

TWO REVOLUTIONS

Rough Notes

IF THE TWENTIETH century was dominated, more than by any other single event, by the trajectory of the Russian Revolution, the twenty-first will be shaped by the outcome of the Chinese Revolution. The Soviet state, born of the First World War, victor in the Second, defeated in the cold replica of a Third, dissolved after seven decades with scarcely a shot, as swiftly as it had once arisen. What has remained is a Russia lesser in size than the Enlightenment once knew, with under half the population of the USSR, restored to a capitalism now more dependent on the export of raw materials than in the last days of Tsarism. While future reversals are not to be excluded, for the moment what has survived of the October rising, in any positive sense, looks small. Its most lasting achievement, huge enough, was negative: the defeat of Nazism, which no other European regime could have encompassed. That, at any rate, would be a common judgement today.

The outcome of the Chinese Revolution offers an arresting contrast. As it enters its seventh decade, the People's Republic is an engine of the world economy, the largest exporter at once to the EU, Japan and the United States; the largest holder of foreign-exchange reserves on earth; for a quarter of a century posting the fastest growth rates in per capita income, for the largest population, ever recorded. Its big cities are without rival for commercial and architectural ambition, its goods sold everywhere. Its builders, prospectors and diplomats criss-cross the globe in search of further opportunities and influence. Courted by former foes and friends alike, for the first time in its history the Middle Kingdom has become a true world power, whose presence reaches into every continent. With the fall of the USSR, no formula to describe the turn of

events it signified became so canonized as ‘the collapse of communism’. Twenty years later that looks a touch Eurocentric. Viewed in one light, communism has not just survived, but become the success story of the age. In the character and scale of that achievement, of course, there is more than one—bitter—irony. But of the difference between the fate of the revolutions in China and Russia, there can be little doubt.

Where does the explanation of this contrast lie? Despite the world-historical gravamen of the question, it has not been much discussed. At issue, of course, is not just a comparison of two similar but distinct upheavals, otherwise unrelated in their different settings, as in the once familiar pairing of 1789 and 1917. The Chinese Revolution grew directly out of the Russian Revolution, and remained connected with it, as inspiration or admonition, down to their common moment of truth at the end of the eighties. The two experiences were not independent of each other, but formed a consciously ordinal sequence.¹ That tie enters into any consideration of their differing outcomes. To explain these, in turn, involves reflection at a number of levels. Four of these will be distinguished here. Firstly, how far did the subjective political agencies of the two revolutions—that is, the respective parties in each country, and the strategies they pursued—differ? Secondly, what were the objective starting-points—socio-economic and other conditions—from which each ruling party set out on its course of reform? Thirdly, what were the effective consequences of the policies they adopted? Fourthly, which legacies in the *longue durée* of the history of the two societies can be regarded as underlying determinants of the ultimate outcome of revolutions and reforms alike? Since the PRC has outlived the USSR, and its future poses perhaps the central conundrum of world politics, the organizing focus of what follows will be China, as seen in the Russian mirror—not the only relevant one, as will become clear, but an ineludable condition of the rest.

I. MATRICES

The October Revolution, famously, was a swift urban insurrection that seized power in Russia’s major cities in a matter of days. The speed

¹ Isaac Deutscher’s remarkable essay ‘Maoism—its Origins and Outlook’ (1964) remains the starting-point for any consideration of the relationship between the revolutions: *Ironies of History*, Oxford 1966, pp. 88–120.

of its overthrow of the Provisional Government was matched by the crystallization of the Party that accomplished it. The Bolsheviks, numbering no more than 24,000 in January 1917, on the eve of the abdication of Nicholas II, had mushroomed to somewhere over 200,000 when they toppled Kerensky's regime nine months later. Their social base lay in the young Russian working class, which comprised less than 3 per cent of the population. They had no presence in the countryside, where over 80 per cent of the population lived, having never thought to organize among the peasantry—any more than had the Social Revolutionaries, though the SRS enjoyed an overwhelming rural following in 1917. Such rapid victory, from a still narrow ledge of support, was rendered possible by the shattering of the Tsarist state by German hammer-blows in the First World War—military failure detonating mutinies that dissolved its repressive apparatus, the February Revolution leaving only the shakiest lean-to of a successor authority.

But if power was taken easily in this vacuum, it proved hard to hold. Vast tracts of territory fell to German occupation. Once Germany was itself defeated in 1918, ten different expeditionary forces—American, British, Canadian, Serb, Finnish, Romanian, Turkish, Greek, French, Japanese—were dispatched to help White armies crush the new regime in a bitter Civil War that lasted till 1920. At the end of it, completing the destruction wrought in the World War, Russia was in ruins: famine in the villages, factories abandoned in the towns, the working class pulverized by the fighting and de-industrialization of the country. Lenin's Party, its social base disintegrated or absorbed into the structures of the new state, was left an isolated apparatus of power suspended over a devastated landscape: its rule now associated with the miseries of domestic war rather than the gifts of peace and land delivered after October.

The Union of Soviet Socialist Republics that, by a supreme effort, it brought into being covered the larger part of the former Russian empire. But, the first modern state in history to reject any territorial definition, the emergent USSR laid no claim to patriotic pride or national construction. Its appeal was international: to the solidarity of the labour movement across the world. Having taken power in a huge backward country, whose economy was overwhelmingly agrarian and population largely illiterate, the Bolsheviks counted on revolutions in the more developed, industrial lands of Europe to rescue them from the predicament of a radical commitment to socialism in a society without the preconditions

of any coherent capitalism. A gamble the beleaguered rulers soon lost, it meant nothing to the mass of the ruled from the start. The Soviet Party would have to hold out on its own, attempting to move as far as it could towards another form of society, without much support at home or any assistance from abroad.

2

The Chinese Revolution, although it was inspired by the Russian, inverted virtually all its terms. The CCP, created in 1921, still had less than a thousand members four years later, when it started to become for the first time a significant force, born of the explosion of working-class militancy in coastal cities with the May 30th movement of 1925, and aided by the vital role of Soviet advisers and supplies in the fledgling GMD regime led by Sun Yat-sen in Canton. Between that founding moment and the Communist conquest of power across China lay struggles that extended through a quarter of a century. Its milestones are well known—the Northern Expedition of 1926, joining Nationalists and Communists against the leading warlord regimes; the massacre of Communists by Chiang Kai-shek in Shanghai in 1927; the ensuing White Terror; the establishment of the Jiangxi Soviet in 1931, and the five annihilation campaigns waged against it by the GMD; the Long March of the Red Army to Yan'an in 1934–35, and the creation of Border Regions ruled by the CCP in the north-west; the United Front again with the GMD against Japanese invasion in 1937–45; and the final civil war of 1946–49, in which the PLA swept the country.

More than just the wholly different temporality of this experience separated it from the overturn in Russia. The way in which power was won was altogether distinct. If the state is defined, in Weber's famous formula, by the exercise of a monopoly of legitimate violence over a given territory, a revolution always involves a breaking of that monopoly, and the emergence of what Lenin and Trotsky called a dual power. Logically, there are three ways in which this can arise, corresponding to the three terms of Weber's formula. A revolution can break the monopoly of the state's power by destroying the legitimacy of its rule, so that coercion cannot be exercised to repress the movement against it. The Iranian Revolution, in which there was no fighting, the royal army remaining paralysed as the monarchy fell, would be an example. Alternatively, a

revolution can pit an insurgent violence against the coercive apparatus of the state, overwhelming it in a quick knock-out blow, without having secured any general legitimacy. This was the Russian pattern, possible only against a weak opponent.

Finally, a revolution can break the state's monopoly of power, not by depriving it from the outset of legitimacy, nor rapidly undoing its capacity for violence, but by subtracting enough territory from it to erect a counter-state, able in time to erode its possession of force and consent alike. This was the Chinese pattern. It was not exclusive to China, forming the general path of guerrilla forces—also Yugoslav or Cuban—to power. What was exceptional in the Chinese case was not the creation of successive 'rebel states' within the state, but their combined longevity. It is the conditions of this duration that require explanation.

At the turn of the century the Romanov monarchy, whatever its own weaknesses, was incomparably stronger than the Qing: a native institution that could draw not only on pockets of advanced industry and abundant natural resources, but on a huge army and deep reserves of patriotic loyalty, born of victory over Napoleon. In the Far East, it was foremost among the European powers in encroaching on the Chinese empire. Only massive defeat on the battlefield, first by Japan and then by Germany, triggered the revolutions of 1905 and 1917 against it. The Qing monarchy, by contrast, was already by the mid-19th century widely hated as an alien dynasty, and soon too as a corrupt dependency of the West. After the Taiping Rebellion, it never regained central control of force throughout the country. So enfeebled had the imperial state become that it fell in 1911 without even a concerted movement against it. No successor regime lived up to Weber's standard. The Republic dissolved, first into a chequerboard of rival warlord fiefs; then into the hybrid regime based in Nanjing, the GMD commanding the centre of the country around the Yangzi delta, assorted regional militarists the rest: never more than half of China's eighteen traditional provinces under Chiang Kai-shek's control, often less.

