On the Chinese Model of Economic Development, State History, and Social Values[1]

Book review: Popov, V.V. The Chinese Model: Why China Used to Lag Behind the West and Is Now Overtaking It. Yerevan: Fortis Press, 2025. 392 pp.

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The book by the renowned economist Vladimir Viktorovich Popov, "The Chinese Model" (Yerevan: Fortis Press, 2025), is a study of China's economic rise. It is obviously motivated by the unflattering comparison for us, Russian citizens, between the Chinese experience of reform and our own experience at home. The book is inherently interesting by virtue of its topic and the questions it raises, and since it is also written in a very accessible style—even in the sections dealing with economic theory—it makes for truly captivating reading.

The author, who has extensive international experience, including living in East Asia, examines the topic very broadly. He deals not only with purely economic matters but also with related issues of history, culture, and state-building. Towards the end of the book, he proposes his own outline for a theory of economic development that follows logically from the entire narrative.

While I agree with the author's core ideas, I would like to offer some assessments and comments written from a sociologist's perspective. I do not claim these to be the ultimate truth, especially in the field of economic science. Nevertheless, they may be of interest both to the author and to the book's readers.

[1] The article is published in the author's edition.

A major component in the recipe for successful economic development proposed by Popov is the presence of strong state institutions, which need not be necessarily democratic. This thesis resonates with sociological theories focusing on the state in the tradition of Max Weber.[2] Furthermore, as the author notes, prominent economists have also distinguished between economic catastrophes caused by market failures versus those caused by state failures [Leontief 1974].

It is difficult to disagree with this position. In hindsight, it is obvious that the Soviet perestroika effectively destroyed the state. Freedom, against a backdrop of destroyed institutions and the resulting unpredictability and lack of a long-term planning horizon, resulted in predatory behavior, including among the elites. As the author notes, similar phenomena, in the absence of state control, emerged in some parts of China at the grassroots level—for example, in some villages where the "democratized" local authorities and wealthy individuals connected to them engaged in trafficking women and drugs (p. 229). However, whereas such behavior was rather an exception in reform-era China, for Russia in the 1990s it was more like the rule.

In fact, my main criticism of the book's author is his insufficiently consistent application of the state-centric principle he himself puts forward. Specifically, the proposition about the critical importance of a strong state becomes particularly obvious in light of the fact that attempts to catch up with the West have been successful primarily in East Asia. While many authors link this success to a distinct East Asian culture (a temptation to which Popov also succumbs, as I will discuss later), there is research indicating that the long-term existence of a stable state by itself creates robust and self-reproducing state institutions—something that one might call a state instinct or inertia. Moreover, the longer a stable state exists, the stronger these institutions become [Bockstette et al. 2002]. The same research shows that the state antiquity is statistically correlated not only with low murder rates, etc., but also with economic growth in the second half of the 20th century. And it is no coincidence that it is precisely the states of East Asia that feature long, continuous histories.[3]

A long continuous history of having a stable state profoundly changes the society. Social order (measured, among other things, by low murder rates but manifesting in a wide spectrum of phenomena), the capacity for large-scale projects involving multitudes of workers, and other characteristics of old, stable states create a unique institutional environment. In the late 20th century it was such environment that facilitated the rise of China (as opposed, for example, to Mozambique).

To illustrate this point, I will indulge myself in sharing a story from my father, who served in the air force during the Korean War. Our pilots needed to set up an airfield on Chinese territory adjacent to the Korean border. This required selecting a suitable site and coordinating the choice with local authorities. The terrain in those parts is hilly, and the officer tasked with making the selection made his Chinese comrades impatient because he couldn't find a site he deemed sufficiently safe for takeoff and landing: one thing was wrong here, another there. Finally, the Chinese said: "You say this site would be perfect if it weren't for that neighboring hill. So, what if we level it?" There were no excavators or

[2] Theories of state breakdown are summarized by Collins [Collins 1999]; see also [Skocpol 1979; Goldstone 2013].

[3] From this point of view, Japan has a more stable history than China, albeit a shorter one.

bulldozers in China at that time, at least not in that area. However, the authorities mobilized residents from neighboring villages, drew up a schedule, and thousands of people, working in shifts (almost around the clock), came to the site with picks, shovels, and wheelbarrows and managed to demolish that hill in a very short time. The organization, in terms of coordinating the different shifts, was excellent; the discipline was ironclad; the work capacity was immense. The moral of the story is that both China and Mozambique were technologically backward in 1950, but China, unlike Mozambique, was socially advanced. This allowed, in both ancient and modern times, to plan and execute grand projects.

Popov's book includes an ancient Chinese parable (p. 81) that remarkably echoes my family story:

> An old man and his two sons decided to level two huge mountains blocking the entrance to their home using nothing but hoes. When his neighbor laughed and called him a fool, he replied like this: the mountains are high, but they do not grow. So if I and my sons take a little bit away from the mountain every day, and then my grandsons, and then my great-grandsons, and so on, we will eventually move these mountains. The perseverance of the Old Fool of the North Mountain (that is how his name, Bei Shan Yu-gong, translates) moved God, and he sent two saints to earth who carried the mountains away. "We also have two mountains," Mao continued, "imperialism and feudalism. If we work tirelessly to level these two mountains, we will also move God. Our God is none other than the masses of the Chinese people. If they all stand up, can we not move the mountains?"

