deep-rooted liberalization and the introduction of the rule of law and competition.

Putin's supporters argue that his return to the Kremlin will bring a new and stronger effort this time to pursue "gradual reform from the top." However, all attempts to implement top-down reform in Russia aimed at economic modernization while preserving monopoly power during the Yeltsin-Putin-Medvedev presidencies have failed, leaving Russia with a commodity-based economy and corrupt government. How can one carry out reform while strengthening the state's monopoly control over the economy? How does one fight corruption if one turns the parliament into a circus and buries independent courts and the media?

True, authoritarian modernization in the Soviet Union in the '30s helped to industrialize the country and create the modern urban class. However, today Russia faces the task of post-industrial modernization. Global experience demonstrates that in the modern world, when an atmosphere of personal freedom is essential for the functioning of the new, high-tech economy (the cases of Singapore and China are still not persuasive enough to reject this logic), the chances of success for authoritarian post-industrial modernization are minimal. In any case, post-industrial authoritarian modernization in Russia has been a non-starter from the very beginning.

With respect to the "gradualism" that the Kremlin constantly emphasizes, the fact is that violent domestic upheavals have always been the consequence of insufficient change, not the result of radical reform. New supporters of the "gradual" path assert that reform should begin first in education, healthcare, and agriculture, say, and only then spread further. But how does one reform these sectors without demonopolizing them and opening them to competition, and without the rule of law and independent courts?

Potential attempts to "gradually" introduce competition and the rule of law raise further questions. Who gets to decide which forces will be allowed to make use of competition and fair laws, and how does one introduce these things "one step at a time," first in specially designated zones (gated communities), separate from the rest of the country, and only then in other areas of life? Where is the proof that this kind of "gradual" approach can actually work?

Anyway, supporters of "gradual" reform in Russia consciously or unconsciously only extend the life of the Russian system of personalized power and make the future transformation more difficult.

The fragile status quo

Watching Russia, one could formulate an axiom of decline: it begins when at some point the variables that have helped the system stay afloat start to rock the boat. This is what is happening in Russia. The mechanism that Arnold Toynbee defined as "suicidal statecraft" has triggered the process of inevitability: the Russian system, in attempting to deal with new domestic and foreign challenges using old methods, is undermining itself.

Russia's imitation of democratic institutions, especially elections, still enables the ruling team to keep their regime in place. But at the same time, blatant manipulation of democratic institutions, such as took place during the 2011-2012 elections (the refusal to register opposition parties, firmly squeezing the opposition out of the legal political field, using the state machinery to keep hold of power, and manipulating the elections themselves and the ballot counting process) [9] has begun to erode the legitimacy of a regime that has no other mechanisms (in particular based on inheritance or ideology) to justify its continuation. Once the regime has begun to lose its legitimacy, especially in the eyes of the most dynamic part of the population, it is doomed: its degradation can be prolonged but hardly stopped.

[9] On the Russian rigged elections in 2011-2012 and the mechanisms of fraud see: Vladislav Naganov, "The Carousel Leader," *Novaya Gazeta,* March 12, 201

The commodity-based economy props up the system, while at the same time aggravating its decay: the longer the commodity-based economy keeps running, the more destructive its consequences for the state and society and the more painful its restructuring. Russia fits the same pattern of decay that has befallen other petro-states that did not manage to democratize before their commodities boom began. The Arab revolutions in 2011 have proved that the impression of outward stability in such states is deceptive. Besides, the corruption and degradation produced by the petro-rent in Russia can't be viewed as proof of the long-term viability of its system.

Tamed and obedient institutions ensure an external calm, but the lack of channels through which the population can express its various interests leaves people with no choice but to take to the streets, thus further under-

mining stability. Once the people have started to take to the streets and their demands are not heard, they will never retreat unless change comes.

Until recently, the Kremlin's carrot and stick approach worked, drawing various groups of society into the authorities' orbit and neutralizing those who rejected the status quo. But the December 2011 protests in Moscow and other cities have demonstrated that this tactic of putting society into an induced coma has its limits.

The demoralized state of Russia's "thinking minority" has dealt the country a serious blow. Most intellectuals have been unwilling until recently to risk taking a stand in opposition to a personalized power disguising itself as a democracy. Some have even gone so far as to become propagandists, strategists, and experts in the system's service. This deprived Russia of the crucial renewal factor that independent intellectuals ready to challenge the authorities have traditionally provided in society. Russia's awakening has proved that a new "thinking minority," which openly demonstrates its rejection of the personalized power system, has started to emerge.

However, the problem of a much broader political class continues to exist. Russia still lacks one of the most important dimensions that leads to liberalization. Joseph A. Schumpeter called it the "human material of politics," that is, the people who manage the party machines, work in the executive branch, and take part in broader political life and who "should be of sufficiently high quality."[10] In explaining what this "quality" means , among several indicators Juan Linz mentioned "the commitment to some …values or goals relevant for collectivity, without, however, pursuing them irrespective of the consequences."[11] The Russian "political class" with all its groupings, especially those serving the system, is the antithesis of what both Schumpeter and Linz had in mind.

[10] Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper and brothers, 1947) p.290-291.

[11] Juan J. Linz, "Some Thoughts on the Victory and future of democracy" in *Democracy's Victory and Crisis,* ed. Axel Hadenius (Cambridge University Press, 1997) p.421.

In this context it is not society but the political class, which cannot bring itself to accept the uncertainty entailed by political competition and free elections, that is the major stumbling block for transformation in Russia. However, this is perhaps one of Russia's many paradoxes: the elite's lack of positive qualities can bring about a positive outcome by shortening the life of Russian authoritarianism that relies on that elite, and accelerate the emergence of a new political class.

The reason for the Russian political elite's demoralization is still a subject for analysis: is it the lingering legacy of Communism (but then why have

the new European elites and the political class in the Baltic states succeeded in demonstrating "sufficiently high quality"?) or the legacy of the '90s, when under liberal slogans the re-emergence of a new version of Russian personalized rule took place? At the moment there are doubts that Russia will follow Robert Dahl's prescription for the optimal route to a stable polyarchy, which would be the rise of political competition among the elites, allowing a culture of democracy to take root, first among the political class and ruling team, and then diffusing to the larger population and gradually being incorporated into electoral politics. [12] In Russia so far, rather than "elite pluralism" we see clan struggle that only strengthens the role of the leader as the arbitrator, and which discredits the idea of competitiveness. Meanwhile real pluralism is emerging outside the political system.

[12] Robert Dahl, *Polyarchy: Participation and Opposition* (New Haven: Yale University Press, 1971), pp. 33-35.

The December protest tide subsided, but it brought hopes for the emergence from various groups of society of a new political and intellectual stratum that will demonstrate its commitment to moral and normative values. However, we still have to wait and see whether and when this will really happen and produce a political outcome. In any case, the (lack of) quality of the Russian elite pushes society toward bottom-up pressure, that is, revolution as the most feasible way to change the current system.

The new Russian revolution?

The December 2011-March 2012 mass protests in Russia against rigged elections have confirmed that the Russian status quo is a myth. But the question arises: what is the nature of this protest? Is it intra-systemic (that is, directed only against some elements of the system and personally against Putin) or is it anti-systemic, leading to a cardinal change of the political order in Russia? The protests started as a revolt of some segments of the new middle class, intellectuals, representatives of the media and managers' groups, and the younger generation in big cities against the humiliations they have been subjected to by the regime. It has been a moral, ethical, and stylistic protest of people disenchanted with the regime and demanding "fair rules of the game." However, one would be wrong to conclude that Russia is confirming the axiom first advanced by Alexis de Tocqueville in his analysis of the origins of the French Revolution and then raised again by Samuel Huntington, which boils down to this: political revolutions are the result of the gap that appears between the hopes and expectations of the newly economically empowered and educated class on the one hand, and the out-

dated political system that is in the process of ossification on the other. In the Russian context this axiom assumes a more complicated and less clear dimension.

The emergence of the Russian "angry class" will definitely impact Russia's trajectory: illusions with respect to Putin and his coterie have been erased and new hopes will hardly emerge; Putin lost the support of the city that has always been crucial for the survivability of any power in Russia – Moscow. The process of delegitimization of Putin's regime in the eyes of the most active and educated part of society has begun.

However, people who want to change the rules within the existing system constitute a significant part of the December movement so far. The intra-systemic nature of the first wave of the Russian protest has been reflected in the fact that its key slogan is: "For Fair Elections!" The "angry citizens" have demanded that the authorities follow the rules and be honest. A substantial part of them is not yet ready to challenge the system and the principle of personalized power. For the time being, one of the leading driving forces of the protest – the Russian middle class – which emerged not as an independent economic force, but as a social group serving either the state apparatus or the oligarchy, does not have the goal of changing the rules of the game; rather it is attempting to raise its status within the existing system.

The December movement has ended with a new lull. Part of the "angry class" may be satisfied with the package of cosmetic changes and the possibility of personal co-optation into the system, which will allow them to return to their offices without losing face. Thus, the Russian middle class, due to its nature and the "service function" within the system, will hardly play a transformative role and be the driving force of a new Russian revolution. But even the "service class" deeply resents the personalized power in its Putinist form, and it may be ready to abandon its conformity when the next protest wave comes.