It was in this maze of competing power-centres that the CCP could anchor itself in gaps between jurisdictions, and build a movable counter-power. But although it never confronted a unified state machine, as the Bolsheviks had done, its adversary was paradoxically more formidable, and the risks of defeat higher. Restricted to its strategic strongholds

though it was, the GMD was not an absolutist regime at the end of its life span, nor a spectral interim government. Nationalism and Communism were coeval as antagonists, formed in the same organizational mould: equally modern rivals, in their own fashion, for mastery of the country. The GMD, however, controlled vastly larger armies, equipped with heavy armour and trained in successive missions—Von Seeckt, Von Falkenhausen—by the cream of the Wehrmacht; it commanded the tax revenues of the richest regions of China. For all the heroism of the Long March, it would no doubt have wiped out the CCP by the end of the 30s, had Japan not launched a full-scale attack on the Nanjing regime in 1937.

In this emergency Chiang, cheated of his prey but still obsessed with communism as the greater danger, proved incapable of confronting the foreign enemy to any effect. A long-time collaborator with the Japanese military—with whom he planned the Shanghai massacre of 1927, flying to Tokyo shortly afterwards to seal a pact with its General Staff—who had acquiesced in its seizure of Manchuria, he retreated into the interior, hoping after Pearl Harbour to wait out the war for American victory and then turn on the CCP with his main forces intact. Japan's final campaign in China, the Ichigo Offensive of 1944, put paid to any easy realization of this prospect, shattering the GMD's best divisions beyond repair. No less damaging was the discredit Chiang's dictatorship incurred in refusing to commit all to the defence of the nation.

Beyond GMD reach or Japanese penetration, from its base in the remote Border Region of Yan'an the CCP waged increasingly effective guerrilla war against the invader across North China. The growth in its power came from its ability to combine reform in the villages—rent reduction, debt cancellation, limited land redistribution—with resistance to the foreigner. The union of the two gave it a depth of social racination the Russian Party never acquired, in an expanding mass base among the peasantry, the class that composed the vast majority of the population. In the eight years from 1937 to 1945, the Chinese Party grew from 40,000 to 1,200,000, and its armies from 90,000 to 900,000. Once Japan had surrendered, its implantation spread very rapidly across the North China plain: by the time civil war broke out in 1947, its ranks had more than doubled again, to some 2,700,000. Meanwhile, in the GMD-controlled zones of the Centre and South, unbridled corruption and inflation destroyed urban support for Chiang's regime, whose demoralized

armies, however well-armed and equipped by the United States, proved no match for the PLA. In increasing numbers, his commanders surrendered or switched sides as it marched south: Beijing, Shanghai, Nanjing, Guangzhou—one after another, the great cities of China fell with scarcely a shot being fired.

In Russia, the civil war came after the Revolution, and as if in retribution for it, plunging the country into a far worse condition than it had been in before the Bolsheviks came to power. In China, the Revolution followed the civil war, and its immediate effects came as a redemption from it. For over a century, China had not known a central state capable of withstanding foreign aggression, or assuring order throughout the country. Communism brought both: national independence and internal peace. With the defeat of the Guomindang, US officers, British gunboats, Japanese hold-overs were sent packing. The victory of the PLA, far from leaving economy and society ravaged, delivered recovery and stability. Inflation was mastered; corruption banished; supplies resumed. In the countryside, landlordism was abolished. In the cities, no sweeping expropriation was needed, since over two-thirds of industry was already state-owned under the GMD, and comprador capital had fled to Hong Kong or Taiwan. The middle class was so alienated by the last years of Nationalist rule that much of it greeted the arrival of Communism with relief rather than resistance; as production revived, workers returned to normal employment and received wages again. The People's Republic, embodying patriotic ideals and social discipline, entered life enjoying a degree of popular assent that the Soviet Union never knew.

3

These differing matrices left their imprint on the course of each regime, in which the proportions of force and consent were always distinct. Under Stalin, Soviet communism acquired active popular support twice after the civil war: among the new generation of workers, from rural backgrounds, mobilized in the all-out industrialization drives of the first Five Year Plans, in a *Sturm und Drang* atmosphere of collective enthusiasm, real if never universal; and during the Second World War, when the regime could draw on a much broader Russian patriotism in a life-and-death struggle of the whole population against Nazi conquest. Neither altered the distrust of the rulers for the masses under them. The Soviet

system utilized episodes of popular adhesion, when they arose. But it rested on repression. In the era of Stalin's dictatorship, the secret police became a more central and powerful institution than the Party itself. Violence, compulsively unleashed against real or imaginary enemies, not least within the regime's own ranks, was omnipresent.

Against a background of continual tension, its two great paroxysms were the collectivization of the late twenties, and the purges of the thirties. In the first, the regime launched an all-out war on the peasantry, in which mass deportations and famine cost perhaps 6 million lives, reducing it to a sullen, broken force from which Russian agriculture has never recovered. In the second, not only the entire Old Guard of Bolsheviks who had made the October Revolution, but virtually the whole next levy of cadres in leading positions of Party and state, and a huge number of further victims, were wiped out—at least 700,000 in all. Labour camps, to which those not executed outright in these savageries were dispatched, came to hold another 2 million in these years, amounting to a significant sector of the economy.² After victory in the Second World War, in which the USSR suffered an immense toll of destruction, terror abated. But for all the consecration he had won on the battlefield, fear remained the mainspring of Stalin's power to the end.

4

The Chinese Party inherited the Soviet model as it took shape under Stalin, developing much the same monolithic discipline, authoritarian structure, and habits of command. Organizationally and ideologically, the state it created in the early 50s resembled the USSR quite closely. More than this: in due course, Communist rule inflicted two parallel convulsions on China. Because of its roots in the countryside, where the peasantry by and large retained confidence in its leadership, the CCP was able to carry out a swift and complete collectivization within a few years of its original redistribution of land, without incurring the disaster that had occurred in Russia. But in 1958, determined to accelerate the tempo of development, it launched the Great Leap Forward, creating people's communes that were supposed both to produce backyard industries and

² For estimates of these tolls, see R. W. Davies, 'Forced Labour under Stalin: The Archive Revelations', NLR 1/224, Nov-Dec 1995, pp. 62-80; J. Arch Getty and Oleg Naumov, *The Road to Terror*, New Haven, CT 1999, pp. 587-94.

to deliver much higher quotas of grain. With labour diverted to home-made steelworks, and harvests failing in bad weather, the result was the worst famine of the century, in which at least 15 and perhaps 30 million died. Eight years later, the Cultural Revolution scythed through the Party itself, decimating its ranks in a series of purges that, as in Russia, then spread beyond it. To all appearances, as if in the grip of an unalterable common dynamic, the PRC had replicated the two worst cataclysms of the USSR.

But uncannily though the similarities might seem, the differing matrix of the Chinese Revolution had persisted. If the scale of the dead in the countryside was, relative to the population of each society, probably comparable, its mechanisms were distinct, as were its consequences. Soviet collectivization was conceived as an operation to destroy 'rich' peasants—typically those with some livestock—as a stratum, and executed with military levels of violence. Over 2 million kulaks were deported to wastelands, under the guns of the OGPU. The famine of 1932–33 that followed, though in part caused by bad weather, was basically an effect of the wreckage of rural society this second civil war left behind. Wildly voluntarist though it was, the Great Leap Forward, by contrast, was never intended as an attack on the peasantry, or any part of it. There were no deportations or troops of the Interior Ministry rounding up recalcitrants. Bureaucratic blindness, due to (naturally, self-inflicted) lack of truthful reports from below on grain actually harvested, rather than police ferocity, was the immediate cause of the disaster. By the same token, no comparable alienation of the peasantry ensued. The countryside was not durably demoralized by the Great Leap Forward, village life in even the worst afflicted regions recovering with surprising speed.

Contrasts of motivation and outcome were still more marked in the Cultural Revolution. In the second half of the 30s, Stalin sowed terror from top to bottom of the Soviet Party and state, targeting most of the very officials who had given him supreme power in the CPSU, shot out of hand during the Yezhovshchina, as spies, traitors or counter-revolutionaries. Though the full reasons for this dementia remain uncertain, it is clear that Stalin, whose legitimacy as personal dictator had never been altogether secure—he had played no significant role in the October Revolution, and Lenin had expressly warned the Party against him—was gripped by a morbid suspicion of all those around him, and

operated on the belief that the only way to deal with potential doubters or opponents was to kill them.

In launching the Cultural Revolution, Mao too aimed at his immediate colleagues, in part because he had been obliged to acknowledge the failure of the Great Leap Forward and accept the reversal of agrarian policy they had imposed when it could no longer be denied. But his broader motive was to prevent any reproduction in China of the congealed bureaucratic caste that, as he saw it, was leading the USSR after Stalin towards a class society indistinguishable from capitalism. To block this development, he did not turn to the security organs, which in China never acquired the importance they had in Russia, but to student youth. Unleashing, against those he feared would take the Soviet path, mass turbulence from below, rather than decapitating them from above, Mao plunged the country into a decade of controlled chaos.

The cruelties that followed were legion. Uncoordinated violence—persecutions and dissensions; humiliations, beatings, shootings; factional warfare—spread from city to city; in the counties, organized executions. The number of victims, still to be properly computed, was well over a million.³ Yet deaths, proportionately much fewer than in the Soviet maelstrom, were meted out not by central instruction but at vindictive local initiative, as authorities were overthrown and scores settled across the country. No Yezhov or Beria was in charge. But unlike the Great Terror, the Cultural Revolution was not just a gigantic repression. It was a sweeping attempt to shake up bureaucratic structures by mobilizing a younger generation in revolt against them, and was lived as a mental liberation—if only because of the temporary collapse of so much institutional authority—by many who would later become disillusioned with its outcome, or even passionate opponents of communism. Its self-proclaimed goal was an egalitarian transformation of outlooks that would no longer accept the ‘three great differences’: between town and country, between agriculture and industry, and—above all—between manual and intellectual labour.

