CHINA INDIA RUSSIA: MOVING OUT OF BACKWARDNESS, OR, 'CUNNING PASSAGES OF HISTORY'

Amiya Kumar Bagchi

Director, IDSK

*[**Abstract**: In the modern history of virtually all countries outside Western Europe and the overseas settlements of Europeans, the theme of backwardness relatively to the industrialized countries figures prominently. In the Russian case, this theme even predates industrialization because of the threat to its security posed by the capitalist powers of Western Europe in the mercantile age. The same theme emerged in the historiography of China and India when the former was subjected to imperialist domination, and the latter was brought under British rule. Backwardness, however, was narrowly defined in most cases in terms of a soft state and lack of development of large-scale industry. It is a principal contention of this paper that real backwardness inheres in the failure to develop, through land reforms, universal education and proper health care the human capabilities of the people. While Soviet Russia did well in these respects until the 1960s, the sclerosis of the ruling apparatus and its severance from popular participation set it back, long before the actual fall of the system in 1989-90. In the current context, of the three regimes, post-Soviet Russia, Communist-ruled China and a semi-capitalist India, China is the best prepared to overcome backwardness in the wider sense. Trying to leapfrog the gap with advanced capitalist countries through a technological fix and an apparently hard state can set back the progress in economic and human development, as the history of Russia under Tsarist rule best demonstrates.]*

After such knowledge, what forgiveness? Think now
History has many cunning passages, contrived corridors
And issues, deceives with whispering ambitions,
Guides us by vanities. Think now
She gives when our attention is distracted
And what she gives, gives with such supple confusions
That the giving famishes the craving. Gives too late
What's not believed in, or if still believed,
In memory only, reconsidered passion. Gives too soon
Into weak hands, what's thought can be dispensed with
Till the refusal propagates a fear. Think
Neither fear nor courage saves us. Unnatural vices
Are fathered by our heroism. Virtues
Are forced upon us by our impudent crimes.
*(T. S. Eliot: **Gerontion** (1920))*

Defining 'backwardness' and older strategies for overcoming it

At different stages of their history, leaders of all the three countries signposted in the title, the most prominent constituents of the Eurasian landmass and home to one-third of the human population of the world, have formulated the aim of breaking out of the 'backward' state of their respective countries as a major goal of their movements, their strategies and their policies. Almost in all cases, such a state of backwardness has been perceived in relation to the 'advanced' Western countries, and more specifically to the industrialized countries of Europe and North America.

Most of the great leaders were aware, as were the great philosophers, poets, novelists and pioneers of new universalist religions, that the basic aim of all social and political activity is to improve human capabilities, and rescue as many people as

OCCASIONAL PAPER

10

CHINA INDIA RUSSIA: MOVING OUT OF BACKWARDNESS, OR, 'CUNNING PASSAGES OF HISTORY'

Amiya Kumar Bagchi

May 2007

INSTITUTE OF DEVELOPMENT STUDIES KOLKATA

Calcutta University Alipore Campus (Block A, 5th Floor)
1 Reformatory Street, Kolkata - 700 027
Phone : +91 (33) 2448-1364/8178, Fax : +91 (33) 2448-1364
e-mail : idsk1@vsnl.net, Website : www.idsk.org

possible from the predicament of insecurity caused by nature or human conflicts and inappropriate institutions (Sen, 1998; Bagchi, 2005/2006). But this quest for a continued improvement of the human condition was often snagged by its necessary negotiation of geo-political realities. All the three countries had to move into 'cunning passages of history'. But unlike the contemplative poet, for people who are living here and now and are wanting to move forward to a region of light, history is not just a background for forgiveness or exultation: history is a moving template from which the present generation learns. Of course, each generation learns in its own way.

It is only since the irruption of the industrial revolution in England, followed by the health and literacy transition in the North Atlantic seaboard that several criteria for defining 'advanced' as against 'backward' could be given a measurable form. In the economic domain these criteria were (a) radical transformation of the economic structure under which industry as against agriculture generated the major fraction of national income and sustained the major part of national employment. Later on, in the industrialized countries services took over the twin functions mentioned. (b) The income per head began increasing on a sustained basis in the countries undergoing industrialization.

But these advances were still instruments of human development rather than constituent parts of an advance in human capabilities, except in so far as the increase in income per head was broadly distributed so that the ordinary people had a greater freedom of choice as consumers.

The two most easily measurable indices of advance in human development, namely, a decline in death rates and a sustained upward movement of longevity, had to wait for the latter half of the nineteenth century before they could be observed in a few pockets of the North Atlantic seaboard countries, and for the latter half of the twentieth century, before they could spread to

most parts of the world[1]. The achievement of universal literacy in a few countries to start with, and then spreading to many others, was also a late nineteenth century phenomenon.

In many books which concern themselves seriously with recording backwardness and analyzing its causes, the concept of 'backwardness' is itself not defined. In the book edited by Daniel Chirot, for example, on the causes of backwardness in Eastern Europe, the notion of backwardness is indicated by various authors in different ways, and by the same author differently in different places of his analysis (Chirot, 1989). 'Backwardness' is implicitly defined as the absence of a strong state, low level of technology (which often remains undefined), low degree of industrialization, a low level of income per head, absence or weakness of private property rights (a favourite of Eurocentric historians and market fundamentalists)[2], low levels of industrialization, low levels of income, and so on. Only a minority of analysts pay equal attention to the fundamentals of human existence, namely, the chances of survival, enjoyment of good health, enjoyment of the benefits of education, the exercise of freedom of choice of occupation and life styles and enjoyment of security of employment and income and other indices of human capability popularized in the work of Amartya Sen, the UNDP and a host of other workers in the field. Achievements in these areas are integral parts of improvement in the human condition, but in most cases they are also instruments of advances in technology, productivity, income, a strong civil society and a strong state with deep foundations in popular acceptance.

