

“China and Russia, along with a number of other countries, demonstrate that capitalism can exist without Western-style democracy, at least for a period of time.”

The Resilient Authoritarians

MARTIN DIMITROV

When the Berlin Wall fell, political scientists were wildly optimistic about the global spread of democracy. In the 1990s a number of authoritarian regimes did democratize. But others, such as China and Cuba, have proved remarkably resilient, and Russia has backtracked significantly on democracy. Of these countries,

POLITICS

Global Trends, 2008

China is the most important. Weathering countless predictions of its imminent collapse, the regime in Beijing has thus far defied assumptions about the global triumph of democracy. How can we explain this resilience? As a model for development, does China's progress toward free market capitalism in the absence of democracy present a viable alternative to Western liberalism?

The received wisdom on China is that the regime has preserved popular support by promoting capitalism to deliver rapid economic growth. Yet, while it is true that growth matters, it is only part of the story. In addition to economic growth, the Chinese Communist Party has relied on two other pillars to maintain popular acceptance of one-party rule. One is nationalism: China is a great power and has recently started to act like one, cultivating friends abroad and standing up to Japan and the United States. The other pillar is an expansion of civil and political rights. Chinese citizens today have rights they have never enjoyed in the past, and when these rights are violated, the citizenry can make use of various options for defending them. In short, the recipe for the stamina of the Chinese regime contains three ingredients: capitalism, nationalism, and legal rights.

MARTIN DIMITROV is an assistant professor at Dartmouth College. He is author of the forthcoming *Piracy and the State: The Politics of Intellectual Property in China* (Cambridge University Press, 2008).

Notably absent from this list are the institutions typically associated with democracy—strong civil society, competitive elections, and the separation of powers. Nevertheless, opinion polls conducted by Westerners and Chinese alike indicate that the regime enjoys widespread popular support. This raises the possibility that we are witnessing the emergence of an alternative model to that of Western-style democracy, not an example of insufficient or delayed political development.

Indeed, a number of countries appear to be mirroring China's experience. Consider Vladimir Putin's Russia. Thanks to high oil and gas prices, the Russian economy is booming. Like China, Russia has invested in promoting nationalism and in acting more assertively in international affairs. President Putin, moreover, has stressed the primacy of law and has attempted to strengthen the court system, particularly the commercial (*arbitrazh*) courts. Yet Russia is not a democracy. Its elections are “managed,” its media are not free, and its civil society groups face restrictions on their activities. Putin's popularity is sky high nevertheless. Russians seem to like what they are getting from their government, even if it falls short of Western democracy.

Meanwhile, countries as different as Vietnam and Venezuela can also be loosely classified in the same group as China and Russia. While it is impossible to know how much longer the regimes in Beijing and these other countries will endure, their experience, at least so far, seems to challenge the widely held assumption that capitalism, the rule of law, and democracy always go hand in hand.

CHINA'S MARKET REFORMS

Had it not initiated economic reforms, China would probably have followed the fate of the Eastern European communist regimes that collapsed at the end of the 1980s. Instead, Deng Xiaoping, the architect of the Chinese economic miracle,

30 years ago launched the policy of “reform and openness,” which eventually catapulted the People’s Republic to its current status as an economic powerhouse. Three decades ago China was poor; 82 percent of its population lived in the countryside, and the average per capita income was about \$165 (measured in 2000 US dollars). Today 43 percent of Chinese live in cities, and average incomes have increased eleven-fold. To put it simply, everybody—rich and poor alike—has benefited from China’s growth. No other country in the world has been able to pull off such a feat in so short a time.

How has China been able to achieve its spectacular growth? Deng favored gradual reform, focusing first on agricultural de-collectivization, the reinvigoration of markets, and the legalization of private entrepreneurial activity. It was much later that the regime turned to more sensitive tasks, such as the privatization of inefficient state-owned enterprises, the clearing of staggering loads of bad loans plaguing Chinese banks, and the introduction of some competition in government monopoly sectors, such as telecommunications and insurance services. Meanwhile, foreign direct investment and foreign trade have been instrumental in ensuring China’s continuous growth during the reform period. Cumulatively, the country has absorbed over \$700 billion in foreign investment over the past 30 years. This has fueled China’s export-oriented services, which in turn have allowed the nation to amass the largest foreign currency reserves in the world, currently valued at \$1.4 trillion.