As the May Moscow confrontation between the demonstrators and police showed, new protest tides will be more radical. One can expect a movement that will be triggered not only by moral and ethical reasons but also by economic and social demands. The regime that has been losing its legitimacy will be cornered, having no means to deal with the approaching "tsunami."

One of the key issues now is whether intellectuals and the new generation of the anti-systemic opposition can become the driving force that could structure the protest movement, give it a strategic agenda, and enlist mass support for it.

Implosion or liberal breakthrough?

A number of circumstances continue to blur the Russian landscape. They may create the impression that the Russian system still has the potential to keep going, which is only partially true. The commodities economy continues to pump money into the budget. The government tries to maintain decent-looking macroeconomic indicators. Even more important are the Kremlin's attempts to dilute the protest movement by introducing a package of "political reforms," which was done by walking-away president Medvedev, and which does not change the core of the system – the monopoly hold on power. The only result that the new attempt at imitation has achieved is that it allows the moderates to become satisfied with this "democratization" and return to their usual function of servicing the system, at least temporarily.

A significant part of the Russian elite, fearing that liberalization will open a Pandora's box, tries to reassure themselves that trouble is still a long way off and can surely be delayed. They argue that the status quo could be prolonged for an indefinite time because Putin 2.0 will be forced to behave in a more liberal way. In any case, they all have back-up parachutes they can use to land in some safe place far from Russia in the event of a future collapse or even if things start to move in the wrong direction.

Constant squabbles and infighting among opposition groups and figures, actively egged on by the Kremlin, discredit the opposition and prevent it from becoming a real and powerful force. The Kremlin has been actively using its favorite "dual tactics." On the one hand, it applies a soft and conciliatory approach, trying to co-opt representatives of the protest movement and fragment the opposition. On the other hand, the authorities continue to use a selectively tough approach against some members of the opposition.

The authorities have managed so far to channel social discontent into nationalist sentiments directed against migrants and people of non-Slavic ethnicity. Russian society's deep-reaching atomization, the destruction of old social and cultural ties, and also the deepening depression hold society back from active resistance for the time being. But the "pact" between Putin and Russia has collapsed. Even if the traditional part of Russian society (around 30-35 percent of the population) has some hopes with respect to Putin, the agony of his regime has already commenced.

Outwardly there are no visible signs of a state about to implode, unlike in the late 1980s-early 1990s, when wages went unpaid, production slumped everywhere, the administration began to break down, and crime

surged. But the impression of stability is misleading. The system can't guarantee the people personal security or solutions to their economic and social problems. Most Russians think that the situation has worsened in all areas (except foreign policy).[13] In a survey in October 2011, 73 percent of respondents believed that the gap between rich and poor had widened over the last decade; 52 percent thought there were more thieves in the country's leadership than in the 1990s.[14] At the beginning of 2012, around 41 percent of the Russian respondents said that Russia was moving in the "right direction" and 39 percent – that it was moving in the "wrong direction" (20 percent were uncommitted).[15] All of this reflects society's growing alienation from the authorities.

Medvedev's "presidency" delivered the final blow to Russian stability by widening the gulf between the rhetoric of "modernization" and its depressing reality, returning Russia to the last days of the Soviet Union, when the cognitive dissonance in the people's minds accelerated the collapse of the USSR. The Kremlin has reached a dead end: it can't liberalize the system, fearing that a half open window could wake up society, which will then be impossible to control, but the longer it tries to keep a lid on things, the more pressure will build up, and the greater the threat of an explosion. The attempts (in the end of 2011-beginning of 2012) to defuse the situation by pretending to open the window will have a destructive effect on the Kremlin: people will get used to the fresh air, and it will be impossible to go back to the way things were.

[13] In December 2011, only 9 percent of respondents said that the economic situation during 2011 "has become better" (42 percent thought that it changed "for the worse" and 43 percent did not see any changes). At the same time 4 percent of respondents said that ordinary people influence the state decision process (26 percent said that they have less influence and 61 percent were sure that nothing has changed). 6 percent said that the security situation in Russia had become better (30 percent said it had become worse and 57 percent did not see any changes). http://www.levada.ru/print/28-12-2011-god-otsenki-izmeneniya-sobytiya-persony.

[14] http://www.levada.ru/18-10-2011/krizis-v-rossii.

[15] http://www.levada.ru/print/25-01-2012/predvaritelnue-.

Putin's cabal is not ready to leave power voluntarily. In May the Kremlin showed its readiness to turn toward raw force and violence. True, it will prefer to continue its "selective" scare tactics. The reason is apparent: first, the ruling group does not want Russia to become North Korea, which will threaten their personal integration into Western society; second, they understand the limits of the repression mechanisms at their disposal, and are not even sure they can rely on the power structures in the event of a mass upheaval. However, repressions on a broader scale may become unavoidable if the Kremlin starts to lose power.

Another scenario is feasible: the palace coup and the attempt of Putin's team or another segment of the political class to save the system and the interests of the establishment by getting rid of the "alpha dog," Putin. This could

delay the end but cannot stop the inevitable: too many indicators say that the Russian matrix is exhausting itself.

Of course, one can't exclude one more scenario: the gradual rot and degeneration of both the system and society at large. This may happen if (and when) the new protest movements and the opposition fail to consolidate. Either repressions or bribery will help dilute the economic and social protests in provincial Russia. People get frustrated and are silenced, lose hope and drive. This is the worst possible outcome, because society loses a chance for revival, and instead there is atrophy and gradual disintegration of the social and state fabric.

The only way to prevent this dramatic chain of events is to transform Russia's system, which means eliminating the old triad of personalized power, the merger between power and business, and imperial ambitions. The last twenty years have shown that "reform from the top" will not work, because the authorities are incapable of giving up their monopoly on power. However, independent political and social actors ready to transform the system have not yet emerged. Such actors could come from among mid-level innovation-linked business, part of the intelligentsia, media people, and the younger generation, but they need to consolidate and offer society a comprehensive program of change, and this may take some time. The system may go into open disintegration before a political and systemic alternative takes shape. This would greatly complicate attempts to set new rules based on liberal-democratic principles. The old system's spontaneous collapse and public discontent could bring about a repeat of 1991 and see the traditional matrix simply regenerate itself in new packaging. Whatever the case, the Russian system is facing challenges to which it is unable to respond. Even if the recent protest subsides and a lull comes, it will be a temporary pause – before a new protest movement arises.

Russia is awakening in a situation when Western society is going through its own malaise. Francis Fukuyama writes of "dysfunctional America," [16] Zbigniew Brzezinski warns of Western decay, [17] and Walter Laqueur announces "the slow death of Europe." [18] This fact means that preoccupied with its own problems, the West cannot create a benevolent external environment for Russia and substantial incentives for transformation. One can hope at least that the West will try to re-evaluate its policy of accommodating the Russian political regime and ignoring the wider implications of its crisis.

[16] Francis Fukuyama, "American Political Dysfunction," http://www.the-american-interest.com/article.cfm?piece=1114.

[17] http://csis.org/publication/zbigniew-brzezinskis-de-tocqueville-prize-speech.

[18] Walter Laqueur, "The Slow death of Europe," http://nationalinterest.org/ commentary/why-the-euro-the-least-europes-worries-5767.

Russia's developments today depend on two factors. First, the new Russian protest movement and its emerging leaders (there are a few names at the moment, but new ones will appear shortly) and the old anti-systemic opposition that has been "holding the fort" have to unite on a platform of systemic transformation. Second, the leaders of the protest movement have to understand the need for constitutional change that will liquidate the structural basis for personalized power – the super-presidency that stands above the fray and is not controlled by society. That is, the new Russia has to move from fighting for monopoly power to the struggle against the very principle of monopolized power. That will help Russian society to abandon its centuries-long search for the Leader-Savior and finally reach the conclusion that the rules of the game are more important than the personality of the leader. Unfortunately, one can see that at least part of Russian society and some opposition forces are still looking around for a new charismatic figure who can mobilize them.

We need to start thinking now about the political and geopolitical consequences of the inevitable turbulence in Russia. Historically, Russia has had bad luck in its quest for good solutions. Moreover, the experts, whether in Russia or the West, have a record of failure when it comes to predicting history's big changes and explaining Russia's trajectory. Russia will face another test of its intellectual and political ability to realize and foresee the logic of historical events and help turn them in a positive direction.

What can we expect?

Today one can draw some preliminary conclusions about what to expect in Russia in the short term:

- The continuation of personalized rule (irrespective of its representative) will deepen the system's decay;
- The Kremlin's attempts to dilute the protests through imitation of Western practices and partial liberalization (or promises of future liberalization) will have only a temporary effect;
- Putin's return to the Kremlin will deepen a political crisis that will either play out in the open or build up beneath the surface (which would make it even more explosive);

- The delegitimization of Putin's regime and his loss of credibility will affect its ability to manage the economic situation, the fragility of which will further undermine political stability;

- Any political lull will be short-lived, and the lack of institutional channels for articulating society's interests will radicalize future protests;

- The continuation of the political crisis will threaten the integrity of the state and could trigger the unravelling of the Russian Federation;

- The Kremlin's attempts to preserve its rule by using the traditional means of searching for an "enemy" could unleash civil confrontation;

- The foreign policy of a Russian state in trouble will be unpredictable, and one can expect outbursts of assertiveness as an integral part of its "besieged fortress" model.