Before the advent of machinofacture, pioneered by Britain, China and India were the two leading manufacturing nations of the world. It has been estimated that in 1750, China and India together produced about 57 percent of the manufactures of the world (Simmons, 1985). In terms of the levels of industrialization per capita (LIPC), as defined by Paul Bairoch (1982), with the level of UK in 1900 forming the benchmark of 100, in 1750, while Europe as a whole had a level of 8, China and India, each with a population larger than that of Europe, had levels of industrialization of 8 and 7 respectively. Within Europe, there were major differences: in 1750, while the UK already had a per capita level of industrialization of 10, Russia had a level of 6. The absolute industrialization levels of China and India declined precipitately from 1800: by 1913, China had a level of 3 and India had one of 2 (see also Bagchi, 2005/2006, chapters 9-11). Russia's absolute levels of industrialization increased, but she fell back relatively to most other European countries and the USA, which had forged ahead as the leading industrial country of the world. In 1913, the LIPC of the USA, UK, Russia and Japan were 126, 115, 20 and 20 respectively (Bairoch, 1982, Table 4). Since, by now, Japan is known to be perhaps the second most industrialized country in the world, it is important to note that in 1953, the LIPC of Russia was 73, as against that of 40 for Japan.

Given the uncertainty of the data in many cases, Bairoch's calculations are only indicative. But his major conclusions are also supported by the parallel estimates of per capita incomes of major countries (Maddison, 1995, Table 1-3). In international dollar prices of 1990, in 1820, the per capita incomes of the USSR (which I am taking as a surrogate of the Russian Federation), the UK, China, India and Japan were 751, 1756, 523, 532 and 704 respectively. By 1913, these figures had changed to 1488, 5032, 688, 613 and 1334 respectively[3]. In 1950, the incomes per capita as measured in the same prices in the USSR and Japan were 2834 and 1873 respectively. By 1973 the respective income figures were 6058 for the USSR and 11017 for Japan respectively. So the relative retrogression of Russia took place between the 1950s and 1970s and not during the peak period of Russian industrialization.

Russian experience of strong states, Soviet-style industrialization and its aftermath

I have quoted the figures cited above to show that a strong state as such does not guarantee a fast rate of industrialization or economic growth. There were inter-imperialist conflicts even before the concept of 'backwardness' could be defined by any objective criteria. There was a drive to build a strong state by Muscovy, which was the core of the later Russian empire, at least since the days of Ivan the Terrible. This was motivated by the need to defend the realm against attacks by Poland-Lithuania, recover the Russian homeland from the Khanates of the Tatar conquerors and then expand it beyond the homeland of the Russian-speaking people. By all accounts, Peter the Great and Catherine the Great had built up a strong state in Russia at the end of the eighteenth century, a state that was greatly instrumental in destroying the imperial ambitions of Napoleon the Great. Similarly, the Japanese rulers built up a strong state after the Meiji Restoration, a state that inflicted a major defeat on Tsarist Russia. But that achievement and the imperialist aggression of Japan, beginning with its conquest of Taiwan in 1895, did not make it the economic superpower that it came to be in the 1980s (Bagchi, 2005/2006, chapter 12).

Besides a strong state, other requirements that are often suggested for a country to move into the club of advanced nations are strong private property relations, involvement in long-distance trade with the rest of the world and something like a Protestant ethic motivating the behaviour of a substantial group of people who then constitute the thrusting entrepreneurial class. None of them alone or even all of them together are, however, a guarantee for a country to move out of backwardness. India, China and the Islamic world of West Asia and North Africa had thrusting entrepreneurial groups and thriving transoceanic trade for most of the second millennium of the Common Era, and probably from a much earlier period as well. But that did not prevent them from being regarded as backward by observers and their own leaders, after the ascent of the Western Europeans and North Americans to global dominance in economic and political power.

I shall argue that the conditions for upward movement of human capabilities of most of the people (not an enlightened few only) are also necessary bases for upward movement of the nation in income and productivity. A rapid view of the developments in these three countries since the eighteenth century will also show the relevance of the passage quoted from Eliot's poem: nations can be beguiled by, and caught in the cunning passages of history. They then have to seek new ways of getting out of the labyrinth to a light that also brings ordinary people from the shadow of slavish drudgery to the dignity of fulfilling work and decent living conditions.

As I have noted earlier, the construction of a strong state is often forced upon rulers with a determination to defend the people they rule over endangered by external as well as internal circumstances. The cycles of construction and reconstruction of the Russian state is a paradigmatic example of this. The state of Muscovy had to deal with the Khanates of Tatars before it could emerge as the state of the Russian people. It had then to deal with the Duchy or Kingdom of Poland-Lithuania in order to define its borders (Sumner, 1947, 1962). In the early eighteenth century, Peter the Great had to vanquish the aspirations of the aggressive Swedish king, Charles XII, in the battle of Poltava before he could secure an outlet to the Baltic. By that date an outlet to the Baltic had become absolutely necessary for Russia because on the one hand, Archangel was snow-bound for most of the year, and on the other hand, the countries of North-Western Europe were waxing ever more powerful by their domination over the world's oceans and the spoils they gathered thereby. Whether the particular social structure Peter chose to

build his state upon, namely, a strengthened serfdom with centralized surveillance, was the best thing he did has been a matter of debate.

In Russia and in the territories east of the Elbe, serfdom came later than in Western Europe, beginning perhaps in the eleventh century. Attempts to impose serfdom waxed and waned, as the battles between the great lords demanded more conscript soldiers or more free peasant soldiers and as the imperative of settlement of the old lands or colonization of new lands became the stronger element. But even in the fifteenth century, there is considerable evidence of peasant movement from one lord's domain to another: '…landlords, at least in certain areas, were experiencing a labour shortage which in some circumstances led them to increase their demands on their peasants and in others forced them to offer advantageous terms in order to attract newcomers' (Hilton and Smith, 1968, p. 17). 'The line between freedom and unfreedom was wavering and blurred, but one usually distinguishing mark of the free was a burden, the obligation to pay dues in some form to the state. Between 1500 and 1700 there took place the great change…whereby roughly one-half of this variegated peasant medley became transformed into a single class of landowners' serfs, "the bonded peasants", and the other half developed into various categories of state peasant, most of them more or less akin to serfs' (Sumner, 1947, p. 13)[4].

