

## CHINA'S ERA? NOT IN THIS CENTURY



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Exclusively for RJ

China's success is only a partial one. Its achievements are often emphasized but never are the costs that have gone along with them, such as a severely degraded environment, extreme social dislocation, bad loans in the banking system, and pervasive corruption, to name just a few. If the political system were to fail and the country was rocked by continual turmoil, we would assess China's modernisation differently than we do now. So any assessment at this moment is premature.

The success of China's modernisation came in the unusually benign post-Cold War period of seemingly never-ending globalisation and economic development. Yet this period is over, and we are now in a worldwide downturn. **The Communist Party, however, still clings to its export-led economic model that is particularly ill-suited to current global conditions.** We will see how well the Party navigates this challenging time.

**Without the American**

**market, there would have been no Chinese modernisation.** And American consumers are still very important to China. In 2008, more than 90% of China's overall trade surplus related to sales to the U.S.

Needless to say, China is vulnerable to slumping consumer demand around the world. At present, it is trying to make up for declining exports – declining every month since last November – by stimulus spending. Yet the central government's spending is unsustainable and will result in imbalances and dislocations that will be difficult to solve. **If global markets do not improve soon, China's economy will be in trouble.**

China is not especially dependent on energy from Russia simply because it can obtain it from other sources. And, if its economy tumbles, as I think it will sometime at the end of 2010, China will require much less oil and gas.

There may yet be a Chinese century to come, it just will not be this one. ■

## CHINA'S MODERNISATION IS VITAL FOR THE SUCCESS OF MODERNISATION OF RUSSIA



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As Barbara Marshall noted in her book "Engendering Modernity", *"Modernity is associated with the release of the individual from the bonds of tradition, with the progressive differentiation of society, with the emergence of civil society, with social equality, with innovation and change. All of these accomplishments are associated with capitalism, industrialism, secularisation, urbanisation and rationalisation."*

Modernisation is vital for modern states since it is about efficiency. A country cannot protect itself with merely an efficient economy and political system in modern times.

China's experience is an example of successful modernisation. **There are many factors for China's successful modernisation drive. For example, its cheap labour, good schools, stable political system, Chinese expatriates overseas who have invested in China and have helped export Chinese goods to the world market;** these are only a few of the means for China's modernisation.

We are methodologically unable to isolate the influ-

ence of each of these factors.

I am not sure how Sino-American relations during the Cold War years affected the course, and ultimate success, of Chinese modernisation. If there were effects, I would guess that (1) the US helped to integrate China into the world system since it is advantageous to the West to have China in the system rather than outside it; and (2) China gained a peaceful period for development.

China's modernisation provides an opportunity for the modernisation of its neighbours, including Russia, since China needs raw resources and is investing in its neighbours.

Among the vulnerable points in Chinese economic growth, I would point out the following:

- 1) Excessive dependence on energy resources;
- 2) Reliance on cheap labour and investment for growth;
- 3) Growing social inequality;
- 4) Political reform – the party needs to reform itself to get rid of corruption. ■



KIRILL BENEDIKTOV

### "UNION OF RIGHT FORCES" PARTY A short history

2009—115x180 mm—148 pg.—  
paperback—978-5-9739-0168-4

In the course of years the Union of Right Forces Party (SPS) aspired to obtain the status of a backup ruling party, the standing of constructive opposition and the vanguard of liberal comeback. The story of SPS is that of the evolution of the ideological right wing in post-Eltsin Russia: rises and falls, attempts to find its place in the commanding under construction. The book of the political writer Kirill Benediktov is based on numerous interview and analysis of party documents. It is the first Russian study of the political activity of SPS during the entire period of its existence.