The Russian case demonstrates that the "authoritarian resilience" in the post-Soviet space of the previous twenty years is an illusion. The awakening of Russia is taking place in a situation when Moldova and Ukraine are looking for an exit from this "gray zone" (the Ukrainian restoration of the old model appears to be a temporary phenomenon); when Belarus demonstrates the growing weakness of its own authoritarian regime; when the revolts in Kazakhstan, often viewed as the model of calm, proved how brittle the state is; and when unrecognized "states" – South Ossetia and Transnistria – openly protest against the new authoritarian leaders that Moscow tries to impose there.

It is too early to look for signs of the "fourth wave" of democratization. However, it is time to think about the fragility of the imitation model practiced by Russia and some other post-Soviet independent states. Imitation appeared as a salvation for some of the authoritarian elites, and it certainly helped them to survive at the consolidating stage of their respective regimes. However, as the Russian case proves, the imitation model, torn by internal inconsistencies and conflicts, is not sustainable.

The Russian post-Soviet experiment proves that the attempts to pursue top-down reforms in the economy, while preserving personalized power, cannot be effective in a situation when the stage of industrial modernization is over and when the urban, educated population enters the political scene. Even if

the middle class has no desire to upset the status quo, there are other social groups that will start to demand change.

The Russian experience also demonstrates that the policy of non-ideological pragmatism; the elite's readiness to use any ideas (nationalism, socialism, liberalism, etc.) and then discard them; the attempts to appear "universal" and "exceptional" at the same time; and the art of adaptability, while rejecting the normative dimension, could extend the historical breathing-space for the Russian system However, it leaves both society and the state without a vector and strategy, and this will sooner or later result in stagnation and demise.

Whether this experience of failure and the search for a new truth reflects the universal logic of authoritarian systems or only the evolution of a certain category of authoritarianism – is a subject for further discussion.

The China Model – in Theory and Practice

Two broad narratives have dominated the debate about China's rise. The first asserts that China represents an existential challenge to the current Western-centered and Western-led world order. Not only will it become the largest economy on the planet sometime between 2020 and 2030, but it will also supplant the United States as global leader in other dimensions of power, such as political influence and normative authority. It is not a matter of if, but "when China rules the world." [19]

There is, however, a substantial body of opinion that argues China is heading for a fall or faces prolonged stagnation.[20] This view derives from the classical liberal premise that economic prosperity is unsustainable unless there is also democratization and the rule of law. China may have managed without such essentials to date, but only because it has grown from a very low base – that of a largely subsistence agrarian economy – and is still at a relatively early stage of development. For China to become a truly advanced and innovative nation in the post-industrial world, the Communist Party must cede its monopoly on power – a prospect that appears remote.

[19] Martin Jacques, *When China Rules the World: The Rise of the Middle Kingdom and the End of the Western World* (London: Allen Lane, 2009); Arvind Subramanian, "The Inevitable Superpower," *Foreign Affairs,* vol. 90, no.5, September/October 2011.

[20] Minxin Pei, *China's Trapped Transition: The Limits of Developmental Autocracy* (Harvard, 2006).

These conflicting narratives meet on the ideological battleground of the "China model." The optimists (or, in some cases, alarmists) assert that China's modernization experience has demonstrated an entirely viable developmental alternative to Western liberal democracy. It has proved that, in some societies at least, statist modernization works, and that the emergence of a self-confident middle class need not lead to political liberalization. Indeed, the most spectacular period of China's growth, from the mid-1990s until now, has coincided with the depoliticization of the country's educated and upwardly mobile classes. The delinking of economic success and political rights resonates well with authoritarian regimes in many parts of the world. It serves not only to legitimize their rule but also to promote their sovereign prerogatives in the face of Western pressure.

To its critics, on the other hand, the China model is an affront. It covers all manner of human rights abuses, gross corruption and misgovernment, economic exploitation, worsening inequalities, and environmental degradation. In the process, it substitutes the many complex criteria of good governance with one absolute benchmark – the shibboleth of a constantly rising GDP. Crucially, too, the China model undermines the principle of universality in international norms and values, as enshrined in the UN Charter and the Universal Declaration of Human Rights. Its message that "authoritarian capitalism is OK" rationalizes tyranny under the cloak of local traditions and culture. It is, in short, a construct that serves the narrow interests of self-serving elites, while depriving ordinary people of basic freedoms.

Defining the China model

Interestingly, however, proponents and critics agree on one thing – that the China model is one of authoritarian capitalism. They associate it with several notable features: the coexistence of economic modernization and non-democratic politics; state control of the "commanding heights" of the economy; top-down economic management; and gradual, incremental reforms.

The China model is also underpinned by three broad assumptions. The first centers on the Confucian relationship between rulers and ruled. The people have an obligation to obey, while the government's legitimacy rests on its capacity to deliver benefits to the people. The second principle is akin to Leninist democratic centralism – what the Chinese call intra-party democracy. There can be debate and policy disagreements within controlled parameters (i.e., the Party), but once a decision has been reached then all must fall in line. Finally, the China model operates on the premise that there can be no development without stability. The consolidation of political power is paramount, and the foundation of all progress.

Multiple China models

In reality, the China model is much more complex and confusing than the simplistic description "authoritarian capitalism" would indicate. Far from offering a clear-cut recipe for effective modernization, it is replete with ambiguities and contradictions.

In the first place, the Chinese experience reveals several contrasting approaches to development, raising the question about which one represents the "true" model. Is it the cautious experimentation of bottom-up agricultural reform after 1978? The economic devolution and partial political liberalization of the 1980s? The repression and reversion to greater state control post-Tiananmen? Zhu Rongji's reforms of state-owned enterprises (SOEs) in the late 1990s? Or perhaps the China model is best encapsulated by Deng Xiaoping's advice that "to get rich is glorious," and the massive expansion of small- and medium-sized enterprises (SMEs) during the freewheeling 1990s? Finally, what is one to make of Hu Jintao's more egalitarian and socially-oriented concept of "scientific development," and the current trend of *guojin mintui* ("the state sector advances, the private sector retreats")?

The bewildering array of China models is not just a product of historical circumstance, but also of geography and business environment. SOEs play a major role in the old rust belt region of China's Northeast (Dongbei), as well as in some inland agglomerations, such as Chengdu and Chongqing. But SMEs dominate in the coastal provinces that have spearheaded China's transformation and global rise.

The myth of seamless governance

To obtain some clarity, we need to disaggregate the China model, beginning with its supposedly central tenet of statist, top-down modernization. During the post-Mao reform era, the CCP has assiduously cultivated the image of a wise and far-sighted leadership, able both to think strategically and to get things done. And it has been remarkably successful in consolidating this impression. Domestically, it has rarely been stronger,[21] while internationally the modishness of the China model and its alter ego, the "Beijing consensus," reflects the extent to which authoritarian governance has become intellectually and morally respectable in many parts of the world. At a time when democratic governance in the United States and Europe is in crisis,[22] Beijing's message of decisive state interventionism has considerable appeal. Unlike their American counterparts, Chinese policy-makers do not face daily obstructions from a hostile Congress and need not jeopardize long-term objectives in order to appease unruly electorates.

[21] Party membership exceeded 80 million at the end of 2010, with 21 million people applying for membership in the previous year – "China Communist Party exceeds 80 million members," *BBC News,* June 24, 2011, http://www.bbc.co.uk/news/world-asia-pacific-13901509.

[22] Charles A. Kupchan, 'The Democratic Malaise," *Foreign Affairs,* vol.90, no.1, January/February 2012.

Except that this picture of seamless governance is bogus. Policy-making in China does not operate in a vacuum, but is subject to all kinds of domestic

pressures. To take only the most obvious example, Beijing's 2009 stimulus package was dictated more than by the need to safeguard Chinese industry against the effects of the global financial crisis. It also reflected the powerful influence of special interests and close personal connections at the highest levels of government, and the Party's fear of the social unrest that might ensue from mass unemployment if vulnerable SOEs were allowed to go to the wall. China may be a one-party state, but the leadership remains acutely sensitive to public opinion. Indeed, its anxiety is much more existential than in Western democracies, where political parties alternate between government and opposition. In China, losing legitimacy is terminal.

Vindication of bottom-up reform

It would be reasonable to assume that if the Chinese economy were really the exemplar of top-down authoritarian modernization, it would be dominated by centralized decision-making, and SOEs would account for the lion's share of GDP. In fact, neither is the case.

While Beijing establishes the broad parameters of economic policy and sets production and other targets, it devolves significant decision-making powers to the provinces. These in turn delegate authority and responsibility to the city, county, township, and village levels. China is a centrally planned economy in important respects, most notably in its Five-Year plans, and tight state control of the banking, financial, and natural resource sectors. But it is also a highly decentralized system, far more so than contemporary Russia. The center contributes a small share of budgetary funding for the regions, and intervenes in provincial affairs only when local authorities are unable to resolve or contain problems.[23]

[23] In the 2003 SARS epidemic and the 2008 Sanlu contaminated milk scandal, Beijing intervened when these affairs assumed nationwide and then international proportions.

Such devolution has serious downsides. It encourages collusion between regional officials and business interests, allowing plenty of scope for corruption. It makes it hard for Beijing to ensure that environmental and efficiency standards are met. And there are few guarantees about the quality of local governance. As the ancient Chinese proverb puts it, "Heaven is high, and the Emperor is far away."