Peter the Great centralized the power of the state and used that power to impose various obligations on the landowners. Catherine the Great, while extending the Russian territory further, put the power of the state behind landowners, because of her experience of peasant revolts, the most important of which was the one led by Pugachov. Peter and Catherine modernized the army, and introduced Western European methods of manufacture. Catherine patronized leaders of the West European Enlightenment. In that period, Russia exported manufactures as well as agricultural products, but the levels of human development of the ordinary Russian remained low. The cost of that retrogression showed up in the Crimean War of the 1850s. Serfs were then freed because, as Alexander II is supposed to have said, they would otherwise have freed themselves (for accounts of peasant unrest in Russia before emancipation *see* Robinson, 1932, chapter III; Blum, 1978, chapter 16).

The emancipation did not create free peasants who could individually take decisions on their own. They were weighed down with obligations to the state, to their former seigniors, to the commune and to the patriarchal family (see Lewin, 1985, chapter 3, for an account of these burdens and their impact). But the pressures of the market gradually led to the development of some forms of agrarian capitalism in Russia, and the country entered World War I in this state of incomplete transition. The ravages of that war, the immediate impact of the Bolshevik revolution of 1917 and of the civil war imposed enormous damage on the country. Once the Soviet Union had recovered from those ravages, it started the Five Year Plans that promoted high levels of investment in both physical and human capital. From 1928 onwards Russia experienced an unprecedented era of economic growth: an agrarian economy was transformed, within a single generation, into an industrialized economy, capable of withstanding the most ferocious assault mounted by a more powerful and more industrialized country, namely, Nazi Germany, and eventually defeating it thoroughly. After the interruption caused by World War II that led to enormous loss of life and productive assets, Soviet Russia also experienced an upward movement of indices of human development such as a decline in birth and death rates (including infant mortality rates), and fast increase in literacy rates and rates of enrolment in secondary and tertiary education (Mitchell, 1998; Allen, 2003, chapters 6 and 7; Lewin, 2005, chapter 22)[5].

Post-Soviet Russia: Markets with poor governance structures

I will not here try to analyse why the Soviet system, despite its enormous achievements in the areas of science and technology, and human development, at least until the 1960s, and as the most effective challenger ever of the global capitalist order, collapsed in 1989. The collapse of that system led to an unprecedented decline in incomes and most indices of human development until 1998, when Russia experienced a major financial crisis, largely owing to problems of mismatch between short-term debt obligations and its receipts from foreign trade (Chandra, 2004; Aslund, 1998)[6]. The collapse of the Russian economy and a breakdown of its social security system was due at least as much to the advice of Western economists, especially those associated with the US policy-makers and the IMF and the World Bank, as to the failure of the new leaders of post-communist Russia to grasp that a well-functioning market system also requires careful institution-building.

We will provide a single instance of institutional failure, that of the inability of the post-Soviet rulers in the early 1990s to design an appropriate monetary and banking system (Sapir, 1996). The Soviet system had been most of the time one of shortages, partly because of the need for a high rate of capital formation and also because of the pressure to keep up with the threat of military encirclement by Western powers. That shortage had been met by rationing of resources and through many formal and informal agreements between state and non-state enterprises, including even operators in the black market. The external value of the rouble was managed by operating controls on imports and exports, and inflow and outflow of funds. The shock therapy recommended by the Western advisors and eagerly embraced by Russian policy-makers included making the rouble convertible and privatizing all major state enterprises. One of the measures associated with rouble convertibility is to try and get rid of all non-cash transactions and change all such transactions into cash. This at once led to the rupturing of supplier-user relations all across the sectors and the different regional economies, leading to huge supply failures. The convertibility of the rouble in a shortage economy led to inflation and capital flight on a large scale. When monetarist recommendations of tightening government expenditures and allowing interest to go sky high were adopted to curb inflation, the economy shrank further. The Harvard Institute of International Development played a key role as both advisor and the channel for funnelling US and IMF loans into the economy, and thereby facilitating the flight of capital and enabling the new oligarchs to enrich themselves at the cost of the Russian state and its people. Capital flight from Russia between 1991 and 1999 has been estimated as anywhere between $150 and $230 billion, an amount unprecedented in history. In addition, there is ‘internal capital flight’, namely, accumulation of foreign currency assets by local residents, which constitutes a leakage from savings that might have been used for domestic capital formation (Chandra, 2004, pp. 34-36). Oligarchs obtained control of huge enterprises owning gas and oil resources of Russia by paying in some cases as little as a sixtieth of the true value of their assets (Pirani and Farrell, 1999; Chandra, 2004). Mikhail Khodorkovsky, the jailed controller of Yukos was a key player in all this, along with the exiled oligarch Berezovsky and his associates. They used banks with little paid-up capital but with contacts in key administrative positions and foreign financial institutions, such as the Bank of New York, to launder money and to gain control of valuable state enterprises. Much of the Western sympathy for the allegedly ill-used Khodorkovsky is grossly misplaced. What is happening is that the current Russian authorities are trying to ensure that Western financial interests and energy multinationals do not use the vehicles of the Russian oligarchs to gain control of strategic sectors of the Russian economy.