The process begun in 1978—aiming to create a capitalist free market economy in a country run by a communist party—has been uneven, but it is now complete. Private property is protected to a significant extent, both by the Chinese constitution and by a series of laws governing property and contracts. The stock exchanges in Shanghai and Shenzhen are booming. Commercial disputes are resolved not by dispatching thugs, but by appealing to highly trained judges. Each year, China’s courts handle over a million commercial cases. This is a marked departure from the 1980s, when property rights were far less secure and private entrepreneurs had limited legal recourse to make sure contracts were enforced. Capitalists, once branded “counterrevolutionaries” and “poisonous weeds,”

are now celebrated in the press, and private entrepreneurs are encouraged to join the Chinese Communist Party—underscoring how definitive the break with the planned economy has been.

China’s growth, averaging about 10 percent a year over the past three decades, has lifted hundreds of millions of Chinese out of poverty. Yet, while both peasants and urbanites have seen absolute improvements in their incomes, some have benefited much more than others. China entered its reform period as a highly equal society. Thirty years later, it has reached levels of income inequality that place it on a par with the United States, the most unequal advanced industrial society in the world. This is a direct result of China’s reform strategy, which privileged the development of coastal provinces and scrapped generous social service provisions for urban workers, such as subsidized housing and free health care.

Inequality breeds discontent, and significant levels of discontent can lead to regime instability.

Justly concerned, President Hu Jintao has advanced the concept of “scientific development,” which aims to diffuse social discontent by targeting funds for the unemployed,

migrants, and residents of China’s poor hinterland provinces. The task of achieving balanced development while maintaining high levels of growth is gargantuan, but the current leaders appear to understand that the stability of their regime will depend on how well they handle this challenge.

RIGHTS AND ACCOUNTABILITY

During the Mao years, the Chinese regime ruled through coercion. During the reform period, the Communist Party has been mindful of the need to extend certain rights and liberties to the people—after all, this makes it easier to rule, because individuals are more likely to comply with government policies if they feel they have a say.

Thus, the reform period has witnessed a remarkable emergence of civil and political rights. Chinese citizens can elect local officials at the village level and in some urban neighborhoods. They can also create nongovernmental organizations (NGOs) and other social groups that can have an impact on policy making. For example, green NGOs such as Friends of Nature and Global Village have undertaken important campaigns to educate both the

In China, protests, corruption probes, and village elections provide a certain degree of accountability without democracy.

public and government officials about the need to protect the environment. The Chinese today are freer to follow their religious beliefs, even though some important restrictions remain. They have access to a press that is relatively free to report on topics that were taboo in the past, such as official corruption and malfeasance. Finally, while the internet is controlled and certain websites are often blocked, many Chinese use proxy servers and other methods to circumvent official firewalls and obtain the information they want.

Not only do individuals in Chinese society have rights, they also have means at their disposal through which they can defend these rights. Since the late 1980s citizens have been permitted to sue government officials for abuse of discretion, and they win such suits more and more often. Other available avenues for defending rights include complaints to upper-level leaders, mobilization of the press, and petitions. While problems in exercising these options persist, the Chinese today have more meaningful rights than they have ever had in the past.

In Western democracies, the typical method for establishing political accountability is elections. As mentioned, competitive elections do exist in China, but only at the lowest levels of the political system. However, another mechanism is available for establishing a certain degree of accountability: mass protests. In 2005, for instance, 87,000 mass protests occurred in China, representing a tenfold increase over the number of protests 10 years earlier. While some interpret these protests as an indicator of regime weakness, in fact the central government tolerates them because they increase its legitimacy. The protests typically are directed against abuses of power committed by local government officials. The central government is seen as an ally of the protesters—as long as it punishes corrupt lower-level officials. From time to time, the central government even punishes top leaders who are involved in corruption scandals. When ordinary citizens suffer because of bureaucratic malfeasance, the central government will make a show of stepping in and taking action.