But overall, the decentralization of decision-making has worked well. It has replaced the oppressive hand of the Party under Mao with a much lighter touch that has allowed private enterprise to flourish. The results have been astonishing. What was an entirely state-run economy has become one where

SMEs account for 65 percent of GDP and employ 80 percent of the nation's workforce. For all the talk about the Party's leading role, it is the emergence of SMEs that has been at the heart of China's transformation. Far from methodically directing the course of modernization, the CCP's greatest achievement has been to get out of the way of progress.

It is a similar story with China's global footprint. State energy and resource companies have greatly expanded their international activities in recent years, while Western governments have accused Beijing of aggressive mercantilism and undervaluing the yuan. Yet the active influence of the Chinese state, much less of the SOEs, pales by comparison with the extraordinary impact of Chinese low-cost manufacturing exports, produced by largely unfettered private enterprise.

There have been signs in Hu Jintao's second term of the Party backpedaling on some of the "excesses" of Chinese private enterprise and strengthening the position of SOEs. But Beijing's capacity to put the state back into "state capitalism" is limited. SMEs are not only the principal drivers of China's modernization and international influence, they are also the main bulwark of social stability. They provide the opportunity for hundreds of millions of Chinese to find work, to earn more than a subsistence income, to have access to material goods and services, and to enjoy a level of personal freedom unparalleled in Chinese history. Deny the private sector, and you threaten China's economic prosperity and social stability, and the Party's continuing legitimacy.[24]

[24] Richard McGregor, *The Party: The Secret World of China's Communist Rulers* (New York: Harper Collins, 2010), p.198.

Revolution, not evolution

One of the mysteries of the "China model" is that supporters and critics alike continue to define it by "gradualism" – that is, incremental and systematic reform, whose social consequences are carefully managed. The reality could scarcely be more different. China has undergone a revolution, not an evolution. Indeed, it is difficult to imagine a more dramatic transformation anywhere in the world since, well, the last Chinese (Communist) revolution.

Consider the following. Since Mao's death in 1976, China has gone from being a totally state-owned economy into one dominated by SMEs; made the political transition from arbitrary personalized rule to institutionalized collective leadership; smashed the "iron rice bowl" of cradle-to-grave social welfare, ending free access to health care and other essential services; seen

one of the most egalitarian societies in the world become one of the most unequal; and undergone the greatest urbanization in any country since Stalin's industrialization of the Soviet Union in the 1930s. Many of the changes have occurred in spite of the Party, not because of it. But even where the leadership has been directly involved, its approach has often been anything but gradualist. Thus, between 1995 and 2001 the restructuring of SOEs resulted in 46 million redundancies – a transformation far more drastic than any attempted under Yeltsin's so-called "shock therapy." (A proportionate downsizing in today's Russia would mean the loss of 5 million jobs. Of course, Zhu was able to administer such a far-reaching reform because the burgeoning private sector could pick up much of the slack, an option not available in Russia, where SMEs account for only around 20 percent of GDP.)

The balance sheet of China's transformation has been overwhelmingly positive, lifting an estimated 300 million people out of poverty and releasing the pent-up dynamism of "productive forces" at all levels of society. But to pretend that this "gradualist" modernization has not come at huge social cost, or that there have not been major casualties of change, is patently absurd.

Stability, not atrophy

It is undoubtedly true that China's leaders attach considerable importance to political and social stability, seeing it as the foundation for the country's long-term development and the Party's longevity. However, the notion of "stability" has been much misunderstood. True stability is a dynamic, not a static phenomenon. It does not mean simply clinging to power and preserving traditional structures and practices at all costs, but involves a permanent process of adaptation.

The CCP is in many respects a conservative force, fearful of change. However, the secret of the Party's success in the post-Mao era has been its capacity to constantly reinvent itself in response to changing domestic and international circumstances. Thus, in 1978 at the very beginning of the reform era, the leadership permitted peasants to sell their surplus produce because it recognized this was the only way the country would be able to feed itself. It understood, too, the historical lesson that rural poverty had brought down several earlier dynasties. Similarly, in the early 1990s Deng Xiaoping realized that political repression and the crackdown on private enterprise post-Tiananmen were unsustainable if China was ever to become a modern nation and satisfy the material aspirations of its people.

The connection between dynamism and stability is not limited to economic modernization, but is relevant to politics as well. One of the most striking features of the modern Party is its process of institutionalized succession, exemplified by the two-term rule for the President and age limits for members of the Politburo Standing Committee. The rationale is partly the desire to avoid another Mao, that is, the super-concentration of power vested in one arbitrary individual.[25] But it also reflects the belief that the CCP, to retain its effectiveness and broader appeal, must always look to renew itself by promoting the best talent and giving it the chance to shine. "Freshening up" the leadership is central to the Party's modus operandi, and distinguishes China's brand of governance from that of other authoritarian and semi-authoritarian regimes (such as Russia).

[25] Although such apprehension is less acute these days, it is never far from the surface. The public ouster of Chongqing Party chief Bo Xilai in April 2012 was largely motivated by concerns in Beijing about his growing power and arbitrariness, and where this might eventually lead.

The rise of the anti-model

The difficulties of defining a set of consistent principles under a so-called "China model" raise doubts about whether such a construct has any validity. After all, many of the ideas that are supposed to characterize it, such as top-down reform and "gradualism," are at odds with China's experience of modernization. It is revealing that some Chinese scholars are skeptical about the existence of a China model, while there is a general reluctance to offer it up as a developmental alternative for other countries.[26]

[26] Author's conversations with Chinese scholars at the Wilton Park conference, "Dialogue with China: Towards 'Harmonious Society' Governance, Participation, and Social Cohesion," November 4-7, 2010.

The current popularity of the China model is largely a function of the global financial crisis and the discrediting impact this has had on Western-led norms and values. For many developing countries, the issue is not so much that the China model is "good" as that the democratic capitalism of the Washington consensus has failed – and in the very countries that have promoted it so enthusiastically.

Viewed in this way, the "China model" is actually an anti-model: less a coherent economic approach, than a counter-attack against the West's arrogation of universal norms and values. It legitimates cultural relativism and exceptionalism, [27] and reasserts national sovereignty against Western attempts to exercise moral leadership. In this context, the China model's limitations turn out to be virtues. The fact that it is vague and non-prescriptive means it can be whatever one wants

[27] Shaun Breslin, "The 'China Model' and the Global Crisis," *International Affairs,* vol.87, no.6, November 2011, p.1324.

it to be. And the core message that modernization and good governance are possible on terms other than those decided by Western liberal democracies is empowering to authoritarian elites.

The de-universalization of norms

The normative leadership of the West is arguably at its lowest ebb in the past 200 years as a result of a "perfect storm:" the Bush administration's conduct of wars in Iraq and Afghanistan; the fall-out from Guantanamo and extraordinary rendition; the global financial downturn; the Eurozone crisis; the weakness of Bretton Woods institutions; and the rise of China and other non-Western powers. However, if the Washington consensus is over, there is very little sign of an emerging Beijing – or other – consensus to replace it.

There are several reasons why. The first is that the China model, such as it is, is a defensive, prophylactic phenomenon – the "anti-model" described above. Beijing has little to offer others by way of a positive moral vision. Second, the Chinese have no interest in proselytizing and projecting their values onto others. Quite the contrary: the experience of the West in recent years has demonstrated how counter-productive such evangelism can be. While the leadership seeks to burnish China's international image, it worries that focusing on norms and values only complicates the pursuit of concrete objectives, such as maximizing access to natural resources and expanding export markets. It also believes, as a matter of principle, that countries have no business telling others how to manage their domestic affairs. Third, China is neither developed nor confident enough to exert significant soft power. The Party is already struggling to manage the country's transformation – a challenge that will occupy it for decades. Finally, China's international appeal is to ruling elites rather than broader societies. Even in Africa, where it has become the principal trading partner to many countries, its popularity is mixed. Governments appreciate the large-scale infrastructural projects and the lack of conditionality in assistance programs. But there is growing popular resentment at the exploitative labor practices of Chinese companies and the crowding out of local small business.

The demise of the Washington consensus and non-emergence of a Beijing consensus are part of a larger process of de-universalization in norms and values. The United States remains by far the most influential global actor, but its capacity to bend or persuade others to its will is much diminished. However, no other power is interested in assuming the thankless burden of moral leadership. The result is a normative fracturing in the world, in

which regions and countries insist on their own relativistic interpretations of "universal" values, while rejecting Western attempts to reassert universalism in practice.

Is China's developmental model sustainable?

As noted earlier, there is a marked tendency among some Western commentators to regard China's rise as unsustainable. They point to the rapid ageing of its population, the colossal environmental consequences of unrestrained growth, large-scale corruption, and the crimping effect of government on innovation. This assessment is reinforced by a strong sense of historical determinism: in the 250 years since the onset of the European Enlightenment, there have been very few instances of a country managing to break the nexus between modernization and political liberalization.

The question, then, is whether China can make history as the first country in the post-modern era to complete the process of modernization without substantial democratization. We should note here that people have been predicting the collapse of the Communist regime since the founding of the People's Republic of China in 1949. For example, the brutal crushing of the Tiananmen protest movement was supposed to expose the regime's loss of legitimacy and impending demise. Instead, the Party has gone from strength to strength. Except for the occasional high-profile dissident, few in China question its leading role in society or demand systemic change. People want an end to endemic corruption, but there is little evidence of serious pressures that might force the CCP to embrace multi-party democracy, the rule of law, and publicly accountable government.