Such ideals were utopian in any society at the time, let alone one still as backward as China. But they were not simply window-dressing. The suspension of universities and high schools to dispatch 17 million youngsters

³ See Andrew Walder and Yang Su, ‘The Cultural Revolution in the Countryside: Scope, Timing and Human Impact’, *China Quarterly*, March 2003, pp. 82–107.

from the cities to undertake agricultural labour in the countryside, alongside peasants, was a more distinctive and longer-lasting process than the persecutions of the period. Carried out without violence, often with enthusiasm, it answered to other objectives. These in turn left their mark on the way the Cultural Revolution enacted successive purges of the Party itself. There was no wholesale slaughter. Humiliation, demotion and rustication was the typical fate of most of those targeted, rather than liquidation. The rituals of thought reform, 'curing the disease, rather than killing the patient' in the Yan'an phrase, remained in theory, and in—brutal enough—practice, the customary method for dealing with suspects of the capitalist road. When the Cultural Revolution came to an end, only about 1 per cent of the CCP had been permanently evicted from it, and—with the exception of Liu Shaoqi—virtually the entire top leadership of the Party on whom Mao had turned in 1966–69 had survived. Unlike Stalin, he had led the Chinese Revolution to victory, and there was no massacre of the Old Guard who had fought together with him.

Cultural and political variables intertwined in the differing *dénouement*. Mao had become a latter-day emperor, wielding an absolute personal power. But the imperial tradition in China had always placed more emphasis on indoctrination than coercion as an instrument of rule, however ruthless its exercise of violence when need or whim arose: the idea of the Cultural Revolution—altering minds to alter things, as if intellectual conceptions determined social relations—owed more to Confucian than to any Marxist notions of historical change. Yet this was still a regime born of a social revolution in which power—contrary to a dictum of Mao at the time—had grown not only out of the barrel of a gun, but also out of the moral confidence of millions in the party holding it. If the Cultural Revolution came close to destroying that political inheritance, it was nevertheless strangely shaped and, in the end, constrained by it, too.

II. MUTATIONS

Separated by thirty years at their origin, the two revolutions ended in projects of reform close enough in time to overlap. The background to each of these was the failure of a preceding attempt at reconstruction. In the USSR, once Stalin died, reaction against his tyranny was swift. Under Khrushchev, the machinery of terror was dismantled; censorship lightened; collective farms granted more autonomy; investment in

consumption increased; and peaceful coexistence with capitalism proclaimed. De-Stalinization proceeded for some five years, from the 20th to 21st Party Congresses of the CPSU, with considerable momentum. Thereafter, Khrushchev's erratic zig-zags in foreign and domestic policy—gambling and retreating in the Caribbean, pointlessly restructuring the Party, improvising schemes for agricultural revival—antagonized his colleagues and led to his summary removal. He had not envisaged any basic change in the economic system inherited from Stalin, of highly centralized planning and priority to heavy industry, which had assured Soviet triumph in 1945, and on which his own career had been based. Legitimizing all that Gosplan had achieved, the prestige of victory over the most industrialized power in Europe crippled the flexibility of the socio-economic system responsible for transforming the USSR into a Great Power just when it was most needed, at the entrance to a new era.⁴

When Khrushchev was ousted, growth was still respectable and the USSR's military power expanding. The price of his failure was the 'period of stagnation', as its long aftermath from the mid-60s to the mid-80s would come to be called. Freed from his restless initiatives, and now secure from arbitrary arrest, the Soviet bureaucracy settled into a complacent inertia, contenting itself with a mounting stockpile of weapons and ignoring steadily declining returns from its routines of industrial investment. The USSR achieved nuclear parity with the USA, and was accorded the rank of a super-power. But twenty years of Brezhnevism left the Party a petrified forest of office-holders, presiding over a society in which life expectancy was falling, economic growth had virtually ground to a halt, and cynicism was universal. Such was the stage on which Gorbachev stepped in 1985.

The disarray in China when Deng Xiaoping came to power was more dramatic. Society was still traumatized by the upheaval of the Cultural Revolution. Higher education had effectively ceased for a decade. Vandalism had destroyed monuments, dogmatism snuffed out intellectual life. Vast numbers of youth remained immured in rural exile. Urban discontent was seething, the country's capital recently the scene of a massive popular riot in which the Public Security Bureau building on the edge of Tiananmen Square was sacked and set on fire by infuriated

⁴ Negatively, collectivization and the purges had a not dissimilar effect on the political system: catastrophes whose success sealed off renewals, where the failures of the Great Leap Forward and the Cultural Revolution would allow them.

crowds: turmoil unthinkable in Moscow. Mao had wanted to avoid the kind of communism to which Khrushchev's policies, as he saw them, had led. In that goal, he had succeeded. No slow involution of a conservative bureaucracy, paralysing economy and society in a degenerative mould, as had gripped the USSR under Brezhnev, could now occur. His negative aim had been achieved. But his positive alternative had failed no less completely. By the time he died, his policies had ended in another kind of historical impasse.

2

Of the two states as they crossed the threshold of reform, the USSR enjoyed to all appearances much the better conditions, material and cultural, for success. Its GDP was four to five times higher than that of China. Its industrial base was far larger, employing over twice the relative labour force. It was richer in nearly every natural resource—fossil fuels, valuable minerals, abundant land. It was much more urbanized. Its population was better fed, with an average intake of calories half as much again as in China. Its infrastructure was considerably more developed. Last but not least, it was incomparably better educated: not only fully literate, but enrolling twenty times the relative number of students in higher education, and possessing a large pool of well-trained scientists.

Yet the 'period of stagnation' had progressively neutralized, and in critical respects degraded, these endowments. For twenty years, no political change ruffled the dead surface of Soviet life. Central planning taken to a caricatural extreme—specifying the prices of some 60,000 commodities—stifled innovation and accumulated every kind of irrationality. Labour productivity stagnated; capital–output ratios worsened; obsolete plant remained unscrapped; the new information technology was missed. But as the performance of the economy declined, the pressure of the arms race increased. Locked into strategic rivalry with the United States, an enormously wealthier and more advanced society, the Soviet leadership diverted a crippling portion of GDP to military expenditure, with little or no spin-offs to the rest of the economy, without ultimately being able to keep up with American weaponry. Its protectorates in Eastern Europe and Afghanistan, requiring subsidies and expeditionary forces, represented a further burden. For the USSR not just a diplomatic stand-off, the Cold War froze the springs of growth too.

But when the hour of reform came, long overdue, the greatest deficit in this deadlocked system was not economic, but political. The ruling Party was now four generations away from the Revolution. The insurrectionary spirit of Bolshevism was long gone. The rough dynamism of Stalinist *sturmovshchina*, in industry and war, was a thing of the past. Memory even of Khrushchev's boisterous show of combining something of the two, brief enough, had faded. The torpid bulk of the CPSU—the Soviet *nomenklatura* proper—consisted for the most part of mediocre administrative functionaries, incapable of imagination or initiative. But that it was not completely catatonic is suggested by the emergence of Gorbachev at its head. Once installed as General Secretary, he first moved rapidly to clear out the top layer of hold-overs from the Brezhnev period, consolidating his power in the Party with a hand-picked majority in the Politburo. He then proclaimed his watchwords: *glasnost* and *perestroika*—the need for greater openness of public life, and a make-over of the country's institutions.

The first of these, which saw a broad relaxation of censorship, was greeted with a great wave of enthusiasm in society, as long-suppressed energies were released in every kind of iconoclastic argument, exposé and debate. The second left its listeners more perplexed. What did *perestroika*—a term once fleetingly used by Lenin—actually mean, in practice? It soon became clear that Gorbachev, courageous in his intentions, was vague in his ideas: although morally distant from the Brezhnevized CPSU in which he had ascended, he had few intellectual resources independent of it, and only the haziest notion of the reforms he had in mind. Most of his appointees in the cupola of the Party had still less idea, and many were soon resisting him. So to circumvent their opposition, he increasingly turned to an alternative constituency for legitimacy and direction.

The Russian intelligentsia had long been alienated from the regime. The brilliant avant-garde culture of those who were not in exile after the Revolution was buried by Stalin. Hopes raised by the thaw after his death were quickly dashed, even before Khrushchev fell, by the crudity and philistinism of the successor regime. By the mid-80s, communism in any shape or form was anathema to nearly all currents in this historically influential stratum of Russian society. Slavophiles and Westernizers alike, its two traditional poles, were united in rejection of the Soviet order. The former, however, were—for all the fame of Solzhenitsyn—residual;

the latter were hegemonic. Liberals, convinced of the superiority of the West, and aspiring to become part of it, they were soon setting the pace in Gorbachev's entourage, supplying more decided ideas and objectives than he had developed himself. For them, real reform could mean only two, inter-related things: the introduction of democracy, with free competitive elections; and the establishment of a market economy, based on private ownership of the means of production.

As the General Secretary of the CPSU, Gorbachev was not in a position to espouse the second of these goals, even if he had wanted to, which he did not. But the first he embraced, provided the rules were such that he could count on winning endorsement of his own power from a popular consultation, helping to free him from dependence on a Party which he had come increasingly to mistrust, as it mistrusted him. Political reform, the creation for the first time in Russian history of a representative democracy, became the priority. Economic reform, which had originally been the principal meaning of *perestroika*, was deferred. This was the indicated order of battle for the liberal intelligentsia, which needed to break the communist monopoly of power before being able to attack the foundations of the planned economy. For Gorbachev, however, it had another attraction. Dismantling censorship and allowing free elections was relatively simple to do—essentially just a matter of lifting restrictions. Reorganizing the economy would be far more difficult—a huge task, by comparison. He opted for the less arduous route.