THE POWER OF NATIONALISM

Another way the Chinese government is responsive to public needs is by tolerating the expres-

sion of nationalist sentiment among the people. Modern-day Chinese nationalism is not a reaction to the possibility of external attack. It is driven rather by a victimization narrative (“China’s century of national humiliation” from the mid-1800s to 1949) and a desire to restore China to its former glory. In the early 1990s, regime-sponsored think tanks stoked nationalist passions by writing about the Japanese atrocities committed in China in the 1930s and 1940s, about Taiwanese moves toward independence, and about American hegemony. Blockbuster publications such as *China Can Say No* appeared with government encouragement, strongly criticizing America and Japan. And individuals were allowed to engage in organized anti-Japanese or anti-American protests. From the government’s perspective, this was a win-

win strategy: The people had an outlet for venting frustration, yet they were not protesting against the regime.

In the current decade there has been some contention among China

specialists about the regime’s ability to control mass nationalism. Some argue that the government is fostering and manipulating nationalist sentiment. Others contend that, from the mid-1990s onward, the regime has been reacting to mass nationalism rather than proactively encouraging it. There is evidence that the government initiated and steered the rise of anti-Japanese rhetoric by sponsoring research on the Nanjing massacre, creating the Beijing War of Resistance Museum, and sensitizing the Chinese public to the publication of nationalistic Japanese textbooks. Even so, China-based scholars seem to agree that the most recent round of extensive anti-Japanese protests in 2005 was not organized by the regime, and that the government saw it more as a nuisance than as something that was desirable. The palpable potential that anti-Japanese agitation might turn into anti-government protests led the regime to move quickly to check the demonstrations.

The Chinese experience invites mention of two potential pitfalls with the instrumental use of nationalism. First, nationalist activity not controlled by the regime can backfire and turn into anti-regime protests and thus undermine government legitimacy rather than bolster it. Second, while externally oriented nationalism can be the glue that keeps people together and ensures greater regime support, it can easily degenerate

Countries as different as Vietnam and Venezuela can also be loosely classified in the same group as China and Russia.

into anti-minority nationalism. In China, most people are Han Chinese, but about 100 million are representatives of non-Han minorities such as Uighurs and Tibetans. The government has made efforts to avoid the anti-minority nationalism that proved so destructive in Yugoslavia in the 1990s. So far, China seems to have been successful at integrating minorities and incorporating all ethnic groups into the notion of a great nation potentially threatened by two external powers: Japan and the United States.

UNDEMOCRATIC BUT RESPONSIVE

What is distinctive about the Chinese experience over the past three decades? Primarily, it is China's successful transformation from a poor developing country into a country with middle levels of wealth—a transformation made possible by the aggressive pursuit of free market capitalism (though the United States has yet to formally recognize China as a market economy). The unusual thing about this development trajectory is that a communist party was responsible for initiating and steering forward these pro-market reforms. It is also unusual that the reforms show no signs of ushering in Western-style liberal democracy.

What China has instead of liberal democracy, at least for the time being, is a leadership that is responsive to the public. This responsiveness is manifested in the accommodation of limited civil and political rights and the encouragement or toleration of nationalist sentiment. The leadership has also become more accountable to the public. In China, protests, corruption probes, and village elections provide a certain degree of accountability without democracy.

China's experience shows that capitalism, the rule of law, and democracy do not always coexist. While democracy has undeniable advantages for promoting accountability, non-democratic regimes can also establish some limited accountability to the public and can respond to the needs of the people. Traditionally, it has been assumed that all non-democratic regimes rule through coercion, rather than by relying on quasi-voluntary compliance. This is not the case in China.

A growing body of evidence emerging from both Western and Chinese scholarship suggests that the Chinese regime is legitimate in the eyes of the public. Scholars distinguish between specific and diffuse regime support. Specific support has to do with how happy individuals are with concrete government policies, such as taxation. Diffuse

support has to do with citizens' overall satisfaction with their existing system of governance. Current research indicates that, while the Chinese are dissatisfied with specific actions of government officials, there is widespread diffuse support for the regime. In other words, the Chinese leadership enjoys significant levels of legitimacy despite the absence of democracy.

Does this suggest the emergence of a Chinese development model that others might decide to emulate? Perhaps so. China's experience is attractive to two groups of countries whose ruling elites do not wish to establish Western-style liberal democracies. The first group consists of countries whose rapid economic growth rates are based on natural resource extraction, such as Russia, the Central Asian states, and Venezuela. The second group is made up of non-democracies that are resource-poor, such as Vietnam and Cuba. States belonging to both of these groups are united by their commitment to maintaining growth and establishing some institutions for popular voice and official accountability—stopping short, however, of democracy.