But it would be foolish to underestimate the potential for radical change in the longer term. There are at least four major challenges to the continuing legitimacy and longevity of Communist Party rule.

The CCP has presided over a socioeconomic transformation remarkable for its scale, speed, and success. However, as already noted, this revolution has also incurred serious costs. In recent years, Beijing has taken steps to address some of these problems, pumping funds into health and education, and giving greater priority to energy efficiency. But it will take decades to achieve a more balanced development. The Party will continue to be under enormous pressure to deliver, with plenty of scope for things to go badly wrong.

China is witnessing the emergence of a more sophisticated and globalized middle class. Until now, this class has been focused on material aspirations, somewhat akin to the Russian middle class in the late 1990s and early 2000s. This is likely to continue in the short to medium term, given that China is still in the early stages of arguably the greatest consumption boom in history. However, if and when China becomes an advanced economy, and stability and prosperity are taken for granted, the average member of the middle class may evolve from consumer into citizen and become more engaged in political affairs. Calls for real democratic participation could become more insistent, leaving the Party with the difficult choice between repression and liberalization.

There is constant pressure within the ruling elite and middle class for China to move to the next, post-industrial stage of economic development. This will be hugely challenging. China is much more than the caricature of a low-cost, low-value manufacturing economy. There has been a significant diversification into services and major advances have occurred in research and innovation. But China remains a low- to middle-income country, and it is unclear whether it will be able to make the jump to post-industrialization without allowing political, as well as economic and social, liberalization. If this occurs, can the CCP re-invent itself once again and manage the heightened risks to its legitimacy, or will it go the way of its erstwhile Soviet counterpart – prolonged stagnation followed by regime collapse?

The international context will also be important. Today, the Western "brand" is severely tarnished. As things stand, it does not offer an attractive political vision to which upwardly mobile Chinese might aspire. But if the United States (in particular) and Europe can regain their confidence, then the West may recover some of its normative influence, and the pressures on the Chinese leadership to embrace democratization could increase accordingly.

Conclusion

It is wrong to view the CCP as just another authoritarian regime and the China model as the archetypal example of authoritarian capitalism. The Chinese experience of modernization highlights some important lessons, but these are not the ones that are usually trotted out.

First, the Communist Party owes its success above all to its flexibility and ability to adapt. It has pursued a largely practical, non-doctrinaire approach

to modernization, during which it has managed the considerable feat of appearing to lead while permitting the entrepreneurial spirit of several hundred million Chinese to express itself naturally. Although the Five-Year plans give the impression of a systematic, strategic approach, much of China's reform process has been about improvisation. The Party has presided over, rather than directed, China's transformation.

Second, China's economic success has been based on liberalization, not authoritarianism. From the original tentative agricultural reforms at the end of the 1970s to the huge expansion of SMEs in the 1990s, liberalization has revolutionized China's economy and society and been the principal driver of the country's global rise.[28]

[28] Yasheng Huang, "Rethinking the Beijing Consensus," *Asia Policy* (National Bureau of Asian Research) no.11, January 2011, p.24.

Third, the "China model" has worked for China, but provides no policy template for other developing economies. Its central message is to "do whatever works." Each country has its particular traditions and conditions, and there is no magic formula for effective modernization. In this connection, the Chinese are determined to avoid some of the mistakes – and hubris – of the now defunct Washington consensus.

Finally, it is important to challenge the two narratives outlined at the start of this chapter, namely, that China will "inevitably" supplant the United States as the global leader, or that it must absorb Western understandings of democracy and the rule of law if it is to sustain its success. Such deterministic explanations say more about those who advocate them than about the realities of contemporary China. As its people become more prosperous and educated, the pressures for political liberalization will increase. However, any democratizing reforms are likely to reflect Chinese, rather than Western, values and patterns. In this sense at least, the notion of a "China model" will continue to live on, but in a form very different from that imagined in today's discourse.

Dialog: A Tale of Two Modernizations

Let's turn to the dialog. We agreed we would discuss several key themes: comparisons between the Russian and Chinese models; Russia's great power mindset and China's view of its global role; the sustainability of the Chinese political system; and whether authoritarian modernization is viable in any form.

Comparing the Russian and Chinese models

Lilia: I have been trying to understand where the Russian and Chinese systems differ and why. Both countries have a long tradition of despotism. Today both live under authoritarian rule. Why, then, are the outcomes so different?

I would like to highlight two variables that may explain why. First, I have in mind the influence of Confucianism, which established in China the tradition of inculcating the leader (the prince) with some higher moral purpose, and which moderated personalized tyranny by making the sovereign feel (at least partially) accountable to his people. In Russia, neither religion nor tradition has exerted a similar restraining influence. One cannot apply the description "benevolent" to any of Russia's rulers, whereas, as far as I understand, this was what many Chinese rulers wanted to be toward their subjects.

The Chinese principle of meritocracy as embodied in an effective civil service is another variable that is absent in Russian history. Russian bureaucracy exemplifies the worst possible model – being at once corrupt and unprofessional. Besides, the Russian system of rule has always been patrimonial. Peter the Great and Catherine the Great tried to introduce some elements of Western administration, but without much success. The Russian matrix has always sought to adapt Western principles to its autocratic agenda in order to strengthen personalized power, not to pursue high-quality government. By contrast, China's model of state bureaucracy has

been effective enough to serve as an example for modern state apparatuses (at least in East Asia).

Would you agree?

Bobo: In comparing the two systems, I see more of a tradition of conscientious public service in China than in Russia. I don't want to exaggerate this difference, since corruption and misgovernment are notable features of the Chinese system, particularly in the provinces. Nevertheless, the idea that rulers have a moral obligation to discharge their duties for the sake of the wider public good is more developed in China, in theory and in practice. The motivation here is not "benevolence" so much as a pragmatic appreciation that good government engenders stability, while bad government can lead to rebellion and regime change.

Lilia: The Russian authorities have also been trying to guarantee stability, but without a consistent effort to achieve good governance. I am struck by the difference between the Russian and Chinese views of the status quo and the means to preserve it. The Chinese approach seems to be much more successful in reconciling the inherent tension between stability and development.

Today the two authoritarian states appear to be moving in opposite directions. Russia is not only in a state of decline, but has entered the stage of turbulence, and there are signs that its system either will degenerate or explode in the long term (possibly even in the medium term – I am thinking about five to ten years). China, on the other hand, is emerging as a new authoritarian superpower and, as you've mentioned, this has led some observers to conclude that the authoritarian model not only has a future, but could become the global normative paradigm. (I have to admit that this idea baffles me…)

This raises additional questions. First, is there a single authoritarian model, albeit with some national differences, or are we talking about two types of authoritarianism with their own distinct logic? Or do the differences between Russia and China point to authoritarianism at various stages of evolution – industrial and post-industrial?

Bobo: There are obvious differences between the current Russian and Chinese models. Politically, Russia is a semi-authoritarian rather than authoritarian system, with substantial freedoms as well as restrictions. It is inconceivable, for example, that the Chinese authorities would tolerate the large-scale demonstrations that have taken place in Moscow; allow a radio station like Ekho Moskvy to operate; make only half-hearted attempts

to control the blogosphere; or give even limited political space to opposition figures. On the other hand, the Chinese economy is far more open and liberal than Russia's.

In my view, there is no single authoritarian model, even one in which its supposed exemplars are at different stages of evolution. For all its weaknesses, the Communist Party is a much more dynamic and modernizing enterprise than "Kremlin Inc." It has largely absorbed the historical lesson that true legitimacy comes from responding to the imperatives of change, not fetishizing "stability" for its own sake.

Lilia: In this case, your argument supports the idea that the Russian and the Chinese models represent contrasting types of authoritarianism, characterized by various combinations of personalized and bureaucratic power, and different forms of fusion between power and property. They are the product not only of different historical legacies, but also of different stages of socio-economic development. The Russian system has passed its apex, having implemented full industrialization, and has entered into irreversible decline, since it is unable to address post-industrial challenges. The Chinese system still has some life in it (although how much is difficult to say) and it has the potential to achieve industrial modernization in a society with a huge rural population. That is why some of the mechanisms that are no longer effective in Russia could still work in China. In short, different cycles explain different agendas and criteria of success.

China will not necessarily follow the Soviet/Russian path that began in the early 1960s, but my feeling is that it will scarcely avoid the conundrum that Gorbachev attempted to solve in the 1980s, namely, the conflict between an obsolete party-state and mounting domestic and external challenges. In the Chinese case, this conflict could become even more explosive than it was in the Soviet Union, if one takes into account the new Chinese middle class and the younger generation, who are much more advanced, that is, more educated and more prepared to live in a free and open society, than the Soviet population was in the 1980s. What do you think?

Bobo: You are right to point out that the two countries are at different stages of modernization. But to my mind there is far more to China's success – and Russia's failure – than this. The Communist leadership has responded to the imperatives of change much more effectively than any of the regimes – CPSU, Yeltsin, and Putin – that have ruled Russia over the past thirty years. For one thing, it is always looking to renew itself; there is genuine institutional mobility within the CCP, compared to the sclerosis of the Russian body politic.