Fortunately, Russia has come out of the crisis and has experienced a high rate of growth and a very healthily positive

balance of payments since then. According to a recent estimate, Russian output ‘has grown by almost 7% a year on an average since 1999, as the economy first bounced back from the 1998 financial crisis and then enjoyed high oil prices’ (Economist, 2006). Around the beginning of December 2006, Russian foreign currency reserves were estimated as around $265 billion. But Russian growth is till too dependent on exports and the rate of investment, around 15-20 per cent of GDP (Desai, 2006, Figures 1 and 3), has not recovered to the levels needed to sustain growth in the long run. Moreover, the accumulation of foreign currency reserves is a protection against a financial crisis of the 1998 magnitude. But along with China and India, Russia also faces the problem of misallocation of resources involved in such accumulation when those resources are badly needed for capital formation and rebuilding of the devastated social sector infrastructure.

Leapfrogging out of backwardness?

At the moment, I want to refer to a grand hypothesis that has grown up in relation to the development of the Russian economy and state, but have been applied also to the development of other ‘backward’ societies. This hypothesis can be traced back to the Lenin-Trotsky theory of combined and uneven development and the emergence of a multi-layered society in Russia (Trotsky, 1934/1997). To put it very simplistically, the Russian society developed very advanced, large-scale, high-technology and primitive, small-scale low-technology capitalist sectors alongside feudal estates, communes, free peasants and pastoralists. Lenin and Trotsky used it to justify carrying out a socialist revolution in a ‘backward’ society, because the development of this multi-layered society meant that there was no capitalist class capable of carrying out a bourgeois revolution (cf. also Lewin, 2005, chapters 20-21). Gerschenkron (1952/1962) put forward a narrower version of the theory to hypothesize that if laggard countries are to catch up with the forward nations in the race for industrialization, in order to overcome the obstacles posed by the aspects of backwardness, they must design new institutions such as the expansion of credit by state-backed banks or the promotion of heavy industry from the very beginning.

This theory has been used by various authors to explain the successful industrialization of Germany, Japan and Russia. My problem with this theory is that it does not take into account aspects of human development that might impede the further development of society even if institutional changes of the kind charted by Gerschenkron are successfully implemented. One of the best illustrations of this proposition is the contrast between the developments in pre-World War II and post-war Japan. As we have already seen, imperialist Japan was a rather poor country, compared with the advanced capitalist lands of the North Atlantic seaboard and compared with the Soviet Union, and remained so down to the beginning of the 1950s. It is only after that period that Japan emerged as an advanced nation in terms of economic and human development (Bagchi, 2005/2006, chapter 12). It was Japan's defeat in World War II, and the resulting reforms in land relations and the political system that released her creative energies, as was signalled by Shigeto Tsuru (1993) in his canonical account of Japan's postwar development. It is the freeing of peasants from the burdens of landlordism and insecure tenancy and the harnessing of Japan's business leaders to civilian production rather than to the servicing of the military machine that led to unprecedented growth in incomes, education and health standards.

China and India: imperialism, national liberation and 'economic reforms'

I now turn to China, which has had the longest history of a unified country governed by a bureaucratic administration and served, down to the eighteenth century, as a model of bureaucratic absolutism. For example, Francois Quesnay, the founder of the Physiocratic school of political economy wrote, admiringly, about

China: 'no one can deny that this state is the most beautiful in the world, the most densely populated, and the most flourishing kingdom known. Such an empire as that of China is equal to what all of Europe would be if the latter were united under a single sovereign.' Again, 'The Emperor of China is a despot, but in what sense is that term applied? It seems to me that, generally, we in Europe have an unfavourable opinion of the government of that empire; but I have concluded from the reports about China that the Chinese constitution is founded upon wise and irrevocable laws which the Emperor enforces and which he observes himself' (Quesnay, 1767/1967, pp. 108-109, 113).

But with the advance of the imperialist countries of Europe in productive and especially military technology, and after the successful aggression of those countries against China from the first Opium War of the 1840s, this opinion changed drastically and influenced the historiography of many European and North American scholars. Only recently has it come to be recognized that down to the end of the eighteenth century, China's productivity in agriculture and manufactures was not inferior to that of the advancing countries of North-Western Europe and that China and India had done far better in ensuring the survival of their inhabitants than most European countries (for a summary of the evidence and references, see Bagchi, 2005/2006, chapter 9).

The demand for freedom to carry out trade without going through Hong merchants, that is, the guild of Chinese merchants recognized by the Chinese imperial court, including the freedom to carry on the illegal opium trade, was used by the British, duly supported by the other imperialist powers, as the excuse for making China cede several ports as points of entry of Western traders and their traded commodities. Opium and cotton, produced by the subjects of the British in India, were used as items to balance the enormous increase in the British demand for Chinese tea. The triangular trade between China, India and

Britain also served as a mechanism for transferring the profits of empire by the servants of the English East India Company to their home country (for a summary of the mechanisms involved, see Bagchi, 1982, chapter 4, section 4.6). Defeat by the British in the first Opium War, and the decay in the Qing imperial capacity to govern that it demonstrated, was almost directly responsible for triggering the Taiping revolt, the greatest peasant rebellion in Chinese and world history. The Chinese government had to seek the help of Britain and France for suppressing that rebellion and other peasant revolts that racked China from the 1850s. The imperialist exploitation of China continued until the end of the civil war after World War II and the establishment of the Communist regime in 1949.

Until the beginning of Japanese aggression against China, the imperialist powers co-operated with one another in carving up China to establish their own spheres of influence and exploitation. As Lattimore (1960, pp. 104-5) put it:

> From time to time one country or another thought it necessary to chastise a too obdurate China. Once chastened, however, China's incompetent Manchu government had to be put back in business again, for it could not be expected that future demands would be carried out if the government was too weak to carry them out. Thus there emerged an interesting principle: the ideal government of China was a government strong enough to carry out orders, but not strong enough to defy orders.