THE CASE OF RUSSIA

Russia in the 1990s was a democracy, albeit a flawed one. It had elections, which international observers at the time certified as free and fair. With the benefit of hindsight, we now know these observers were often looking the other way. In the 1996 presidential race in particular, election observers tolerated fraud that allowed the reelection of Boris Yeltsin. The international community was committed to preventing Gennady Zyuganov (a reformed communist) from capturing the presidency of what had been the world's second most powerful country, even if that meant pouring significant resources into the reelection of the deeply unpopular (yet anticommunist) Yeltsin. Electoral manipulations aside, Yeltsin's Russia had the other trappings of Western-style democracy—a functioning parliament, a multiparty system, a free press, and a large civil society.

Although it was democratic, Yeltsin's Russia had neither a free market economy nor the rule of law. Yeltsin did unleash a massive privatization program, but it was very poorly implemented. Corrupt privatization schemes helped enrich a small group of individuals, collectively known as the "oligarchs," who were able to grab the most appetizing morsels of Russia's vastly profitable extractive industries. By the end of the 1990s, ordinary Russians found themselves poorer and less happy than they had been

under communism. Private property existed, but the state was too weak to protect it. Criminal gangs and mafia groups provided “security services,” but citizens could not feel secure about their property in Yeltsin’s Russia. The feeble central government was unable to collect taxes in the provinces and could not ensure that its laws were enforced across Russia’s vast territorial expanse. Lawlessness and despair reigned across the country.

When Putin was appointed prime minister in March 1999, he found a state in shambles. Russia was weak both domestically and internationally. The Yeltsin years had been marked by persistent budget deficits and an erosion of the standard of living. A few robber barons had become wealthy, but Russia had no rule of law. Internationally, Russia had been reduced to a second-rate player, an “Upper Volta with nuclear weapons,” to quote Margaret Thatcher.

Putin set out to transform Russia into a modern capitalist economy with the rule of law. He strengthened tax collection, clarified inconsistencies between federal and regional laws, and simplified procedures for doing business. He asserted Moscow’s influence vis-à-vis the regions and ensured that the state operated more effectively than under his predecessor. Even before the sharp increase in global oil prices in 2002, Putin’s measures were having an impact and the Russian economy had started to grow rapidly. Foreign investors gained confidence and, on a per capita basis, foreign investment pouring into Russia surpassed that going into China.

Unfortunately, while Putin promoted capitalism and the rule of law, he limited democracy. Electoral manipulation increased by comparison with the Yeltsin era, independent media outlets began to disappear, opposition parties were emasculated, restrictions were imposed on civil society groups, and journalists were intimidated and sometimes killed. Today, Russia’s democratic institutions are largely gone. And yet, Putin’s approval rating is very high: For much of his presidency, it has hovered between 70 percent and 80 percent. Russians are enjoying increased standards of living thanks to the oil bonanza and greater predictability in everyday life as a result of the strengthening of courts and other law enforcement institutions. Putin’s tough handling of the oligarchs, most of whom now live in exile, won broad approval as well.

Russians seem to like what they are getting from their government, even if it falls short of Western democracy.

Also bolstering Putin’s popularity is his promotion of the “Russian idea,” which is about reviving traditional Russian values and restoring the country to its former status as a great power. Like China, Putin’s Russia is nationalistic and anti-Western. Also like China, Russia has assumed a more assertive position in international affairs. Russia wants to be seen as a world power, even if that can be accomplished only by defying the United States. Russians who feel nostalgic for the Soviet era are enamored with Putin’s idea of resurrecting the former greatness of the Russian nation.

How much longer is Russia likely to endure as a non-democratic state? This is anybody’s guess, though the initial forecasts for this spring’s presidential elections are far from optimistic. It is important to emphasize that, unlike in China, economic growth in Russia is linked to the high prices of natural resources.

MIRRORING THE MODEL

Several resource-rich former Soviet republics fit in the same category of resilient authoritarian states: Azerbaijan, Kazakhstan, Turkmenistan, and, to a certain extent, Uzbekistan. In Latin America, Venezuela also seems to be following a trajectory similar to that of Russia. Natural

resource wealth has been used to keep the people happy and has allowed the president, Hugo Chávez, to gradually scale back democratic institutions. It is now well known, however, that countries with an abundance of natural resources often experience the so-called resource curse, essentially delaying the diversification of their economies while encouraging corruption and in the long run slowing down economic growth. Ultimately, this can have disastrous consequences for political stability. Indeed, countries rich in natural resources may turn out to be far less stable than resource-poor countries in which high growth is based on productive activity.