Significantly, too, China has moved away from the over-personalization of power that reached its apogee with Mao during the Cultural Revolution (1966-76). The ruthlessness with which the Party dealt with Chongqing chief Bo Xilai in April 2012 revealed its abhorrence of charismatic (and nakedly ambitious) figures who would seek to elevate themselves above the collective.

Lilia: I agree that Russia and China have different forms of autocracy: The Russian one is more personalized and is not bound by any ideological limits, and this is one of the reasons why it is more unpredictable and does not have clear rules of rotation.

"Collective leadership," as we remember, was the model of the Soviet Communist party and this "collective leadership" served the needs of the system well for some time. Indeed, this model imposes some constraints on personalized power. But as Soviet history also demonstrates, collective rule could crumble when Communist ideology starts to wane and the party-state exhausts its potential.

Bobo: The Chinese Communist Party's legitimacy does not rest on ideological foundations, but on economic performance, rising living standards, and social mobility. Although the Party is once again promoting ideological and cultural values, these are scarcely relevant to its future prospects. The Chinese public stopped believing in Marxist-Leninist-Maoist ideology years ago; today's gods are materialism and, to a lesser extent, nationalism.

Lilia: This reminds me of another party that has materialism as its priority – the Kremlin's United Russia, the political embodiment of the Russian bureaucracy. United Russia ended up demonstrating its incompetence and lack of any agenda with the exception of one – the desperate desire to defend its hold on power – which shows that pragmatism without vision and a normative dimension can lead into a blind alley.

Russia, China, and great power notions

Lilia: There is another question that we can't avoid. Superpower status, neo-imperialist longings and militarism (a corollary of the "besieged fortress" paradigm) are extremely important elements of the Russian system. What are the foreign policy drivers of the Chinese model? Do they include the desire to be a superpower? And does this have an imperialist flavor?

Bobo: On Russia, I am still not entirely convinced about the existence of Moscow's "imperial ambitions," as described in your essay. Could you elaborate on this?

Lilia: Let me explain what I mean. The demise of federalism (reflected in the recentralization of power from the regions to Moscow) offers the most compelling evidence of the neo-imperialist nature of the Russian state – it rejects the autonomy of national republics. As far as the external environment is concerned, I view the Kremlin's concept of "spheres of privileged interests" as indicating a neo-imperialist mindset. Two "energy conflicts" with Ukraine and the war with Georgia have demonstrated this in recent years. When Russia demands that Ukraine and Georgia should forget about joining NATO, what is this but an attempt to keep these states within the Russian orbit? The attempts to preserve Russia's superpower status based on militarism and personalized power are the breeding ground for neo-imperialist attitudes, and all these are elements of the traditional Russian state. The Russian elite still has to learn to survive without trying to harass the outside world.

Bobo: I agree that Moscow retains a strongly patrimonial mindset and seeks to limit the sovereignty of neighboring states such as Ukraine and Georgia. However, if this is imperialism, then it is a very different kind from traditional understandings of empire. You speak of a "neo-imperialist" mood, but I see more a post-modern vision of empire, somewhat akin to Anatoly Chubais' 2003 notion of a "liberal empire." This vision uses economic and normative instruments rather than military force; it is selective, not comprehensive; and it recognizes the practical limits of Russian influence in Eurasia.

Lilia: Of course, you are right to suggest that we are dealing with an updated version of imperialist sentiments. This version includes imitation of the West and a game of "Let's pretend!," scare tactics and militarist rhetoric, and the use of Russia's energy resources as a weapon. However, the Russian elite is not always ready for old expansionist policies, even if it does not shy away from conflicts (as the Russo-Georgian war and annexation of Georgian territories prove).

With respect to the old Chubais idea of a "liberal empire," I don't believe this notion has any practical meaning. As far as Russia is concerned, we are dealing with a system hostile to liberal values. How can this system promote liberalism outside Russia?

The Kremlin's ambition to create a new Eurasian Alliance, with authoritarian Kazakhstan and Belarus, and with Russia as its core, highlights another

phenomenon – the desire to strengthen a quasi-imperialist order in the post-Soviet space. One can see a paradox: Russia's domestic problems and its decline push the Russian elite to look for compensation – or vindication – through a new assertiveness in foreign policy.

Since we've moved to foreign relations, perhaps you can say something about how Beijing sees China's role in the world?

Bobo: The Chinese are somewhat ambivalent about their country's rise. On the one hand, they are tremendously proud of the transformation in their domestic and foreign policy fortunes. Psychologically, this is critical in alleviating the feelings of inferiority and insecurity associated with the "century of humiliation" (1842-1949), when China suffered domestic collapse, foreign occupation, and multiple conflicts. On the other hand, many policy-makers and thinkers are worried that China's success is fragile, and that becoming a superpower will bring unwanted burdens, while exciting the jealousies and apprehensions of others. It seems to me that China wants the status of a superpower, some of the influence, but few of the responsibilities. When challenged by others to be a "responsible stakeholder," it responds that it can contribute most usefully by ensuring China's own stability and prosperity.

China is an "empire," but in a very individual sense. There is little evidence of imperial ambition as we would understand it in the West or in Russia – no desire to develop colonies or client states, or patrimonialism toward neighboring countries. However, China does see itself as much more than a nation-state and naturally seeks to exploit its economic trumps to influence the behavior of others.

Lilia: What you're saying is that China could be looking for a new model of the nation state with broader international clout. Correct?

Bobo: We should not exaggerate the "vision thing" in talking about Chinese foreign policy. Beijing is still grappling with the challenge of defining, never mind implementing, China's role in the world. It has a better idea of what it doesn't like than of what it actually wants. This is hardly surprising. For the best part of two millennia, China's idea of foreign relations has been of the world coming to it, rather than of China going out to engage others. Modern Chinese foreign policy is a very recent and still developing phenomenon.

Lilia: With respect to Russia, it is stuck in a civilizational void. It is not a nation-state (though there is a growing tide of Russian ethnic nationalism that wants to move in this direction). Rather, Russia is the semi-frozen outcome

of the interrupted disintegration of the Soviet Union; it is not the old Soviet empire, but it has failed to cleanse itself of the old imperialist stereotypes and practices that are the "blood vessels" of personalized power. It is a very shaky and brittle construct.

Sustainability of the Chinese political system

Bobo: There is a natural assumption in Western liberal thinking that Chinese authoritarianism is inherently fragile and indeed unsustainable. This view, however, has always struck me as more normatively than analytically driven – "authoritarianism is immoral; therefore it will fail." But the question of system sustainability cannot be reduced to such Manichaean reasoning. I subscribe to Western ideas of political pluralism, democracy, the rule of law, and human rights. However, I also think that not all authoritarian regimes are equal. Some perform relatively effectively, while others degenerate completely. China, it should be acknowledged, has been much more successful than most.

Lilia: I would say "more successful so far." You, of course, remember that Putin's authoritarianism during 2000-07 was also considered (even by some liberals) as pretty successful and effective, having stabilized the situation and brought economic growth. And how did Putin's Eldorado end? But I understand your logic: you want to avoid historic or civilizational determinism…

We have been looking at the differences between the Russian and Chinese systems. However, there is something they have in common: growing corruption, which is a sign that China is not immune from the problems that afflict Russia. Are there any symptoms that could show, first, that the Chinese system has cracks and, second, that the urban and educated elements of Chinese society have started to demonstrate their frustration with them?

Bobo: There are already cracks in the Chinese system, but the greatest source of vulnerability is its dependence on continuous high economic growth. It is often said that China will be in trouble if GDP falls below 6 percent, since lower levels of growth would be unable to sustain employment at socially safe levels. It is worth recalling here that the Tiananmen demonstrations were caused not by political frustration so much as worsening economic conditions, in particular, rising inflation.

China's educated classes are certainly annoyed by the limitations and weaknesses of Communist rule. As in Russia, they despise the chronic corruption

that infects virtually every area of daily life. But this anger is counterbalanced by acute anxiety about the potential for mass disorder. For all its faults, the CCP-led system is seen by many as the only conceivable form of rule today. China's middle classes look to the Party to protect them against the "great unwashed." Consequently, their revolutionary potential is limited. In contrast to Russia, where regime change has generally been an elite affair, in China it is the peasant masses that have overthrown ruling dynasties. If there is to be real pressure for systemic change, it is more likely to come from the rural and urban poor, such as migrant workers (now estimated to number around 250 million), than from a middle class that has benefited hugely from the country's transformation.

Lilia: That means that China at the moment defies Huntington's axiom according to which a prosperous middle class inevitably starts to demand the opening of the system. The Russian middle class (at least part of it) has become more politically active in expressing the need for change. However, we don't know how this middle class will react when "industrial Russia" takes to the streets; it may get scared and return to longing for stability.

But if Chinese society starts to awaken as Russia's is doing today, could the Chinese model liberalize through gradual, internal, top-down evolution, or will this come only as a result of pressure from society? I wonder whether at some stage China will have its own Gorbachev who might usher the country toward a new model.

Bobo: To date, China's modernization has been a story of bottom-up rather than top-down reform. The pressures for change have come from society, with the Party appropriating the mythology of modernization while being smart enough to get out of the way of progress. However, there may come a moment when China's leaders become "dizzy with success," and feel an irresistible urge to "manage" reform. In other words, ideology and hubris could trump pragmatism and rationality. This would be wholly counter-productive – not just for the country, but for the regime as well.