If Western-style democracy was to be introduced at home, what was the point of confrontation with it abroad? Winding down the Cold War could garner not only the applause of an intelligentsia that, now well entrenched in the media, had become the dominant opinion-maker in society, but real economic benefits, by reducing the burden of military spending. Not only that: the international prestige of a ruler consorting on the friendliest of terms with his Western counterparts, above all the President of the United States of America, and bringing peace and good-will to the nations of the world, could not but burnish his domestic image. From 1987 onwards, Gorbachev devoted himself more and more to foreign trips and confabulations, becoming the toast of Western opinion, and visibly intoxicated by the figure he was cutting on the world stage. Less and less time was spent on the ungrateful job of controlling the domestic economy.

There, after initial half-baked schemes for promoting cooperatives had come to nothing, one incoherent expedient for introducing greater enterprise autonomy after another was toyed with, to little or no effect, as a massive social crisis hit the USSR, stemming directly from the priority given to political over economic reanimation of the country. Growth was virtually zero when Gorbachev came to power, and oil prices—on which the government's foreign-exchange earnings critically depended—were already starting to fall, putting pressure on the budget that became steadily more acute as oil revenues continued to drop. These would have been difficulties in any circumstances. What converted them into a catastrophic free-fall was Gorbachev's sidelining of the CPSU in his quest for popular consecration. The planned economy depended on the ability of the Party to enforce the deliveries from enterprises that were required by the centre. Once it was removed from effective power, without any coherent replacement, managers simply ceased to supply the state with their output at its prescribed prices, selling it instead for whatever they could get to whomever they could. The result was a collapse of the central allocation mechanism that had held the system together, and a mounting disruption of economic exchange, particularly severe in inter-republican trade.

As the economy descended into chaos, the state became increasingly unable to collect taxes from enterprises or republics, and resorted to printing money instead, to cover food subsidies and social expenditures. Spiralling inflation was compounded by a widening balance of payments deficit, as the government tried to ward off unpopularity with consumer imports, and galloping foreign debt, which all but doubled in five years. By 1989 the Soviet state was not far from bankruptcy. More fatefully still, it was on the brink of disintegration, and for the same reason. Once Gorbachev pulled the linchpin of the Party out of the system, positioning himself as personal ruler apart from and above it, nothing held the republics together any longer.⁵ Without the binding structure of the CPSU, the USSR lacked any all-Union ligaments. Gorbachev, immersed to the end in his role as stayer of the Cold War and liberator of Eastern

⁵ For the dismantling of the all-union party, see Stephen Kotkin, *Armageddon Averted: The Soviet Collapse 1970–2000*, Oxford 2001, pp. 76–81; for the monetary chaos, spread of barter exchange and escalating theft of public assets as *perestroika* spiralled downwards, David Woodruff, *Money Unmade: Barter and the Fate of Russian Capitalism*, Ithaca 1999, pp. 56–78, and Andrew Barnes, *Owning Russia: The Struggle over Factories, Farms and Power*, Ithaca 2006, pp. 43–67.

Europe, proved blinder to the national question within his own country than even to its economic plight. When what was left of the old order finally revolted against him in 1991, and brought him down along with itself, the USSR dissolved overnight.

3

When, seven years before the CPSU, the CCP embarked on its reform course, China was a far poorer and more backward country than Russia.⁶ Around 1980, the per capita GDP of the PRC was fourteen times lower than that of the USSR. Over 70 per cent of its labour force was engaged in agriculture, as against 14 per cent in the Soviet Union. Nearly every third Chinese could still not read or write. Its universities were a fraction of those even in India. It can safely be said that no observer, either inside or outside the country, could have predicted the reversal in the fortunes of the two societies three decades later. Yet from the start, there was a series of Soviet handicaps that China did not suffer from: a set of negative advantages that gave it initial conditions—economic, social, political—which, in less obvious respects, favoured it.

The first of these was the lesser weight of obsolescent plant in the economy, not because fixed capital was more advanced than in the USSR, but simply by virtue of a lower degree of industrialization. That what would become the Chinese rust-belt was still not inconsiderable, no-one who has seen Wang Bing's trilogy *West of the Tracks*—perhaps the greatest documentary of all time, on the ultimate fate of the smoke-stack district of Shenyang and its workers—could forget. But, relatively speaking, it was smaller than in the USSR. There were fewer factories to scrap. More significantly still, Chinese planning had always been much looser than its Soviet template. Mao had early on recognized the impossibility of imposing the ubiquitous directives of Gosplan on a far less articulated Chinese economy, with much deeper regional traditions and poorer infrastructures. From the beginning, provincial and township

⁶ The relevant comparisons are set out in Peter Nolan's essential work, *China's Rise, Russia's Fall: Politics, Economics and Planning in the Transition from Stalinism*, Basingstoke 1995, pp. 110–59, which also contains one of the sharpest and still best critical accounts of *perestroika*: pp. 230–301. For regretful reflections on its failure to 'spark a capitalist revolution', compare Minxin Pei, *From Reform to Revolution: The Demise of Communism in China and the Soviet Union*, Cambridge, MA 1994, pp. 118–42.

authorities had enjoyed greater autonomy than in the Soviet system at any point in its history. Deliberately, the Cultural Revolution had further weakened the powers of the centre, leaving local governments more room for initiative. So output targets for industry were quite modest and pressure to fulfill them was not overwhelming. The result was a much more decentralized system, in which the number of allocated commodities whose prices were fixed in Beijing was at its maximum no more than 600, a hundredth of the Soviet plethora.⁷ Less constraining, this was an institutional framework that allowed for greater flexibility and undisruptive change.

Socially, too, China had one huge, critical advantage over the USSR. The peasantry was not a listless, sullen rump of the class it had once been, as in Russia. It was neither tired nor disaffected, but full of potential energy, waiting to be released, as events would show. Historically, it had never possessed collective institutions comparable to the *mir*. Rural society, long atomized in the North and shaken loose by the Taiping upheaval in the South, could recover after the Great Leap Forward with centuries of market impulses behind it. The absence of deep agrarian alienation was not, moreover, simply a difference between the two countrysides. Making up the overwhelming majority of the population, the Chinese peasantry was the central pediment of the nation. Its nearest equivalent in the USSR, even if not so proportionately large a part of society, would have been the industrial working class. But it too, though not so demoralized as the *kolkhozniki*, was by the 80s thoroughly disabused as a social force, deeply cynical about the regime, inured to make-work and low productivity, in compensation for the vast gap between its nominal role as the leading class in the state and its actual position in the hierarchy of privilege. In China, where after the Great Leap Forward the rural population was barred entry into the cities, and had always lacked social benefits that urban workers received, formal inequalities between town and country were greater than in the Soviet Union. But the ruling ideology had never told peasants they were the vanguard class building socialism in the first place. There was less moral gulf between theory and reality, and less lived time between original hope and subsequent experience. For all that had been inflicted, as well as bestowed on it, the countryside remained a reserve of the Party in power.

⁷ Barry Naughton, *Growing out of the Plan: Chinese Economic Reform, 1978–1993*, New York 1995, pp. 41–2.

Internationally, the situation of the PRC gave it further leeway. It was not burdened with any costly satellite zone, requiring soldiers and subventions to hold down. It was not in a position, and did not attempt, to compete with the super-powers in the missile race. Beyond freedom from these fetters, however, was the radically different relationship of China to the United States. After a decade of extreme tension with the USSR, to the point of border hostilities, Mao had swung into an entente with the US during the Cultural Revolution itself. The Nixon visit and its aftermath, spectacular though these were, remained a diplomatic opening, without significant broader dimensions, as long as he lived. But it meant that when the turn towards domestic reform came, its external setting was propitious. A cautious amity rather than calculated antagonism had created conditions in which the headquarters of world capital, and its assorted regional affiliates, were already primed to extend financial support to any sign of a move towards the market in China. To absence of any deep peasant alienation at home corresponded lack of any direct imperialist threat abroad, for the first time in the modern history of the country.

Internally, moreover, the PRC was in no danger of disintegrating, as the USSR would do. It was not composed of fifteen different constituent republics. Ethnically more homogeneous than most nation-states, it confronted rebellious nationalities—Tibetan and Uighur—within its borders, as the Soviet Union had not done for half a century. But their weight within the population as a whole was minimal compared with the sum of the peoples who broke up the USSR a decade later. Higher on the agenda of the CCP than continuing problems of keeping control of these regions was the still unfulfilled task of recovering Taiwan, where the GMD had built an island redoubt under American protection, still claiming to represent the true Republic of China, and now flourishing economically. The Party's primary concern was not with risks of dissolution, but problems of repossession.