Vietnam, a resource-poor country, mirrors most closely China’s reform experience. Like China, it is ruled by a communist party, yet it has a market economy and steadily expanding rights and liberties. Vietnam’s economic reforms started about a decade later than China’s, and have been more fitful. Nevertheless, Vietnam has enjoyed an average growth rate of about 7 percent since the ini-

tiation of *doi moi* (renovation) two decades ago. Surprisingly, political reform in Vietnam has progressed further than in China. Vietnam's National Assembly is directly elected (and in a somewhat competitive fashion), and it has the power to subject the government to no-confidence votes. Like China, Vietnam has emphasized legal reform and anti-corruption efforts. Also as in China, the Vietnamese regime gains some legitimacy by catering to nationalist sentiment among the citizenry. In the case of Vietnam, the targets of these sentiments are the United States and China.

Another country that seems to be drawing lessons from China is Cuba. Since 2006, when the ailing Fidel Castro handed over power to his brother Raúl, the Cuban Communist Party has taken resolute steps toward economic reform. The government has encouraged both private entrepreneurial activity and foreign investment. Some of the most important investment projects on the island have been spearheaded by the European Union, China, and Venezuela. The initial results are impressive: In 2006, Cuba's GDP grew by 11 percent; the forecast for 2007 was 7 percent.

Cuba has combined economic growth with a limited political opening. The number of political prisoners has declined, for instance, and there seems to be more tolerance of dissidents. In addition to improvements in civil and political rights, the legitimacy of the Cuban regime is based on potent anti-American nationalism. While in China, Russia, and Vietnam the external threat is largely manufactured, in the case of Cuba the US trade embargo strongly reinforces the credibility of the American threat. Cuba demonstrates that nationalism can be a powerful glue for holding a country together even under unfavorable economic conditions, such as those prevalent during Cuba's *periodo especial* in the 1990s, when the economy was in shambles following the collapse of the Soviet Union.

Will these regimes prove resilient for much longer? This, too, is currently unclear. What is evident is that democracy and capitalism need not coexist. Non-democratic societies can develop political accountability and respond to popular needs, even if their institutions are less effective than those provided by liberal democracies.

THE END OF HISTORY?

There have been two historical models of democratization. In one of them, countries have

had to pursue democracy, capitalism, and the rule of law simultaneously. This was the model followed by Russia in the 1990s. As we know, Yeltsin did usher in a certain degree of democracy, but capitalism and the rule of law were not established while he was in office. Simultaneous transitions to democracy and capitalism present significant difficulties for most regimes and are therefore hard to complete successfully. The other model is exemplified by the historical evolution of England, where the rise of capitalism and the rule of law preceded the establishment of democracy.

The question is whether the experience of China represents a different model altogether—a kind of resilient authoritarianism—or whether it is best understood as a country in which democratization is delayed until capitalism and the rule of law have been firmly established. In other words, is the Chinese model a passing phase within Western-style democratic development or a stable alternative to it?

It is too early to tell. Nearly two decades ago, Francis Fukuyama proclaimed the end of history, by which he meant that capitalism and democracy would triumph around the globe. Yet China and Russia, along with a number of other countries, demonstrate that capitalism can exist without Western-style democracy, at least for a period of time. Citizens may be content with a government that is able to foster economic growth, secure property rights, and demonstrate some accountability to the public absent liberal Western institutions.

It is possible that China and the other resilient authoritarian regimes will liberalize politically. Should this occur, these countries may arrive at consolidated democracy relatively quickly, because they already have capitalism and some semblance of the rule of law in place. But a second possibility is the further development of the current system without the emergence of liberal democracy. To be sure, there are pitfalls along the way—economic downturns, unequal development, rampant nationalism. All of these can lead to regime instability. However, if the governments handle these challenges effectively, and if the current institutions of accountability persist and are developed further, then China and other countries that follow a similar trajectory could become established as a new developmental category in opposition to the standard model which assumes that democracy, capitalism, and the rule of law have to be intertwined. ■