One should never rule anything out, but there is no sign of a Chinese Gorbachev. Actually, you could say some roughly analogous figures emerged in the 1980s, when first Hu Yaobang and then Zhao Ziyang advocated (limited) political liberalization. Since then, however, the Party has presented a resolute – and conservative – front. Of course, there are factional rivalries, jockeying for power and position, and even differences of policy emphasis. But no one has emerged as the champion of reform, much less to challenge the legitimacy of the Party's political monopoly. It is relevant to note that

Zhao Ziyang paid a heavy price for his "indiscretions" – twenty-six years of house arrest until his death in January 2005.

Lilia: That was a vaccine that prevented any dissent at the top in China. Let us imagine the unimaginable. The Communist Party's leading role declines, the system starts to unravel – what forms might this take? What would be the Chinese leadership's response to the degradation of the party-state? Would it accept a transformative model or would it fight to hold on to power?

Bobo: Political change will come to China if and when the Party fails to satisfy the material aspirations of the population. The major sources of instability would not be frustration at the lack of political participation as such, but escalating inflation, rising unemployment, widening social inequalities, oppressive levels of government corruption, and massive environmental degradation. It is not that people have no interest in democracy, but most of all they want good government.

It is an open question how the Communist Party leadership would react to the erosion of its popular legitimacy. My guess is that it would respond more or less in the same way as it does to localized disturbances today, except on a grander scale. There would be a combination of scapegoating (selectively punishing officials who have allowed unrest to get out of hand); positive incentives (meeting some protestor demands); repression (targeting protest leaders); information control (clamping down on new as well as old media); and "compensatory" foreign policy assertiveness (with strong nationalist messages). If matters escalated to the point of posing an existential threat to Party rule, then the repression component would come to the fore. This is what happened in 1989 with Tiananmen, when the leadership initially sought to defuse the demonstrations by offering minor concessions, before concluding that the decisive use of force represented the only viable response. This suggests that if there were to be real political change, it could take the form of a transformation rather than transition, and involve some bloodshed.

Lilia: We've been discussing how the Russian and Chinese systems and the policies of their leaderships differ, but now we appear to be coming to the conclusion that when the final act of the Chinese system comes (all systems have their final acts), it will behave exactly as the Russian personalized regime of power. You've described the scenario that Putin would be likely to follow in trying to prolong the life of the Russian system. I am pretty sure that the final act of Russian personalized rule will involve a repressive component as well. It will not leave the scene of its own free will, and a revo-

lution represents the most likely scenario for ousting it. That makes both stories pretty gloomy. Don't you think?

Bobo: I take a different view here. The Chinese system, despite its weaknesses and shortcomings, is much more adaptable than the Putinist model. Of course, it could end up falling in a heap, amidst considerable violence. But we should not underestimate the Communist Party's capacity to reinvent itself; after all, it has done this with remarkable success over the past two decades. It is not inconceivable that, in time, the CCP could morph into something like the Institutional Revolutionary Party in Mexico or even the Liberal Democratic Party in Japan – retaining an effective political monopoly within a more pluralistic system.

Lilia: Still I have the impression that we may have exaggerated the differences between the Russian and Chinese systems. And the reason is that we are discussing different stages of their evolution.

In fact, the Chinese model you've described in your essay resembles the Soviet model of the early 1960s. Its limits may soon become apparent. I haven't seen any persuasive evidence that this model contradicts the historical rule that, in the modern era, autocracies of whatever type are less effective than democracies. On the contrary, history has proved that sustainable economic and social development is contingent on political freedoms. I would quote Amartya Sen, who wrote that "there is little evidence that authoritarian politics actually helps economic growth."[28]

[28] Amartya Sen, *Development as Freedom,* New York: Anchor Books, 2000), p.15.

The Taiwanese experience demonstrates that, at some stage, the need for further economic growth, even in a Confucian society, requires pluralism and democratization. It may prove that China's historical legacy and traditions cannot stop the move toward freedom, accountability, and the rule of law. So, do you think the Taiwanese path would be feasible for China?

Bobo: It is important not to be too dogmatic about historical "rules." The reality of the Chinese experience over the past twenty years is that it has consistently been one of the best performing of the world's economies – during which time it has also been a one-party state. Western observers have been predicting the "inevitable" end of China's economic success for decades. We need to focus on facts. The first is that political authoritarianism in China has not, for the most part, seriously inhibited the country's economic and social transformation. Second, this outcome is due largely to the leadership's self-restraint. It is worth emphasizing once again that the Chinese experi-

ence has been a vindication of economic liberalization, not of authoritarian modernization. Amartya Sen is probably right when he suggests that authoritarian politics does not assist economic growth. However, a country's economy can still flourish when the state no longer seeks to control every aspect of public life, but allows people enough freedom and opportunity to better themselves.

The case of Taiwan shows that democratization and the rule of law can occur in a society with little previous experience of such concepts. However, I'm less convinced about the applicability of the Taiwanese model to China, at least anytime soon. The main problem is one of scale – 23 million people living on the island, compared to 1.3 billion on the mainland. The sheer disparity in size makes it very difficult to draw meaningful conclusions. Although Taiwan has achieved a remarkable democratic transition, this does not mean that its success could be replicated in a hugely more challenging and complex environment.

Lilia: You've persuaded me that the Chinese model still has room to maneuver. But for how long? How long will its educated younger generation be willing to live inside a closed political system?

I don't want to sound like a liberal dogmatist, but global trends demonstrate that closed systems have their time limits. I think Francis Fukuyama was right when he wrote (in *The American Interest*) that "the Chinese system … embeds plenty of hidden problems that will make it in the long run unsustainable." [29]

Similarly, Andrew Nathan highlighted the structural flaw of the Chinese model: namely, that the regime's "authority has never been subject to popular review and is never intended to be." Nathan views this type of regime as "an expedient, something temporary and transitional needed to meet the exigencies of time." [30] I look at authoritarian regimes the same way. If humanity is moving toward more democratic and humane forms of order, then the Chinese model can only be transitional.

[29] Francis Fukuyama, "American political Dysfunction," *The American Interest,* November/December 2011.

[30] Andrew Nathan, "China Since Tiananmen: Authoritarian Impermanence," *Journal of Democracy,* 20 (July 2009): p. 37-40.

Bobo: The Chinese mixture of one-party politics and socioeconomic liberalization may not last. And it is certainly true that the Communist Party faces enormous challenges in coming decades. However, I would argue that there is nothing inevitable, either about its success or failure in responding to these challenges.

The main danger for the Party, as I have already mentioned, is that it might become complacent or ideological. It could start to believe the hype about the China model and conclude that what is needed to sustain growth is more centralized direction, rather than more liberalization. Should the authorities become carried away in an excess of statist fervor and seek, for example, to suppress private enterprise, this would have seriously destabilizing consequences. The Party might provoke precisely the outcomes it fears – economic stagnation and decline, social disorder, and the breakdown of its authority. But so far at least, there are few signs of this. While Andrew Nathan is correct in saying that the CCP has never been subject to popular review in the form of free and fair elections, it remains highly sensitive to public opinion.

China and the democratic "contagion"

Lilia: Now on to another issue: we have witnessed the stagnation of Western democracies and, at the same time, the demise of authoritarian regimes in the Arab world and cracks in the post-Soviet authoritarian regimes. What is Beijing's reaction to these developments, and what could be their practical implications for China?

Bobo: The Chinese reaction to the developments in the Arab world is mixed. On the one hand, the rise of popular movements in these countries is deeply unpleasant to the Communist Party leadership. On the other hand, the CCP's situation could scarcely be more different from that of the personalized despotic regimes in the Middle East. Unlike them, it can point to real economic and social achievements, and consequently its rule is much more stable.

Lilia: I assume the CCP could feel the same about developments in Russia. What would the Chinese reaction be to the possible unraveling of the Putinist system and disintegration of the Russian state? Do you think that Russian fears of Chinese expansion into the Russian Far East and Siberia are justified? And how might various scenarios for Russia – stagnation, implosion and liberal breakthrough – impact China?

Bobo: While Beijing would be unhappy to see the demise of the Putin regime, the direct subversive impact of this would be limited. The Chinese elite already have a low opinion of Russia as a state that has failed to modernize, and whose sense of strategic entitlement exceeds its real influence. They don't expect Russia to do very well in the 21st century, and so they would not be entirely surprised if it were to gradually fall apart.

But whatever scenario occurs in Russia – stagnation, implosion, neo-authoritarianism, or political liberalization – the Chinese will not interfere. This is not only because they believe in the principle of "non-interference," but more importantly because they take the sensible view that to become involved would be to invite trouble. The suggestion that China might seek to exploit Russia's difficulties by expanding into Siberia and the Russian Far East owes much more to historical (and often xenophobic) anxiety than to any proper analysis of Chinese intentions and capabilities.

Lilia: I am glad to hear that China is not going to exploit possible Russian turbulence and has no expansionist plans with respect to Siberia and the Russian Far East. Such suspicions in Russian society and even among pundits may reflect the "besieged fortress" paradigm in the Russian political mentality. However, these suspicions will not evaporate easily, given that Russia's largest neighbor is beefing itself up and pursuing a *realpolitik* approach to foreign policy. Moscow watches with apprehension as China becomes a powerful actor in Central Asia, a traditional Russian sphere of influence.