Another instance of insufficient consideration of state-centric sociological theories has to do with the next component of Popov's recipe: an export-oriented economy, whose advantages are opposed to the import-substituting strategy. The problem here is that states do not exist in isolation, but rather in competition or cooperation with each other. Therefore this ingredient of the recipe is not always applicable for any country. When in the mid-20th century the American economy constituted about half of the world economy, access to the American market and other markets controlled by the United States was critical for the success of an export-oriented strategy. However, such access depended on the relations with the world center (cf. [Wallerstein 1979]). The rapid rise of Japan and Germany in the post-war period is hard to imagine without such access. The USSR had almost none, while China acquired it as a result of Mao Zedong's rapprochement with the United States in the early 1970s, when Chinese exports began to grow—yes, as the author correctly notes, even before the start of Deng Xiaoping's reforms (p. 143), but he still leaves the geopolitical factor out of the equation, as if attributing the growth of exports exclusively to factors of internal organization.

In fact, a long history provides government bureaucracies with a lot of successful and failed examples of both domestic and foreign policies, which is another advantage of ancient states. Jared Diamond writes about the Inca emperor, whom the Spaniards repeatedly deceived after the Battle of Cajamarca, extorting more and more gold only to eventually execute him [Diamond 1997]. The fact is, Diamond explains, that the Incas, unlike the Chinese or Europeans, had virtually no history of relations with other states,

so they were completely inexperienced and naive in these matters.[4] On the other hand, Chinese chronicles, let's say, of the Three Kingdoms period (3rd century AD) or even older ones, provide a wealth of information about how warring states and leaders enter into coalitions with each other, then betray each other, and ultimately the most cunning one wins. Every Chinese knows these stories since they make the context of novels and plays that are still popular today. Perhaps this is why Mao was more cunning not only than the 16th century Incas, but also than some of his contemporary foreign leaders.

In this regard, the author's assertion that China did not have the opportunity to participate in what Wallerstein called "development by invitation" (p. 51) evokes my strong disagreement: American capital, technology, and market access certainly played a critical role in the rise of the Chinese economy. Popov believes that China made an offer that the United States could not refuse, lending to America and allowing it to consume more than it produced. The value of such a "gift" is, in my opinion, very ambiguous, but in any case, without the US favor, China's development would have followed a completely different trajectory.

Nowadays, of course, the economic balance of power has already changed significantly. As a result, there is an opportunity now to establish large-scale trade relations more or less independent of the West and, accordingly, a successful export-oriented strategy. However, since such a development undermines the Western monopoly, we observe resistance by means of various trade restrictions, as well as military pressure quite in the spirit of Weberian theories (cf. [Collins 1999]). The resolution of these contradictions is important not only in terms of world politics, but also in terms of economic development, especially in non-Western countries. We will probably soon witness the resolution of this conflict; in any case, this is a priority issue on the world agenda.[5]

The author also underestimates the role of competition between states and power prestige in some less essential issues. For example, the idea that a critically important factor of the Russian revolution was land inequality (pp. 105–108) is not supported by calculations in the book, yet the author leaves out the effects of the First World War, which was lost not only by the Russians (who lost the most people), but also by the Germans (including the Austrians), thence all their empires fell apart against the backdrop of revolutionary movements. The previous Russian revolution of 1905, too, was obviously related to the defeat in the Russo–Japanese War, which stirred up the rise of many national movements both in the Russian Empire and in some non-Western countries impressed by the success of a modernized Oriental power.

It is difficult to dispute in principle another key component of the recipe for success proposed by Popov, namely the accumulation of domestic savings for investment. Here the author prioritizes domestic investment over foreign, since the former is evidence of healthy institutions, while the latter does not guarantee success in the absence of the former. The author writes that during the period of capital accumulation in England its ruling class took the risk of social instability in order to squeeze the juices out of the

[4] The Soviet elite's prolonged self-isolation ultimately led to similar naivety and disastrous outcomes during their rapprochement with the West.

[5] I do not consider the strategy of currency devaluation, which Popov singles out as a separate component of success, because it is essentially part of an export-oriented strategy.

population so as to save and invest, whereas in the 18th century China (or even earlier) they did not. As a result, China fell behind the advanced European countries. The author sees the source of this difference in the Confucian desire of the Chinese elite for internal harmony and its collectivist orientation. Of course, there are other explanations for this difference. Thus, Jared Diamond points to the very early concentration of power in China in a single center, which led to the suppression of any large-scale competition in principle [Diamond 1997]; Randall Collins, too, writes about the anxiety the authorities of East Asian societies had about power competition in the face of emerging big and independent economic actors who were therefore destroyed [Collins 1999]; and Douglass North and his co-authors explain the English case by a special structure of incentives that developed in the wake of Great Geographical Discoveries: the small old elite simply did not have enough manpower to exploit the vast captured territories; therefore, its ranks had to be expanded, allowing for the autonomy of corporations [North, Wallis & Weingast 2009]. Jack Goldstone [Goldstone 2008] offers a detailed explanation of the European phenomenon. However, no book can cover the entire universe of explanations, and the author is free to choose what seems most important and interesting to him in constructing his theory.