4

Yet, at the gateway to their reforms, perhaps the most decisive of all the differences between Russia and China lay in the character of their political leadership. In command of the PRC was not an isolated, inexperienced functionary, surrounded by aides and publicists infused with

a naive *Schwärmerei* for all that was Western, but battle-hardened veterans of the original Revolution, leaders who had been Mao's colleagues, and had suffered under him, but had lost none of their strategic skills or self-confidence. Deng Xiaoping, indeed, had been so indispensable to the regime that Mao had recalled him to office while still alive. After Mao's death, his authority was such that he soon emerged as the unquestioned arbiter of the Party, without having to seek this eminence personally, or even occupy the highest posts in it. But he was not alone. With him returned Chen Yun, Bo Yibo, Peng Zhen, Yang Shangkun and others, forming a compact, outspoken group of equals—the 'Eight Immortals'—who, often disagreeing vigorously with each other, steered the course towards reform with him. Collectively, they were in a strong position, enjoying not only the prestige of their roles in the Civil War and building of the nation, but the popularity of having brought the Cultural Revolution to an end, which was met with a surge of relief in the cities.

In confronting the situation of the country as Mao had left it, this leadership, with Deng at its head, remained the revolutionaries they had always been. Their temper was Leninist: radical, disciplined, imaginative—capable at once of tactical patience and prudent experimentation, and of the boldest initiatives and most dramatic switches of direction. It was this spirit that had inspired the Long March and won the Civil War. They now brought it to bear on the impasse into which the Cultural Revolution had taken China. In doing so, they were acutely aware of the transformation of its environment, in a way that the functionaries of the CPSU, presiding over a relatively more advanced society, were not of theirs. Western Europe was certainly richer and more developed than Russia, but it had always been so, and the difference between the growth rates of the two—the 70s and early 80s saw a long downturn in the EC itself—was not so vast as to shock Soviet rulers, even as late as the early Gorbachev, into rethinking the basic assumptions on which the success of the state had been built.

In East Asia, on the other hand, Japan had broken all historical records in its high-speed growth, from the 50s onwards—far outdistancing not just Europe, but the United States too. This spectacular recovery of an economy reduced to ashes at the end of the War—the creation of super-competitive export industries and a fully modernized consumer society—threw the relative poverty and autarchy of China, for all its substantial development under Mao, into pointed relief. Nor was Japan,

towering above its neighbours though it now did, alone in its success. By the late 70s, South Korea had industrialized at a break-neck pace under Park Chung Hee and, most galling of all, the GMD regime in Taiwan was not far behind. The pressure of this setting on the PRC was inescapable. Deng gave vivid expression to it a decade later, at the height of the political crisis of 1989. After remarking that so long as China was isolated, ‘there was no way the economy could develop, no way living standards could rise, and no way the country could get stronger’, he went on: ‘The world is galloping forward these days, a mile a minute, especially in science and technology. We can hardly keep up’.⁸

The task of making good the lag between communism in China and capitalism in East Asia was a formidable agenda for any programme of reforms. But the Immortals were not daunted. They tackled it with a vigour born not just from the momentum, still active, of the Revolution they had made, but from a millennial self-confidence, battered for a century, but ultimately unbroken, of the oldest continuous civilization in the world. Mao’s dynamism, for better or worse, had been one expression of the recovery of that confidence. The Reform Era propelled by Deng would be another. In this historical self-assurance lay a fundamental difference between Russia and China.

5

Ideologically, Tsarism had from the start possessed a weak messianic streak, transmitted to Russian elites and in due course to the country’s intelligentsia—notions of Russia as the Third Rome, the saviour of the Slavs, the redeemer of humanity from Western materialism. In the century leading up to the Revolution, versions of this strain could be found in the Aksakovs, Dostoevsky, Rozanov, Blok. But it was a compensation mechanism. Russia remained, as all Russians knew, a backward margin of Europe, redoubtable only by reason of its vastness. Westernization, devoid of religious or ethnic foibles, had been the driving vision of its greatest rulers, Peter and Catherine, and in one variant or another—liberal or radical—came to dominate its elites and intelligentsia alike by the early 20th century. Still, hankerings for a special Russian mission persisted, yielding a recurrent schizophrenia, visible to this day.

⁸ *The Tiananmen Papers*, New York 2001, p. 327.

Leninism resolved this split mentality by waging war on Russian backwardness, not in desperate imitation of the West, but in revolt against it, moved by its own deepest critique of itself.

Under Stalin, the Second World War and its aftermath brought a return to nationalism of a more traditional Great Russian stamp, with its train of defence mechanisms, though this always coexisted with Marxist themes. After Stalin, such chauvinism receded, without any real alternative succeeding it. The embers of internationalism, still extant under Khrushchev, were soon snuffed out, leaving only the ideological vacuum of Brezhnevism. By the time of *perestroika*, not only virtually the whole intelligentsia but elements within the ruling elite itself, despondent at the stagnation of the country, had reverted to what could be considered, historically speaking, the ideological default position of thorough-going Westernization—if, this time, in a spirit more of abasement than ambition.

China's geo-cultural traditions were altogether distinct. The Middle Kingdom had dominated its known world ever since the unification of the first Emperor, in the time of the Punic Wars in the West; sometimes conquered, but never rivalled by any comparable state in the region, where it was always far the largest, richest and most advanced power, to which others could only pay tribute, rather than hope for equal relations. Under the Qing, the empire had extended further than ever, stretching deep into Central Asia. The ideology of successive dynasties had varied—Manchu cults were more heteroclit than most—but the imperial claim to absolute preeminence over all lesser rulers, nearer or farther, did not. China was the centre of civilization, and its natural summit.

In the 19th century, Western intrusion shattered these age-old pretensions. Once it became clear that the monarchy was crumbling, under domestic and foreign blows, the alarm of the literati—normally the linchpin of imperial administration—became steadily more acute; and with the first failures of the new Republic, their reaction took a uniquely radical turn. Different currents criss-crossed in the May Fourth culture that crystallized around the student protests of 1919 against Japanese demands on China, and the Treaty of Versailles that upheld them. But its central thrust was a complete demolition of scriptural Confucianism, which had been the ruling doctrine of China's socio-political order and the moral framework of educated life since Han times. Within a few

years, virtually nothing was left of it: an achievement no opponents of any comparable creed, world religions—Christian, Muslim, Hindu, Buddhist—occupying a similar position in the ideological firmament of their civilizations, have ever matched.⁹ The assault on the Chinese past, intermittently passionate enough already in Liang Qichao, became uncompromising and comprehensive in Chen Duxiu, the intellectual polestar of *New Youth*.¹⁰

The vehemence of this rejection of native traditions, utterly unlike any current of feeling in Japan, did not reflect—this too was unlike Japan—any profound temptation by the West. In China, the predatory record of the Western powers was too blatant to permit a *zapadnichestvo*. The mutual slaughter of the First World War in Europe clinched the lessons of imperialist greed in Asia, their marriage at Versailles precipitating May Fourth itself. The hallmark of this intelligentsia, after the collapse of the examination system, was abhorrence of the traditional past and revulsion at the capitalist present, as these mingled in warlord China. Its greatest mind, Lu Xun, gave unforgettable expression to both. Without denying that something of value lurked in each system—in the spirit of a sardonic Montaigne, he urged his compatriots to take what good they could find of either, in a freebooting ‘haptism’—he remained an irreconcilable enemy of both. But the very extremity of his positions sprang from the strength of the culture he criticized.

Mao, who admired Lu Xun, took his advice on a grand scale, transforming his negations into the positive synthesis of a Sinified Marxism, at once more systematically receptive of intellectual subversion from the West, and more profoundly attached to political traditions of the imperial past—composing ‘On Contradiction’ in the caves of Yan’an; neglecting affairs of state, at the height of his power, to re-read the chronicles of Sima Guang. Lu Xun knew little of dialectical materialism, and did not relish annals of autocracy. But today’s liberals, detesting both men, are not wrong to see a connexion between the ‘totalism’ of the critic and the ‘totalitarianism’ of the ruler. In their own way, each

⁹ For a coruscating analysis, see Mark Elvin, ‘The Collapse of Scriptural Confucianism’, in *Another History: Essays on China from a European Perspective*, Honolulu 1996, pp. 352–89.

¹⁰ ‘Where are the Babylonians today? What good is their culture to them now?’, he asked: Jack Gray, *Rebellions and Revolutions: China from the 1800s to 2000*, Oxford 2002, p. 195.

embodied a Chinese response to the crises of their country of a creative vigour without counterpart in Russia after the mid-20s, drawn from the deepest resources of a culture that was both much older and more threatened by foreign domination. In productive or perverted form, from May Fourth to the Cultural Revolution, related energies were at work. From 1919 to 1949—confidence in negation; then in revolt. From 1958 to 1976—over-confidence in construction; then in destruction. Finally, after 1978—confidence in reform and reconstruction.

6

The degree of inner security with which the senate of revolutionary elders tackled the problems confronting them found early expression in the way it dealt with the Party's past and future. De-Stalinization in Russia was the sensational but surreptitious act of a single leader, Khrushchev, who stunned the 20th Congress of his party with a speech denouncing the crimes of Stalin about which he had consulted no-one. Emotional and anecdotal, without more explanation of how the repressions he selectively reported had been possible than the empty bureaucratic euphemism, 'cult of personality', this rambling address was never officially published; nor was it followed by any more substantial documentation or analysis from the leadership of that time or later, until the days of *perestroika*.