While the Qing empire had consolidated its hold by suppressing the Ming gentry, abolishing slavery and giving more rights to the peasants than they had enjoyed in the last epochs of the Ming, by the beginning of the nineteenth century, landlord and bureaucrat oppression told heavily on peasants. The Qing rulers were not in a position to carry out thorough-going land reforms or carry out drastic reforms in the administrative system. One of the basic requirements for a strategy of economic and

human development to succeed is learning how to learn, especially from foreigners who possess superior technology or statecraft. This is an ability required of the rulers, but the rulers must also be able to diffuse such ability among the ruled, even if they are subjects of an absolutist state. Although there were reformers among the Chinese bureaucrats of the Qing empire, especially those associated with the so-called 'self-strengthening movement', court politics and conservatives defeated them (Gray, 1990, chapter 5; for the trend of thinking of a leading but defeated reformer, Li Hung-Chang, see Li, 1872/1967). The Japanese ruling class after the Meiji Restoration, however, succeeded where the Chinese reformers failed, namely, in learning 'the arts of the barbarians'—indeed so well as to become fierce imperialists themselves, with China as their first and foremost target.

China moved out of the shadow into light after the 1949 revolution that, among other things, gave land to the peasants, enormously increased the spread of literacy, speeded up the process of industrialization, enormously increased the reach of rural infrastructure of health, education and transport, provided the framework within which major advances were made in science and technology, and what is often overlooked, created or rather revived the units of cooperation in villages and towns (Riskin, 1987, chapters 3-6; Bagchi, 1987, chapter 4; Bramall, 1993). When China began its drive for the 'four modernizations' and pushed both internal reforms and selective linking up with foreign trade, investment and technology, she had these foundations to lean on.

I now turn to India, which had neither a strong state nor a centralized bureaucracy by the time the British began their conquering march across India. But both India and China possessed characteristics that the market fundamentalists consider to be an essential requirement for sustained, intensive economic growth. Both of them had long experience in internal exchange involving money and credit, and both had conferred secure property rights in land on farmers and superior right-holders. As I have argued elsewhere, the British rulers, instead of strengthening such rights, weakened them considerably in the interest of collecting and remitting abroad a large part of the income produced by India's peasantry (Bagchi, 1982, chapter 4, Bagchi, 1992). Neither exchange nor secure property rights protected India from direct colonization by the British, nor China from the joint exploitation by the imperialist powers.

British conquest of India was facilitated by the headlong decline of the Mughal Empire after Bahadur Shah I. Ironically enough, this decline may have fostered development in the constituent regions and the further growth of a merchant class. But these developments made it easier for the Europeans to play one regional power against another and very often obtain the help of the more powerful Indian merchants in effecting the dismembering and eventual conquest of India. The reasons for the earlier and speedier domination of India as contrasted with China was put by K. M. Panikkar (1970, pp. 93-4) succinctly:

> While China, even in the days of her weakness maintained a political unity, and the Emperor was able to enforce his authority in the most distant provinces and the viceroys "trembled and obeyed", in India by 1740 the Imperial authority had completely broken down…In China the issue had to be fought out in every case with the central government, while in India the British and French companies dealt with local governors, viceroys, and princelings and were able to exert pressure on them.

Under colonial rule, India suffered retrogression in every respect. Her economy shrank, agricultural output stagnated, one-way free trade decimated her handicraft sector, and inhibited the growth of modern industry. India suffered some of the biggest famines in her history. Literacy remained abysmally low, though largely thanks to private Indian effort, pockets of excellence in

the sciences and humanities were built up. Tax farming and sub-infeudation in major parts of India kept the peasants in thrall to moneylenders and landlords. The caste system added to the woes of common people.

Independence and adult suffrage empowered the middle class and the business community to pursue a programme of development of capitalism with state patronage. But the lack of pro-peasant land reforms, except in a few pockets, kept peasants poor and dependent on traders, moneylenders and landlords (the three oppressors often being united in the same person, family or lineage), and seriously hampered the growth of the home market. Directed credit, spread of irrigation and the arrival of high-yielding varieties of seeds stimulated the growth of agriculture from the 1970s to the beginning of the 1990s, but the neoliberal economic reforms, with an attendant decline in public investment and downplaying of directed credit policies, seriously hampered agricultural growth and increased the burden of poverty and indebtedness in many parts of India.

Unlike China, liberalizing reforms in India were not promoted by perceived internal needs of development but by the pressure of mounting external debt, which itself was the result of deliberate mismanagement of macroeconomic balances, starting in 1985. The ability of a poor country to pursue an autonomous strategy can be hampered by two clusters of forces. One is that of pressures from external forces. Transnational corporations and their agents can act as agents for altering policies that would benefit them but might damage the long-run interests of the country. All ex-colonial developing countries had been adversely affected by this pressure for a long time (Bagchi, 1982, chapters 3-4). The only group of developing countries pursuing a capitalist path, which had been able to withstand this pressure, are South Korea and Taiwan. Following Japan's example, they had followed a policy of protecting major sectors of the economy from foreign domination, even while accepting military and economic aid from the USA and her allies (Bagchi, 1987). But the introduction of capital account convertibility by South Korea, largely under the pressure of the USA, and as a condition of membership of the OECD, pushed South Korea into the Asian financial crisis of 1997-98 and severely damaged the 'embedded autonomy' celebrated by Peter Evans (Evans, 1995; Bagchi, 2002). It is important to note that the People's Republic of China and the Taiwan province of China refused to introduce capital account convertibility. They also put stringent restrictions on the inflow of foreign portfolio investment. These are the reasons why they largely escaped the contagion of the Asian financial crisis.

A second cluster of forces that can hamper the pursuit of an autonomous policy originates in the internal social and political structure. A landlord-dominated country produces regional satraps of various kinds and influences national policy-making adversely (Migdal, 1988). When a big business community emerges in such a society, it on the one hand remains allied to dominant foreign capital, and on the other hand uses the patronage network of the landlord lineages (Bagchi, 1982). This cluster of influences also severely limits the access of the poor to even the public facilities for education and health and thereby impair the capacity of the ordinary people to utilise the opportunities provided by the market.