But since the author attaches great importance to the cultural characteristics of China, including values, I cannot help but react to this, as I myself have devoted a lot of time to such studies. To begin with, I would like to note that all people, including scientists, tend to make mistakes in causality attribution. Success tends to produce a halo effect, when its consequences or even some completely unrelated features of the object of admiration are taken as the cause of success. Despite the fact that I am personally convinced that culture does matter, including for economic development, establishing causal links between the economy and culture is still, unfortunately, a controversial subject and often fraught with errors.

Popov sets much store in his book by the well-studied "individualism-collectivism" dimension (IND-COLL). He believes that China's collectivist orientation largely explains its development trajectory, starting from the above-mentioned rejection of capital accumulation using the "English" method and ending with Deng Xiaoping's reforms. Meanwhile, recent studies of value orientations show that China (and East Asia in general) do not stand out from the rest of the world on the IND-COLL dimension. Whereas East Asia, indeed, has significantly lower scores on individualism than Northern Europe, it actually scores slightly higher than Russia or the world average on this parameter [Minkov et al. 2018]. However, East Asia really stands out in the recently proposed "flexibility-monumentalism" dimension, orthogonal to IND-COLL [Minkov et al. 2018]. Monumentalism is one's confidence in one's own perfection and the ability to maintain this confidence despite any failures; the extreme pole is the equatorial part of Latin America. On the contrary, East Asia is the pole of flexibility in the sense that people of this region are more prone to consider themselves imperfect and therefore in need of (self-)correction. Looking at it from a slightly different angle, East Asia has a widespread culture of shame, a desire not to be condemned by one's neighbors and not to lose face. Perhaps this is why, as Popov notes, there were no duels in Japan in the European sense of the word, but "suicides of honor" used to be widespread.

In any case, this value dimension at the country level correlates with a number of interesting indicators such as (for the flexibility pole) the exceptional rarity of parental absenteeism, low obesity rates, high academic achievement, and the prevalence of myopia (probably because they study hard). I believe that the statistics of sexually transmitted diseases (extremely low in China) noted by Popov also reflect the value orientation that Minkov calls "flexibility."

The value attached to education can be partly interpreted as a result of the centuries-old tradition of appointing Chinese officials based on the results of state examinations. This meritocratic system, while ensuring the elite quality, at the same time served as a means of upward mobility and gave education a special prestige. Thus, this cultural feature is probably also related to the ancient state tradition. Nowadays, it certainly contributes to economic growth.

Nevertheless, the logic described by Karl Polanyi in *The Great Transformation*, one that reduces all human relations to economic transactions, apparently affects the cultures of East Asia as well. Medvedev et al. note that East Asia, compared to the West, is still more inclined to respond to non-material incentives [Medvedev et al. 2024]. However, if we look closely at the differences between China and Japan in the graphs and tables they present, we can see that Japan has gone further than China along the path of the "Great Transformation," which is probably due to a longer period of exposure to the Western model of capitalism.[6]

One cannot but agree with Popov's position that excessive inequality undermines the quality of institutions. It is highly likely that the transformation of domestic policy in China under the current leader is indeed, as the author shows, partly a reaction to dissatisfaction with inequality, which has grown sharply as a result of the reforms initiated by Deng Xiaoping. This observation echoes the paradoxical decline in subjective well-being in China against the backdrop of rapid economic growth in the 2000s, which my colleagues noted back in the 2010s and showed to be related precisely to the growth of inequality [Brockmann et al. 2009].

At the same time, Popov's generalized statement to the effect that Westernization corrupts institutions by increasing inequality (and with it come crime and corruption) is probably applicable only to those countries that had strong home-grown institutions (probably also China), but is unlikely to apply, for example, to equatorial Africa, where institutions were tribal, not state-based. Also, the author's reasoning on pp. 49–50 in the same vein about the Westernization of Russia by Peter the Great, in my opinion, is anachronistic; the final enslavement, which turned the majority of the Russian population into disenfranchised slaves, occurred under Boris Godunov (probably in 1592), that is long before Peter, and a little later than serfdom was abolished in England (1574).

I have more minor comments, which I keep to myself, so as not to go beyond the limits of a review. The criticisms in my comments do not in any way negate the excellent value of the book, either educational or aesthetic.

[6] Incidentally, although Popov criticizes liberals for believing that freedom facilitates economic growth, liberal theorists of modernization are well aware of the complex (indirect and reciprocal) causal links between values, institutions, and economic development, which they support with sophisticated calculations. See, for example, [Welzel 2013].

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