Deng and his colleagues proceeded very differently. Some 4,000 Party officials and historians were involved in a retrospect of the Cultural Revolution, out of whose discussions a drafting group of 20–40 distilled a 35,000 word balance-sheet under Deng's supervision, formally adopted as a resolution by the Central Committee of the CCP in June 1981. While certainly no complete accounting of the Cultural Revolution—for which it recorded Mao's responsibility, 'comprehensive in magnitude and protracted in duration', but confined its toll of repressions to the Party rather than the population—it offered a reasoned explanation of it, beyond the misdeeds of one man: the peculiar traditions of a party whose road to power had inured it to harsh class struggle, as if this were a permanent task; the distorting effect of conflict with the USSR, fanning fears of revisionism within; and last but not least, 'the evil ideological and political influence of centuries of feudal autocracy'. Unlike Khrushchev's condemnation, the Resolution accepted co-responsibility of the Central

Committee for the modern autocrat's rule, and made no attempt to diminish his contribution to the Chinese Revolution as a whole.

Looking forward, the Elders' approach was equally distinct. In the USSR, Khrushchev had given no thought to any passing of his powers. Those who ousted him, Brezhnev at their head, clung to their posts into senility. In the palsied gerontocracy that the CPSU became, new generations were less a promise than a threat, and only deaths could bring any renewal of the leadership. Three General Secretaries had to die within three years, all in their seventies, before a younger politician could finally take over. In the CCP, on the other hand, the Elders suffered from no such insecurity. They lost little time in finding a relay. Within two years of recovering power, they had delegated its daily exercise to the cohort below them, making Hu Yaobang head of the Party and Zhao Ziyang of the government.

7

The Reform Era began—if not quite in point of time, in substantial effect—with a transformation of relations on the land. First, procurement prices for grain were increased. Then, in a rolling process spreading across the country, after experimental success in two provinces, Anhui and Sichuan, the People's Communes were wound up and usufruct of their land carefully divided among the individual peasant families composing them, giving them control of their holdings to produce what they wanted, once deliveries to the state were met. The resulting 'household responsibility system' amounted to a second agrarian reform, as egalitarian as the first, but far more favourable to peasant production. Responding to the new incentives, productivity shot up: labour inputs fell and harvests rose, agricultural output jumping by a third. With work-times released from tillage, rural industry—textiles, bricks and the like—spread rapidly. The result was to lift peasant incomes from 30 to 44 per cent of national income in the space of a few years, 1978 to 1984.

In the industrial sector, no sudden wrench was thrown into the central allocation system, Russian-style. Rather, state enterprises were gradually permitted to charge market prices for output above the quotas required of them by the plan and sold at fixed prices—giving managers

incentives, not unlike farmers, to produce profitably outside the official delivery system, without it being dismantled. Once such dual-track pricing was well tested, the size of the plan was in effect frozen, allowing further industrial growth to develop outside it. In practice the state now leased enterprises to managers on a contractual basis, much as peasants held their land on leases of thirty years from the state, which retained ultimate ownership of it.

For fifteen years or more, under these arrangements, the most dynamic sector of the economy proved to be the distinctive hybrid form of Chinese ‘township and village enterprises’—firms intermediate between state, collective and private property, benefiting from low taxes and easy credit from local governments, often stake-holders in them—which mushroomed in the simpler branches of industry with astonishing speed and competitive success. Rural industrial output increased at an annual rate of over 20 per cent, as employment in TVEs more than quadrupled from 28 to 135 million, and their share of GDP along with it, from 6 to 26 per cent, between the onset of the reforms and the mid-90s.¹¹ Highly profitable, the phenomenon of the TVEs was ignored by Russian reformers of every stripe as *perestroika* got under way. Of all the contrasts between the changes in the two economies, their performance offers the most dramatic single antithesis to the careening Soviet plunge towards de-industrialization.

The spectacular growth of the TVEs was based, of course, on unlimited supplies of cheap labour, absent in the USSR. With them, the PRC for the first time drew full benefit from its principal factor endowment, for which its earlier Soviet-inspired model of industrialization—focused on capital-intensive investment in heavy industry—had been a misfit, however necessary at the time. Reversing this pattern with labour-intensive investment in light industry, the TVEs gained an enormous comparative advantage: by the end of the 80s, their ratio of labour to fixed capital was nine times that of state-owned enterprises. But the latter were also direct beneficiaries of the growth of the TVEs, whose profits swelled peasant savings, which were then channelled by state banks into further investments in the big nationalized enterprises, re-equipping and modernizing them.

¹¹ Naughton, *The Chinese Economy: Transitions and Growth*, Cambridge, MA 2007, pp. 83, 274–6.

Very high levels of rural savings were in turn another feature of Chinese development rooted in the paradoxical legacy of the Revolution itself. For what determined them was a combination of the traditional limitation of full welfare coverage to the towns, the dismantling of the communes that had provided social services, lesser but real, in the countryside, and the effects of the one-child policy to restrain demographic growth. Without security against misfortune from the state, or sure prospect of family support from the next generation, peasant households had little option, even as their consumption increased, but to save a considerable portion of their income. The state benefited twice over. Unlike its Soviet counterpart, it was spared welfare expenditures on the larger part of its population, and had easy access to the funding required to finance its modernization programme.

Capital was also available from another source. As early as 1979–80, Special Economic Zones were opened along the southern coast to attract investment from the Chinese diaspora, targeting Hong Kong, Taiwanese and South-East Asian wealth. After a slow start, the Open Door shown to such foreign entrepreneurs became a success. Drawn by the privileges, absence of import duties and the cheaper labour of the mainland, diaspora firms arrived in force, bringing with them technologies beyond the reach of the TVEs, essentially in export processing. China was thus able to piggy-back on the accumulated experience and assets of diaspora capitalism for its entry into the world market as a low-cost manufacturing centre for assembly work; over time, principally in electronic and white goods. Here too lay a regional advantage that the Soviet economy, whatever else was possible for it, could not hope to match.

Last but not least, the Chinese reforms benefited crucially from the decentralization of state controls over the economy that was one of the most fruitful legacies of Maoism. This meant not only was there a much smaller planning empire to reconfigure, with far less muscle-bound paraphernalia of quotas and directives, but that the country already possessed in its provinces a web of autonomous centres of economic activity. Once these were further released from intervention by Beijing, their governments sprang into high gear, with every kind of incentive to increase investment and accelerate growth within their jurisdictions. In due course, this generated many an irrationality of its own: duplication of industries, gigantomania of public works, mushrooming of informal protectionism; not to speak of fiscal weakening of the centre, as local

authorities competed with each other for best results. But, with all its tares, inter-provincial competition in China, as once rivalry between cities in Italy, was and remains a source of economic vitality. Russia is nominally a federation today; but its vast, featureless plains have never fostered strong regional identities, and its government remains as centralized as ever. The contrast with China is fundamental. Not in constitutional law, but in commercial reality, the People's Republic of today is as much a case of dynamic federalism as the United States.

III. BREAKING POINTS

A decade into the Reform Era, by the end of the 80s the Chinese economy had been substantially transformed. The scale and speed of such changes, naturally, had not left society or culture unaffected. In the countryside, income growth levelled off after 1984, but the peasantry had enjoyed such a major improvement in its conditions of life that in relative terms it remained a contented class. The intelligentsia, historically the other key to social order, had also gained greatly from the reform course. But its attitude to the regime was more ambiguous. Universities had been reopened, research institutes expanded, new employment opportunities created. Rusticated youth had been reintegrated into urban life, and victims of past repressions released. Freedom of expression was far greater than under Mao, access to foreign thought and literature by and large unhindered, giving rise to a veritable 'high-culture fever'. In a heady atmosphere of increasing emancipation, the future of the nation was debated, with an overwhelming consensus in favour of further reforms.

This was not a point of contention with the government itself, whose official aim was also to deepen the reform process. For many intellectuals the two were working in the same direction, with an exchange of consultation and advice between them, particularly around Zhao Ziyang and his aides. But there was also a certain tension, which grew as the decade progressed. The Party possessed the authority of its economic success. It had also enjoyed the legitimacy of its rescue of society from the Cultural Revolution. But this was a deliverance that did not outline any alternative political order. Here the Elders, themselves scarred by the experience of the upheaval, were without a message, beyond warnings of the need to avert any relapse into chaos. At the very outset of the

Reform Era, in 1978, voices calling for democracy were swiftly silenced, as a threat to stability. At the time, these were still relatively isolated.

But as the economic reforms developed, with more and more emphasis on the introduction of market relations, coherent theorization did not accompany them—there was no official explanation of the significance of the TVES, for example. The result was a kind of ideological limbo, in which liberal ideas quite naturally spread. For if market principles of economic freedom were the order of the day, why should not juridical principles of political freedom—some nominally enshrined in the PRC constitution itself—follow them, as accredited doctrines in the West held they must? Historically, for all the distinction of Hu Shi, its one outstanding representative in the May Fourth generation, liberalism had been a very weak current in the Chinese intelligentsia. But in the 80s, without producing any comparable thinker, and with no very clear outlines, it became in the wake of the Cultural Revolution something like a dominant outlook among intellectuals. For the most part, this remained quite moderate, though over time more radical notes, closer to Russian norms, could be heard. By 1988, the popular television series *River Elegy* was offering a coded hymn to the West, contrasted with China's own grim traditions, of which any *zapadnik* could have been proud; though even this included a flattering portrait of Zhao Ziyang, evoking a great future ahead for the nation, and as history was widely criticized by scholars.