India was beset from the time of her independence by both clusters of factors mentioned above. Even leaders who wanted to promote economic development downplayed the requirement of human development in an agrarian economy, for which the sine qua non of such an upward movement is the abolition of landlord power. The combination of landlord power and caste discrimination in India meant the perpetuation of poverty and illiteracy. In a recent paper, Banerjee and Iyer (2005) have shown that the indices of human development were systematically lower in districts that had tax-farming and landlord domination than in those in which at least the more substantial farmers had control

over their lives and livelihood. The political and business establishment also failed to learn from other poor countries that had succeeded in significantly reducing poverty and upgrading the human capabilities of their citizens. They continued to rely on British technologies long after they were outdated, they failed to fully absorb imported technologies, and when an almost self-induced external payments crisis arose they tried to adopt the full range of neo-liberal policies without considering the alternative strategies that had been honed by the East Asian tigers.

The contrasting experiences of China, India and Russia during Globalization II

During the last two centuries the world has gone through two episodes of globalization for the rich, the first one lasting from 1871 to 1913, and the second that started around 1973 and is still continuing. Let me caution parenthetically that human beings have been migratory and globalized animals from the time their first ancestors walked out of Africa, or, was it North China? That history was not planned by any particular group, and there was no coordinating centre. But rich man's globalization was coordinated by imperialist powers, primarily to benefit their own plutocrats and secondarily to benefit the rich and the powerful in developing countries, who were cajoled or coerced into collaborating with the initiators. During Globalization I, China and India experienced increases in foreign trade but they suffered devastating famines and the survivors also gained little from that phase. Russia started her industrialization drive, but on weak foundations of domestic society and human development levels, and that drive bit dust with the outbreak of World War I.

India and Russia both suffered relatively and in some cases absolutely, during Globalization II. I will turn later to the policies adopted by the two countries in the different phases of that globalization to cope with its challenges and utilize the opportunities thrown up by it. China is the country that has very successfully coped with the challenges and grown stronger in every respect as time has passed. China has engaged with globalization by following a path that can be roughly designated as an East Asian path, namely, that of governing the market and varying the strategies of that governance with changing times. India has really had no consistent strategy for engaging with the rich man's globalization as it has unfolded during the last thirty years or more. It has followed a path of least resistance, giving in to domestic and external pressures for allowing domestic firms, and foreign firms with a toehold in the Indian market to search out avenues of making a quick buck without building a strong base for future growth.

One of the best illustrations of Indian failure compared with China's is the case of the steel industry. In 1949, India had a higher level of steel output than China. But already in 1978, China had far outdistanced India in steel output. The differences in the levels of output of steel and their growth rate are still more glaring. According to the figures provided by the IISI, 2005, in 2003 and 2004, China produced 222.4 million tonnes and 272.5 tonnes of steel respectively and India produced 31.8 and 32.6 million tones of steel in the respective years. According to the Reserve Bank of India for the financial years 2003-4, 2004-05 and 2005-06 India's steel outputs (in million tonnes) were 36.95, 40.05 and 42.65 respectively (RBI, 2006)[7]. According to the report of the Chinese Premier, Wen Jiabao, submitted to the Fourth Session of the Tenth National People's Congress on 5 March 2006, the output of steel in China in 2005 was 352.39 tonnes (CQ, 2006), indicating that China has increased her steel production every year from 2003 by more than the total output of Indian steel in any year. Moreover, around 2004, India was still producing more than 40 percent of its steel by using electric arc and open-hearth processes as against less than 19 percent in China's case. China was also producing 95.8 percent of its steel by continuous casting method as against only 65.9 percent of Indian steel being produced by that process (South Korea

was producing 98.3 percent of its steel by using continuous casting) (IISI, 2005). The history of the Indian steel industry reveals the adoption of obsolete technologies at the inception of investment, the failure to absorb even appropriate technologies speedily, resulting in cost increases, low investments allowing obsolete processes to survive and inability to reverse inappropriate investment even when its inappropriateness is revealed at the planning stage (Bagchi, 1987, chapter 5; D'Costa, 1999). In contrast, China was able to reverse inappropriate location and technology decisions quickly, invest huge amounts to quickly construct steel plants, bargain toughly with foreign suppliers so as that they pass on their design capability to the Chinese sub-contractors, operators and managers (Bagchi, 1987, chapter 4; D'Costa, 1999).

The principal strategy of the current Indian policy-makers, dominated by the Ministry of Finance, seems to be to enrich the rich further by giving them various kinds of tax indulgence (exemption is too mild a word in this context) and using the stock market for inflating asset values, a chief instrument of which is the almost unregulated entry of portfolio investment into the Indian stock market. The government has also allowed more and more avenues to be opened for Indian big business to export capital for acquiring businesses abroad and for raising capital for themselves. Thus the net inflow of foreign capital is even smaller than is shown in the official figures. Such strategies may have allowed Lakshmi Mittal to emerge as the controller of the biggest steel empire or the Tata group, through the acquisition of Corus to become the fifth largest steel baron, or the GHCL to take over Dan River and Rose Bye, or Mahindra & Mahindra to acquire Germany's Zero Holding AG. But how do these developments benefit the Indian steel industry, engineering industry, or the ordinary Indian citizen? The Indian economy needs huge infrastructural investments of which steel is a major component. With some of the best iron ore resources in the world, and with a crying need for more steel, in 2003, India exported 51.5 million tonnes of iron ore out of her total output of 105.5 million tones of ore. She also exported 5.5 million tones of steel in that year. In the same year China produced 253.2 million tones of iron ore and imported a further 148.5 million tonnes; she imported steel from India and other countries to augment her huge output. These figures are emblematic of the macroeconomic prowess of China and the feebleness of India's response to Globalization II. The bargaining capacity of China as against India's rather supine acceptance of movements of foreign capital is shown by the consistency with which China has promoted only direct foreign investment and made its entry conditional on the fulfillment of export obligations and the transference of technology and management expertise to the joint ventures with the Chinese or through the setting up of R&D centers that are obliged to license the innovations to Chinese technologists and firms[8].