Myth of the authoritarian role model

Lilia: Quite a few people (including in Russia) still believe in the possibility of authoritarian modernization in contemporary society. One could argue that this is a mantra of entrenched vested interests and groups that serve authoritarian regimes. I can't imagine that anyone sincerely believes that authoritarian modernization can work in a society that has post-industrial goals.

Anyway, we need to deliberate under what circumstances the "Chinese model" could become an alternative to liberal democracy. Apparently, the growing interest in the Chinese model is the result of both the crisis unfolding in the Western system and popular frustration around the world with the policies of Western governments.

By the way, in the 1930s European left-wing intellectuals, frustrated by the capitalist system, looked with hope to the Soviet Union. Today, some Western experts and intellectuals are again dreaming that state-led capitalism can meet society's needs.

Bobo: You are right to highlight Western illusions about the China model. It is revealing that the Chinese themselves hold much more sober views on the subject and do not seek to export their norms and values. Their approach

to such matters is practical, not evangelical – they want to do deals, not convert souls.

Lilia: There is some irony that, while some in Western circles are enthusiastic about the Chinese path, the Russian policy community is becoming more skeptical. At the end of the 1980s, comparisons with China were quite popular among Soviet intellectuals. I remember lively discussions about the issue of sequencing: what should come first – economic modernization (as in China) or political liberalization? At the time, the "Chinese option" had a lot of supporters. Not any more. This is curious because China is emerging as the new superpower, and one might have thought that people would wish to follow its example.

I guess Russians for the most part have stopped looking at China as a role model for two reasons. First, the deep suspicion and even envy among Russian elites toward "rising" China is hardly conducive to a receptive attitude. Second, Russia has become an anti-communist society, and there is no place for a communist party leadership model. And for an elite that has decided to imitate Western institutions, a one-party state would look archaic.

Bobo: I'm pleased to hear that the Russian elite, for the most part, no longer looks to China as a developmental model. Russia and China have virtually nothing in common here. Imagine, if you will, what the Putin regime would need to do to replicate Chinese-style modernization. It would have to devolve economic decision-making to the regions; complete the largest economic restructuring since Stalin's industrialization, diversifying away from natural resources and relying mainly on SMEs to drive growth; allow around 5 million redundancies from state enterprises; and dismantle much of the social welfare system. Politically, Putin would have already retired, holding on (at best) to an honorary position as a state "elder," while other senior figures, such as Igor Sechin and Sergei Ivanov, would also have been put out to pasture. All things considered, it is hardly surprising that the China model should appear so unattractive!

Lilia: The need for rotation makes the Chinese model totally unacceptable for the Russian ruling team!

Now let me raise the question of the "Beijing consensus," a term I hear pretty often. I have to admit that I don't understand what it stands for. I don't see any consensus (political or intellectual) that recognizes the Chinese model of rule and Chinese modernization as an example for our times and other societies.

Bobo: I agree. There is no Beijing consensus – this really is a figment of Western imagination. Generally speaking, other ruling elites are envious of China's success, but do not wish to apply its economic and social prescriptions. Crucially, China itself has been the prime beneficiary of Western-led globalization and of many of its liberal values. While Beijing wants a greater say in the running of global institutions, such as the IMF, World Bank, and G-20, its commitment to a new international order is suspect, to say the least. One obvious disincentive is that it would be forced in this event to assume a much greater burden of responsibility – a challenge it has shown no desire to embrace.

Lilia: Let me react to what you've said. While China as a country has benefited from Western-led globalization, in Russia it is the elite (rather than society) that has profited from it through personal integration into Western society. This seems to prove that while the Russian elite concentrates on its vested interests, China's rulers are able to think more strategically and pursue nationally oriented policies (at least to a point).

The liberal malaise

Lilia: You've mentioned that China's path may be influenced by international developments, such as the dysfunctionality of the American political system, the Eurozone crisis, and EU paralysis. Indeed, the China "success story" looks persuasive against the background of the West's malaise. The stagnation and even crisis of the Western model has undermined the attractiveness of liberalism in Russia.

Bobo: It will be many decades before the United States and especially Europe can pretend again to international normative leadership. The issue is not that the Washington consensus has been supplanted by some other consensus. Rather, the critical trend has been toward the de-universalization of norms and values. We might all still use the language of "democracy," "rule of law," "accountable government," and so on. But different countries and regions interpret these in their own selective fashion.

Lilia: You mean that different countries will find their own ways to interpret the same normative principles? I couldn't agree more – democracy in Japan and the United Kingdom is influenced by national traditions and mentality. But I wonder whether we can call this process "de-universalization of norms and values." I would rather define it as "de-universalization" of the ways and means of implementing these values.

Bobo: No, I see the differences as more fundamental than that. I am talking about the de-universalization of ideas, not of normative instruments and vocabulary. Indeed, the paradox is that the more uniform the lexicon of good governance has become, the further countries have diverged on the substance. They often understand very different things from identical terms.

Lilia: As the Russian case proves, sometimes different understandings of the same principles lead to their annihilation. Look at what has happened to elections, pluralism and the rule of law in Russia under Putin…

I hope that a Western revival like the one that occurred in the 80s/90s after the crisis in the 70s will re-energize the normative dimension in international relations. This would create a more helpful environment for Russian liberalization. But what would be the impact on China of the West's renewal?

Bobo: As long as American governance remains dysfunctional, and Europe is suffering an existential as well as economic crisis, the Chinese political system will face very little external pressure. The Party will continue to justify its brand of benevolent authoritarianism and link this to political stability and economic growth. A Western renewal might offer a plausible alternative to this vision and improve the chances of democratization and political liberalization. However, we should not overstate the influence of external factors. Ultimately, the Communist Party regime will live or die by what happens in China, rather than in the rest of the world.

Conclusion

The trajectories of Russia and China are very different today. However, the future may show that the logic of their development has important similarities. At some point, both are likely to face the challenge of opening up their respective political systems in a peaceful way. The question is how.

The external environment is not conducive to a democratic transformation in Russia, but the Russian system of personalized power faces inevitable degradation and a future crisis of power. It cannot modernize through top-down reforms, while growing pressure from society could have unpredictable and destabilizing consequences. New social and political forces could consolidate and form an alternative to the Russian matrix for the first time in the country's history. Alternatively, they may not emerge in time to prevent turmoil and even state collapse – developments that would have a profound effect on the post-Soviet space and regional stability, especially in the event of Russia's disintegration.

China continues to prosper, but its troubles may still lie ahead. It is an open question as to how long one-party rule can coexist with economic and social transformation. Certainly, the CCP will need to be agile and flexible in order to meet the formidable challenges it faces in coming decades. If and when political liberalization comes, it will have huge domestic and international implications. It would revolutionize state-society relations that have existed for thousands of years and fundamentally alter the character of China's engagement with the world. Conversely, a hardening of authoritarian tendencies or implosion of Communist Party rule could generate unprecedented problems and threats.

In the meantime, Western liberal democracies face mounting problems of their own. The normative threat posed by authoritarian modernization may have been greatly exaggerated, but the debate about optimal models of development has nonetheless highlighted several important truths.

First, the primacy of liberal thinking in the international system can no longer be taken for granted. Liberalism must contend with multiple challenges,

above all the growing trend toward sovereign values. The very principle of universalism on which liberalism has built much of its legitimacy has rarely seemed so vulnerable.

Second, the future of liberalism depends on performance, not on some inherited sense of moral entitlement. Its emergence as the dominant normative paradigm in the 18th century owed much to the fact – and perception – that it was instrumental in the rise of Europe and later the United States. In other words, it wasn't just virtuous; it also worked. Today's (and tomorrow's) Western leaders need to prove this once again, both to their own disenchanted electorates and to a skeptical world.

Finally, liberal democracies face a constant tension between allegiance to universal norms and the pursuit of national interests. It is not enough to issue glib statements along the lines of "values are interests" or "human rights are universal." Western governments need to show that political morality is not some device to be applied selectively or suspended whenever convenient. For it is precisely exceptions made in the name of an often dubious national interest that have led to the current crisis of liberalism, and helped popularize the myth of authoritarian modernization.

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A 21st Century Myth –
Authoritarian Modernization in Russia and China

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In recent years, China has emerged as the poster child for a new economic "model," commonly known as authoritarian modernization or state capitalism. The idea that economic development is best managed top-down by a wise, paternalist state has become especially fashionable in the wake of the global financial crisis.

To many observers, this crisis has not only exposed the weaknesses of the advanced Western economies, but also called into question the value of democratic liberalism itself. Set against the failures of the West, the continued economic success of China and, to a lesser extent, Russia appears to suggest a more promising path of development.

Bobo Lo and Lilia Shevtsova rebut such assumptions. They argue that the notion of authoritarian modernization is in fact a self-serving illusion. In Russia, there has been a significant increase in authoritarianism, but very little modernization. Meanwhile, China has experienced a remarkable transformation, yet one driven largely by economic liberalization and bottom-up reform.

The authors conclude that the real threat to democratic liberalism comes not from competing value-systems such as a putative "China model," but from within. Political and economic stagnation, moral complacency, and a selective approach to values have led to the current crisis of Western liberalism, and helped build up the myth of authoritarian modernization.

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