By this time, the mood among students differed. Among a generation no longer touched directly by the Cultural Revolution, spirits were higher, and ideas less fixed. Few were unaffected by the original ideals of the Liberation; some were influenced by liberal, others by more orthodox, teachers; most, attuned to culture and news from abroad—songs from Taiwan, music from America; strikes in Poland, elections in Russia; all, borne by the élan of a society in movement, excited by the opening of its horizons and frustrated by its continuing inertias. Conscious of its historic role in awakening the nation, in 1919 and again in 1935, this was the layer of the population readiest for collective action. In 1985 it showed its traditional nationalist mettle in protests against Japan. Then in the winter of 1986–87, it mounted demonstrations in Hefei and Beijing, calling for democratization. When Hu Yaobang, at the head of the Party, refused to suppress these, the Elders dismissed him. The movement was contained, but the sentiments behind it had not disappeared.

The following year, economic reform itself—hitherto the breakwater against demands for political reform—ran into its first serious crisis, as the cost of basic necessities started to rise, and urban wages stagnated. When Zhao and Deng hinted that full-scale liberalization of prices might be imminent, panic hoarding ensued, and in the summer inflation spiralled to an annualized rate of 50 per cent. Nor, in popular perception, was this the only baleful effect of the system of dual-track pricing. Corruption, unknown under Mao, was spreading, as officials took advantage of their position to exploit the difference between administered and market prices for the same products, and was detested. The combination of unexpected material hardship and anger at social injustice was an explosive mixture, creating a tense atmosphere in the cities.

In Beijing, students were already preparing demonstrations to coincide with the seventieth anniversary of May Fourth in 1989, when in April the death of Hu Yaobang—disgraced for his protection of them—suddenly provided a more immediate rallying-point for the expression of their feelings about the political clamp-down. Marching into Tiananmen Square to honour Hu, they caught the government off-balance. Zhao had been a party to the downfall of Hu, whom he replaced as Chairman of the CCP. But faced with this unrest he now temporized, and the Standing Committee split, leaving the authorities without direction. Showing extraordinary levels of self-organization, the student movement proved able to mobilize every campus in the city and keep up continual pressure on the government. By early May, the marches had become an occupation of the Square, demanding democratic change, backed by enormous demonstrations of the ordinary citizens of Beijing, on edge at the worsening of their economic situation and in open sympathy with the basic political aims of the students. Similar protests swept across the country, wherever there were universities to ignite them. Millions took to the streets, in a social movement without precedent in the history of the People's Republic.

The depth and scale of the upheaval of 1989 in China was far larger than anything in Eastern Europe in that year, let alone in Russia, then or later. The insurgent energy and idealism of the country's students, and the active solidarity with them of the urban population, were without comparison elsewhere: testimony in their way to the political vitality of a society still close to its revolutionary origins. But in China one kind

of energy met another. When the crisis came, the post-revolutionary leadership charged with the daily running of the state and Party hesitated, and divided. But the Elders, veterans of decades of armed struggle to win power, were not going to lose it by indecision. They remained the combatants they had always been, unafraid to strike at a threat to the Party's rule, as they saw it, when the necessary force was assembled. In June, the PLA was ordered to clear the Square, and in a night of violence the movement was crushed.

2

Repression came at a high price. The CCP lost more legitimacy on June Fourth than in the Cultural Revolution, which not only had once enjoyed real support, but left a respected leadership in reserve to take charge once it was over. In 1989, no part of the nation supported the crack-down, and there was no opposition in the Party that survived—Zhao, dismissed for failing to vote for martial law, passed quietly away sixteen years later, still under house arrest. On the other hand, the regime still had the card of economic growth. Earlier ideological credentials spent, everything now had to be banked on this. A dose of austerity, to master inflation, lasted into 1991. What next?

Here Deng separated himself from his colleagues, and his own past. In May 1989, he had said: 'Some people, of course, understand "reform" to mean movement towards liberalism or capitalism. Capitalism is the heart of reform for them, but not for us. What *we* mean by reform is different and still under debate'.¹² In January 1992, Deng travelled to the South and declared in Shenzhen, the largest of the Special Economic Zones, that the principal danger facing China was not from the Right but Left opposition to further liberalization of the economy, of which the local stock-market was an exemplary innovation. While still maintaining that China needed socialism rather than capitalism, he now dismissed 'talk of capital C and capital S' as futile, explaining that since inequalities were functional for growth, individual accumulation of wealth was not reprehensible, but laudable: 'to get rich is glorious'. Hopes of collective liberty buried, compensation was to be found in private prosperity. All that mattered was growth, without anachronistic specifications: as the

¹² *The Tiananmen Papers*, p. 325.

official slogan, trumpeted to doubters, would put it: 'Development is the irrefutable argument'.

Development duly came, at a spectacular rate. Chinese growth in the 90s overtook even that of the 80s, as liberalization of the economy deepened. By the end of the decade, the industrial landscape had been transformed, with a massive shake-out of state-owned enterprises. As late as 1996, the state sector still accounted for the bulk of urban employment. But from 1997 onwards, provincial officials were allowed to dispose of most of them as they wished, closing down, transforming or privatizing them. In the process, some 7 million workers a year lost their jobs, until by 2004 total private employment was nearly double that in the public sector. Over the same period, the TVEs were privatized on an even more sweeping scale—leaving only about 10 per cent of them in any form of collective ownership. So too was 80 per cent of urban housing stock. But 'keeping the big and letting go the small', the state did not relinquish command of what it regarded as the strategic heights of the economy: energy, metallurgy, arms and telecoms. Accounting for a third of all industrial sales, and posting high rates of profit, its giant firms in these key sectors comprised some three-quarters of all SOE assets.¹³

Structurally, if controlled divestment was one of the two fundamental changes of the second reform period, after 1989, the other was maximization of foreign trade. The speed and degree of opening had few precedents. By the new century, average industrial tariffs were less than 10 per cent, about a third of Indian levels; agricultural not more than 15 per cent. Boosted by foreign investment, in which non-diaspora capital—American, Japanese, European—now played a significant, though minority role, exports of manufactures soared, increasingly in higher-tech lines, if still mainly assembly work in these. Within a generation, in effect, China had become the new workshop of the world, the value of its foreign trade in goods amounting to two-thirds of its GDP—an unheard-of figure for a large country, two to three times higher than that of the United States or Japan. But as in industry at home, so in commerce abroad, the state has to date reserved a critical lever for itself, retaining control of the exchange rate, capital account and banking system.

The material success of this model of development has made the PRC the contemporary wonder of the world. With a rate of investment of over

¹³ Naughton, *The Chinese Economy*, pp. 186, 106, 286, 303–4.

40 per cent, in fifteen years GDP grew four times over, between 1989 and 2004. In the cities, the income of urban households rose at a rate of 7.7 per cent a year; in the countryside, at nearly 5 per cent.¹⁴ From the beginning of the Reform Era to 2006, the average living standards of the Chinese increased eight times over, expressed in dollars. In a single decade, the urban population jumped by 200 million.¹⁵ City-dwellers now comprise two-fifths of the nation, and sustain the largest car market in the world. Towering above even Japanese reserves, holdings of foreign exchange top \$1.9 trillion, more than the GNP of Canada. China has arrived, with a vengeance.

IV. THE NOVUM

But is arrival the right term? Would not return be more appropriate? For centuries, after all, China was the wealthiest and most advanced civilization on earth: surely there must be some connexion between the prowess of this past and the formidable achievements of the present? Such questions take us to a terrain at once grander and more obscure than the relatively clear-cut field of comparison between two modern revolutions. Here three rival schools of thought can be stylized, without to date there being any systematic confrontation between them. The first, currently most in vogue among historians, attributes high-speed growth in the PRC essentially to millennial legacies of the imperial past—commercial dynamism based on intensive agriculture; deepening division of labour; flourishing urban networks and expansion of domestic trade; record demographic growth; an ‘industrious revolution’. In this view the Chinese economy, long the largest and most sophisticated in the world, exhibiting a classically Smithian path of growth, was fully as developed as that of Western Europe—if not more so—down to the Opium War. Knocked off course for over a century by foreign penetration and internal disorder, it is now reverting to its natural position in the world.

¹⁴ The overall figures mask a sharp break in both the model of growth and distribution of gains from it after 1989, favouring the cities at the expense of the countryside, and state and foreign enterprise at the expense of private firms. For an analysis of the change, see Yasheng Huang, *Capitalism with Chinese Characteristics: Entrepreneurship and the State*, New York 2008, who further argues that total factor productivity has been falling across it: pp. 288–90.

¹⁵ Fred Bergsten, Bates Gill, Nicholas Lardy, Derek Mitchell, *China: the Balance Sheet*, New York 2006, pp. 5, 31.

For a second school, more prevalent among economists, the imperial past offers few clues to the modern present, if only because—as Smith emphasized—absence of foreign trade deprived the traditional economy of competitive stimulus, and inadequate security of property rights inhibited entrepreneurship, cramping Chinese development within limits closer to a Malthusian pattern. On this reading, contemporary high-speed growth is the product of the belated integration of China into a world capitalist economy from whose formation it was historically absent. With the opening of its markets to foreign investment, and gradual strengthening of property rights, factors of production were at last liberated for a new dynamism. The combination of abundant supplies of cheap labour with abundant overseas capital and technology has built an export machine with no precedent in the Chinese past.