After the fall of the Soviet Union and especially during the crisis years of the 1990s, many Russians, some of them old apparatchiks, succeeded on grabbing the vast resources of the public enterprises and a new oligarchy emerged. Under the Presidency of Vladimir Putin, the state has succeeded in taking back some of those assets, and especially the control of the vast energy resources of the country. It is only right that the current government seems to be determined not to allow the control of those resources to pass into the giant transnational corporations in the oil and energy sector (Helm, 2006). In Russia, as in India and China, the degree of inequality of economic power has increased vastly. In 2005, India had, according to the Capgemini Merrill Lynch estimates, 83,000 dollar millionaires, the majority of whom have amassed their wealth during the neoliberal regime. By end-2006, with the bull run in India's stock market, even if the growth rate of such millionaires is no higher than between 2004 and 2005, the number of such dollar millionaires must have crossed 100,000. We have to set that against the more than 250,000 farmers who have committed suicide during the same period. Unfortunately, as I have argued there is a causal relationship between the two figures. Russia's millionaires, like India's continually, flaunt their wealth, as happened very recently in the Millionaires' Fair that was being planned over the weekend of 28-29 October (O'Flynn, 2006).

Moves towards a better strategy to advance human development

In both China and India, a large part of the inequality of incomes and life chances and opportunities springs from huge rural-urban differentials in incomes, access to health care and education and gainful employment. In recent years, Chinese leadership has paid special attention to these problems. The report of the Chinese Prime Minster, Wen Jiabao to the 20th session of the Tenth NPC Standing Committee mentioned that 'there was an 18.3 percent increase in spending on education, health, science and technology, and "culture" in 2005….local authorities made available a special fund of more than 7 billion yuan to provide free textbooks, free tuition and subsidized living expenses for 17 million students from poor families in 592 designated counties. …a trial co-operative system was extended to 671 rural counties, to the benefit of 177 million peasants' (CQ, 2006, p. 519). For the future, Wen stated that 'the government would—in the west during 2006, elsewhere in 2007—abolish all tuition and miscellaneous fees for rural students in receipt of compulsory education. Free textbooks would be provided to students from poor households, and boarding students from the same background would receive living allowances' (Ibid, p. 523). More generally, China would work towards a comprehensive social security system both for urban and rural residents (Ibid, p. 524). Surely, for all the three countries, this is the right direction in which to move.

In India, though financial liberalization has not been fully implemented yet, financial capital has called most of the shots, very often to the detriment of the real economy. In Russia, breakneck liberalization and privatization destroyed the foundations of the old Soviet economy and social security system, without providing institutional bases for a well-governed market system. The requisite instruments of governance of the market are only now being painfully forged in Russia. But the shattered social security system is still far from being reconstructed in a robust fashion.

In striking contrast, China has used finance and step-by-step conversion of parts of the state enterprises into collective or private enterprises as a servant of growth and development. In the process China has emerged as the new workshop of the world in many sectors of low-tech and increasingly also in high-tech sectors of manufacturing. This has resulted in large current account surpluses. Moreover, especially since 2002, with a virtually fixed foreign exchange rate, in the presence of such surpluses, China has attracted large inflows of FDI. As a result, China and Hong Kong together had accumulated 1,119 billion dollars of foreign exchange reserves by the beginning of December 2006 (Economist, 2006). 'Mammoth exchange market intervention, amounting to 11,12, and 14 per cent of GDP has been necessary in 2003, 2004, and the first half of 2005 respectively, to prevent' appreciation of the renminbi (Goldstein and Lardy, 2006, p.423).

The sterilizing intervention pumps additional liquidity into the system, and as it is combined with a virtually fixed exchange rate policy, it limits the ability of the central authorities to use monetary policy to increase domestic absorption. An undervalued renminbi stimulates investment in the tradables sector further, and can lead to the building up of excess capacity in future. But, of course, the high rates of investment in China, induced by central policies and the competition between provinces and counties for producing more goods, has induced a process through which productivity increases fast and inefficient production units are eliminated (KW, 2006). The currently low

wages in China, of course, limit domestic demand, but the much higher productivity growth in China compared with that in G7 countries resembles the situation in Japan since World War II, when through flexible wages in countries with high productivity growth and booming exports in tradables of those countries, wages and productivity were converging to the levels in centre countries like the USA, France and Germany (McKinnon, 2006)[9]. Meanwhile, China, India and Russia are forced to keep a significant part of their resources locked up in low-yield securities and thereby fund the enormous balance of payments deficits incurred by the United States, which remains the global financial superpower, despite its profligacy and military recklessness.

In India, with the Common Minimum Programme, the Central government promised to move in the same direction from 2004. But as yet, only one section of that programme has been implemented, and that also only in a truncated form. For example, the National Rural Employment Guarantee Act, a principal component of that programme is being implemented only in about a third of the rural districts of India. The problem of urban unemployment is yet to receive similar attention. Casteism, landlord power and illiteracy hamper the implementation of even that truncated programme. Currently, Indian growth is reflected in movements in the stock market. Apart from the Central government's exemption of virtually all profits made in the stock market from taxation or tough regulatory scrutiny, the exuberance of the stock market is driven by the bullish attitude of foreign financial institutions towards Indian prospects as signalled by growth in its GDP and corporate profits, and by their hope of gaining control of major sectors of the Indian economy. In recent years, the boom in Indian software industry, exports of services and in real estate business have been responsible for the growth of the economy (KW, 2006a; RBI, 2006a). But that growth is still very unevenly distributed between regions and as between high-salaried professionals in the services sector and poorly paid or underemployed majority of the working population in industry, services and most grimly in agriculture and rural areas in general.

