

OPINION

## China's Future Will Reflect Russia's

China is now continuing a century-long pattern of mirroring its neighbor's historical trajectory.

BY NANCY QIAN — SEPTEMBER 18, 2022



Xi Jinping and Vladimir Putin. Credit: [Presidential Press and Information Office](#)

As China prepares for its [20th National Congress](#) in October, when President Xi Jinping is expected to accept an unprecedented third term, many observers worry about uncertain days ahead, especially regarding Taiwan. But one doesn't need a crystal ball to glimpse its future. China's leaders, for their part, are looking at Russia.

China has mirrored Russia's historical trajectory for most of the past 100 years. At the beginning of the twentieth century, both were large empires with outdated institutions that could not protect their people from foreign wars, corruption, inequality, and poverty. While Russia's per capita income in 1900 was around [one-third](#) that of the United States, Chinese incomes were [half](#) those of Russia.

In 1949, the new People's Republic was [modeled](#), politically and economically, on the Soviet system. In both China and the Soviet Union, a command economy replaced markets, and the central government influenced every aspect of people's lives – what they produced and ate, where they worked and lived, and what they could say, read, and write.

But Beijing and Moscow struggled to maintain production, because workers enjoyed [very little reward](#) for their labor. Among other strategies to compel people to work harder, the Soviet and Chinese governments established [systems](#) that threatened farmers with starvation if their production did not meet quotas set by the state. This approach led to more than [seven million](#) famine deaths in the Soviet Union (with the highest mortality rates in Ukraine) in 1932-33, and to [16.5-45 million](#) famine deaths in China in 1959-61.

Not surprisingly, these enormous economic calamities posed a serious political threat to the regimes. After all, the Soviets and the Chinese Communists were supposed to be modernizers who would empower the people and deliver economic prosperity after centuries of oppression, corruption, and abject poverty.

To survive, each regime touted its role as a defender of the people against foreign invaders. The Soviet Union and China suffered [more losses](#) than any other country in World War II – with their death tolls reaching 20-27 million and 15-20 million, respectively. And in the decades thereafter, the Cold War kept alive the fear of foreign invasion and the legitimacy of authoritarian regimes.

Following the collapse of the Soviet Union in 1991, Russia became a model of what not to do. Its per capita income plummeted by [50%](#) between 1989 and 1996, and did not recover to 1989 levels for another decade. Corruption and [crime](#) were rampant.

Unemployment [skyrocketed](#) from 5% in 1991 to 13% in 1998, and social problems like alcoholism rose in tandem. In 1993, per capita [alcohol](#) consumption had reached 14.4 liters (of 100% alcohol), up from 11.7 liters in 1989. In 1994, 47 people per 100,000 died from alcohol-related causes – three times higher than the [US rate](#).

The Communist Party of China learned from the Russian experience and pursued its liberalization with more care. Recognizing that rapid political liberalization in Russia had ended up sweeping the Communist Party from power, and that auctioning off [state assets](#) had given rise to billionaire “oligarchs,” the CPC took pains to avoid the same fate. By carefully controlling privatization and political reforms such as [local elections](#), it restructured the economy [gradually](#), making progress through [trial and error](#), and avoided sudden and destabilizing shifts in the distribution of wealth.

Liberalization transformed [China](#) and [Russia](#) from relatively equal economies to ones where the top 1% own one-third of the wealth. In 2015, the bottom [25%](#) of Chinese households owned only 1% of the country’s wealth, while the bottom [half](#) of Russian households owned just 15%.

**“ While times have changed, the playbook for popularity has not. Strongmen still appeal to the people by presenting themselves as defenders of equality against poverty, corruption, and foreign invaders. ”**

Like the Russian oligarchs, the new Chinese elites are usually perceived as egotistical, corrupt threats to state authority. In Russia, President Vladimir Putin gained popularity for “defeating” the [oligarchs](#) and bringing back law and order. In China, Xi’s aggressive campaigns to reduce [corruption](#) and curb the power of [new billionaires](#) – such as Alibaba founder Jack Ma – have been similarly popular.

The renewed rivalry with the West has also boosted both leaders’ popularity. Many Russians and Chinese have been convinced that the West – through NATO’s post-1991 [enlargement](#) and US support of [Taiwan](#) – is a threat to their sovereignty. Polls suggest that up to [three-quarters](#) of Russians and most [Chinese](#) support Russia’s invasion of Ukraine.

While times have changed, the playbook for popularity has not. Strongmen still appeal to the people by presenting themselves as defenders of equality against poverty, corruption, and foreign invaders. The more controversial their hold on power is, the more they need success in these fights. The less success they have in the economic battles, the greater their need for an external enemy.

It is no coincidence that the Russian invasions of Crimea in 2014 and Ukraine in 2022 followed Putin’s controversial return for an unprecedented [third](#) term in 2012 and coincided with declining [incomes](#) (and oil prices) since 2014 and rising [corruption](#). No explicit political resistance is expected at the start of Xi’s [third term](#) this October. But he still faces popular demands for economic improvement. Since 2012, when Xi came to power, [corruption](#) has

increased while [inequality](#) is unabated. The prolonged [zero-COVID](#) lockdowns have reduced economic growth forecasts for 2022 to [3.3%](#), the [lowest](#) since 1976 (excluding 2020).

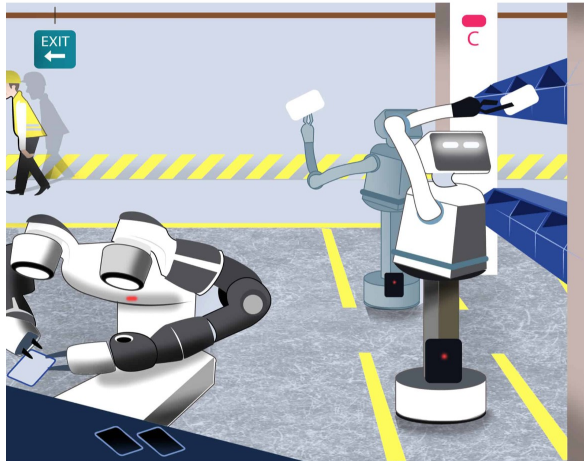
The strongman's playbook strategy for boosting popularity dictates distracting attention away from China's economic woes and attempting to take Taiwan by force. But history indicates that China will move cautiously and [base its actions](#) on Russia's experience. The more successful [Ukrainian](#) resistance is, and the more costly the war is for Russia, the more likely peace across the Taiwan Strait will be.

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BY ISABELLA BORSHOFF

China became "the world's factory" in large part due to its demographics: a tidal wave of young, hungry workers drove growth by churning out low value goods. But between rapidly changing demographics and rising wages, those days are over. For China to maintain its reputation as a manufacturing powerhouse, it needs robots — lots of them. But can advanced manufacturing be a panacea for China's slowing economy?

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BY ELIOT CHEN

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#### Q & A



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