For a third school, to be found (not exclusively) among sociologists, the key to China's economic ascent lies, on the contrary, in the Chinese Revolution. In this version, it is the achievements of the Mao period that laid the deep foundation for the feats of the Reform Era. Central to this legacy were the creation of a strong sovereign state for the first time in the modern history of the country, putting an end to semi-colonial bondage; the formation of an educated and disciplined labour-force, with high rates of literacy and life-expectancy for a still otherwise backward society; and the establishment of powerful mechanisms of economic control—planning, public sector, external account—within a relatively decentralized institutional framework, that allowed for provincial autonomies. Only on these transformative conditions has the performance of the Open Door period been possible.¹⁶

Plainly, none of these interpretations are absolutes. Mixtures can as often be found as pure cases. Generally lacking, however, are attempts to assess the relative weight of the alternative variables on offer. Analytically, the requisite causal hierarchy will not crystallize overnight. Here it is

¹⁶ For foundations of the first view, see Kenneth Pomeranz, *The Great Divergence: Europe, China and the Making of the Modern World Economy*, Princeton 2000, and Sugihara Kaoru, 'The East Asian Path of Economic Development: a Long-Term Perspective', in Giovanni Arrighi, Hamashita Takeshi and Mark Selden, eds, *The Resurgence of East Asia: 500, 150 and 50 Year Perspectives*, London 2003, pp. 78–117; for illustration of the second, Jim Rowher, 'When China Wakes', *Economist Special Report*, 28 November 1992; for examples of the third, Chris Bramall, *Sources of Chinese Economic Growth, 1978–1996*, Oxford 2000, and especially Lin Chun, *The Transformation of Chinese Socialism*, Durham, NC 2006.

enough to indicate one relevant control for the contending hypotheses, which can be put as follows. How, and in what ways, has high-speed growth in the PRC differed from, or been similar to, that in Japan, South Korea or Taiwan? If the Chinese experience closely resembles these, the case for either pre-modern or late-capitalist explanations gains traction; if it diverges significantly from them, the revolutionary explanation will *prima facie* look more plausible. What does the evidence suggest?

A glance at the statistics yields a paradox. Impressively swift though it has been, PRC growth has not been that much faster than that of its East Asian neighbours at comparable stages of their development, though it has been sustained a decade longer. Nor has its economic basis been significantly different: in each case, the model of development has been overwhelmingly export-led. In these two respects, the family resemblance is strong. In five others, however, the contrast is marked. Since the 90s, export-dependence has been much higher in the PRC than in Japan, the ROK or Taiwan; the share of consumption in GDP much lower; reliance on foreign capital has been vastly greater; the gap between urban and rural incomes—and investment—much wider.¹⁷ Finally, and no less fundamentally, the size and role of the state sector in the economy has been, and remains, structurally far greater. These features of Chinese growth, which set it apart within East Asia, are interrelated, and have a single explanation. In Japan, Korea and Taiwan, the post-war states were creatures of American occupation or protection, on a front-line of the Cold War. Strategically, they remain to this day wards of Washington—planted with US bases or ringed by US warships—without real diplomatic or military autonomy. Lacking political sovereignty, yet needing domestic legitimacy, their rulers—LDP, Park Chung Hee, GMD—compensated with policies of economic self-development, keeping foreign capital at bay with one hand, promoting domestic corporations with the other. So too, fearing peasant radicalization, with the spectre of the Chinese Revolution before them, they implemented agrarian reforms—here the US was with them—and were careful never to let the countryside fall too far behind the cities, as growth accelerated.

The opposite configuration held in the PRC. There, the post-revolutionary state was externally completely sovereign—capable, indeed, of fighting America to a halt in Korea—and domestically very strong, from the start.

¹⁷ See the striking analysis, with accompanying graphs, of Hung Ho-fung, 'America's Head Servant?', NLR 60, Nov-Dec 2009.

Just for that reason, once the Reform Era arrived, the PRC could afford a massive influx of foreign capital, without fear of discredit or subversion by it. As a fully independent state, in tight command of its territory, it could be confident of its ability to control flows of alien capital by political power, much as Lenin had once hoped to do in the days of NEP; and, with a continuing grip on the strategic—financial and industrial—heights of the economy, of its ability to dominate or manipulate domestic capital. By the same token, it could also repress rural consumption, driving destitute peasants into the cities as migrant labour, in a way impossible for governments in Tokyo, Seoul or Taipei, whose farmers had to be looked after if the local regimes were to survive. If the CCP could do so without loss of control over urbanization—the planetary slums proliferating in South or South-East Asia—it was the *hukou* system separating cities and countryside, installed during the Great Leap Forward, that enabled it. Under Mao too, peasants had been victims of primitive accumulation, to the benefit of the towns. But once public health and education in the villages were dismantled after him, and under Jiang investment was switched away from the countryside, discrepancies between rural and urban incomes grew by bounds. The historical premise of both high levels of FDI and low levels of rural provision in the PRC has been the same—a regime born of revolution in a country with a population over seven times that of Japan, the ROK and Taiwan combined, capable of dealing toughly with peasants and foreigners alike. For both, the price has yet to be paid. But the direct or indirect bill for each is visibly increasing—still disconnected, but spreading unrest in the villages; still manageable, but mounting addiction to US Treasuries.

2

The Party that has presided over this transformation of the country has been transformed by it. The Immortals have passed away. But the advantages of being the second mover, rather than the first, have not. Learning from the fate of Brezhnevism, the CCP has institutionalized renovation of its leading ranks, with limits for tenure of office, and regular transfer of power from one generation to the next. Without any revolutionary background, those now in charge and to come have more formal education, and draw—much as imperial rulers once used the literati—on wider technical and intellectual resources, from many a think-tank and informal consultation with expert or interested opinion, than ever

before. Economic growth and diplomatic success have restored political reputation: the Party of today enjoys greater popular legitimacy than at any time since the fifties. The mandate it has gained is at once powerful and brittle. Powerful: prosperity at home and dignity abroad are appeals few resist. Brittle: economic development without social justice, national assertion and international entanglement, are hard to square with the ideals of the Revolution which the Party claims as its own. Consumer nationalism is a shallow ideological construct, on which it cannot completely rely. Depoliticized as the principal discourse of the CCP has become, purging it of socialism altogether would be counter-productive. The inherited claim to another legitimacy, still inscribed in its name, remains a necessary reserve. For the revolutionary sentiments of injustice, and demands for equality, have not disappeared from the minds of citizens. Nor have the risks of ignoring them.

Explanation is one thing, classification another, evaluation a third. Taxonomically, the PRC of the 21st century is a world-historical *novum*: the combination of what is now, by any conventional measure, a predominantly capitalist economy with what is still, by any conventional measure, unquestionably a communist state—each the most dynamic of its type to date.¹⁸ Politically, the effects of the contradiction between them are branded everywhere into the society where they fuse or intertwine. Never have so many moved out of absolute poverty so fast. Never have modern industries and ultra-modern infrastructures been created on so vast a scale, in so short a space of time, nor a flourishing middle class arisen at such speed along with them. Never has the rank-order of powers been altered so dramatically, to such unforced popular pride. Nor, in the same years, has inequality ever spiralled to such dizzying heights so swiftly, from such low starting-points. Nor corruption spread so widely, where once probity was taken for granted. Nor workers, till yesterday theoretical masters of the state, treated at will so ruthlessly—jobs destroyed, wages unpaid, injuries mocked, protests stifled.¹⁹ Nor have peasants, the backbone of the revolution, been robbed in such

¹⁸ For the clearest recent analysis of the structure of the economy, see Joel Andreas, 'Changing Colours in China', *NLR* 54, Nov–Dec 2008, pp. 123–52; and of the continuities in the Party, David Shambaugh, *China's Communist Party: Atrophy and Adaptation*, Berkeley–Los Angeles 2008, who stresses its learning abilities in the wake of the collapse of the CPSU.

¹⁹ The fate of the Chinese working class, old and new, is the subject of a sociological masterpiece: Ching Kwan Lee, *Against the Law: Labor Protests in China's Rustbelt and Sunbelt*, Berkeley–Los Angeles 2007.

numbers of land and livelihood by developers and officials, in clearances as out of the Scottish Highlands. More users of the internet than in any country on earth, no terror, much freedom of private life; with more streamlined and effective machinery of surveillance than ever before. For minorities, affirmative action and cultural-political repression, hand in hand; for the rich, every luxury and privilege exploitation can buy; for the weak and uprooted, crumbs or less; for dissenters, gag or dungeon. Amid formal—even, not wholly unreal—ideological conformity, colossal social energy and human vitality. Emancipation and regression have often been conjoined in the past; but never quite so vertiginously as in the China that Mao helped to create and sought to prevent.

Judgement of so awesome a historical process, still in its early stages, is bound to be fallible. Difficult enough for those living through it, to keep the whole experience steadily in view and reach some dialectical balance-sheet of it may be all but impossible for those outside. In the West, Sinomania and Sinophobia have regularly alternated since the Enlightenment, the pendulum now swinging from the second back towards the first, amid a new wave of *chinoiserie*, popular and intellectual, not necessarily more enlightened than the original. In China their counterparts are recurrent moods of Westernism and Great Han chauvinism. A spirit of unintoxicated comparison, rarely achieved, is the only safeguard against such temptations. That goes for the future too. The scenarios, optimistic or pessimistic, heard from time to time among its citizens, are often drawn from Taiwan and Singapore: eventual democratization as living standards and political expectations rise, or authoritarian paternalism *in perpetuo*, with an electoral façade. Neither is particularly persuasive. Taiwanese democracy was less the product of a gradual change of heart by the GMD than of its need for a new kind of international legitimation, once America withdrew recognition from the island. The one-party regime in Singapore rests on a welfare system that can be so provident only because it is built for a city-state, not one of imperial proportions. Beijing neither requires the first, nor is likely to reproduce the second. Towards what horizon the mega-junk of the PRC is moving resists calculation, at least of any current astrolabe.