Both India and Russia have a lot to learn from China's high-investment, emulation-oriented strategy of development. But all the three countries have a long way to go in paying adequate attention to issues of human development. India and China enjoy the advantage over Russia in having by and large a younger population. But that also poses problems of finding gainful livelihood for them. The transition from agricultural employment to non-agricultural work that is looming in both countries, —with China far ahead of India in this respect —poses new challenges to both countries (John, Jha and Jodhka, 2006; Bagchi, 2006; Dong, Song and Zhang, 2006). Not only are farmers on average much poorer than people in non-agricultural occupations in both countries, but they are also losing both their occupations and their land because of legal and illegal transfers of land to industry and real estate developers (Chen, 2006[10]; Ramakrishnan, 2006). Problems of water and air pollution, soil degradation and siltation of rivers and other water bodies add further to the woes of farmers and urban dwellers. As Chen rightly points out, the worsening situation of farmers and landless workers can threaten social stability in these poor economies. Russia has more or less completed the process of transition to an industrialized economy, but low productivity in agriculture, environmental pollution and unemployment remain major problems.

Now that the Russian government has been able to re-capture some of the commanding heights of the economy, it can try and reverse the serious demographic crisis — with falling longevity of adult males and a shrinking population—that hampers the upward movement of economic and human development. The different demographic profiles of the three countries, with the proportion of working age to the population being the highest in India, followed by China and Russia in that order provides a window of cooperation in the manpower policies of all the three countries, even as in every country, women become free to take

control of their bodies and their reproductive choices. What is essential in every country is that the 'principle of hope' (the title of a book by the Marxian philosopher Ernst Bloch (1934-59/ 1995), should be kindled in most human minds and hearts in these counties. If it remains confined to the hearts of punters in stock markets as in India or if it dies out in many male hearts as in Russia, the progress towards a more humane and violence-free future will remain troubled by many obstacles.

In areas of science and technology, Russia still has an edge over China and India, although China is catching up fast, even as India is stagnating in scientific advances in spite of a lead over China in the beginning of the 1980s. All the three countries have adverse balance of payments in high-tech products with countries like Japan and South Korea, but Russia exports machinery and equipment to India on a large scale. Many of the older links of Indian heavy industries with Russian technological sources can be re-forged, with only a little goodwill on both sides. In the meantime, in many areas of decentralized manufacture, China can be a rich source of learning for both Russia and India. Access to Russia's rich energy and mineral resources on terms of equal exchange can benefit all the three countries.

In recent centuries, all the three countries have been caught several times in the cunning passages of history. All of them now see light at the end of the labyrinthine tunnel. A recognition of their common destinies as homes of human beings with complicated histories and of the need for cooperation to protect themselves against the forces of evil, in the shape of market fundamentalism, religious fanaticism and super-hegemonic imperialism, can help them to guard themselves against being caught again in Minotaur's lair.

[Keynote address delivered at the sixth trilateral academic conference, China, India and Russia, Institute of Chinese Studies, and Indian Council of World Affairs, New Delhi, 2 November 2006]

Notes :

1 These upward movements have been drastically reversed from the 1990s in a large swathe of the world, namely, the countries of Sub-Saharan Africa, but unfortunately also in the Russian Federation (Bagchi, 2005/2006, chapters 22-23).

2 See, in this connection, Bagchi, 2005/2006, Part 1.

3 I am almost certain that the figures for India and China in 1820 are underestimates, so that the devastation caused by colonialism is understated by Maddison, apart from the fact that he nowhere discusses the population lossses through nineteenth-century famines in the two countries. But these reservations do not greatly affect the comparisons made in the text.

4 An influential hypothesis was put forward by the Russian historian Kliuchevsky (1906/1937/1960) and publicized by the economist Evsey Domar (1970) to explain Russian and East European development in agrarian relations down to the nineteenth century. This postulates that a situation of land abundance and labour scarcity creates a strong motivation for the exploiters of labour and the ruling apparatus supporting them to restrict the mobility of labour. If they succeed in their objective, then the relevant workers become enslaved or enserfed. Of course, this hypothesis in this simple form cannot explain why in Western Europe, after the land/labour ratio rose in most lands after the Black Death of the fourteenth century, attempts to bring back serfdom failed in most cases. Nor does it explain the very different forms that slavery took in the Arabo-Persian lands extending to Sub-Saharan Africa and in the slave plantations of the Caribbean and North America.

5 Lewin's account is based largely on Mironov, 1999.

6 The crisis of 1998 was triggered by the excessive issue of short-term treasury bonds by Russia in convertible currency, while fixing the exchange rate and allowing the returns on those bonds to go up to 200%: the financing of those bonds was partly funded by the Russian Central bank placing its own money in offshore accounts. After a time, of course, the bonds became unredeemable, and Russia declared a moratorium on its debt. The excessive issue of treasury bonds was apparently stage-managed by the backers of the re-election of Boris Yeltsin as President, who used the money to pay arrears of wages and residual social security dues (Pirani and Farrell, 1999).

7 Is it an indication of the loss of interest of the Finance Ministry of the Government of India in the real economy of the country, that the figures of steel output were not available from 1999-2000 to 2004-2005 in its flagship publication, the **Economic Survey of India for 2005-06**, in its table of outputs of selected industries?

8 India had R&D outfits run by foreign firms at least since the 1960s. China has allowed, and in some cases demanded, the setting up of such outfits by foreign enterprises as a condition for allowing to invest in China. But while the Indian policy-makers have rarely insisted on the results of the working of these foreign outfits being made available to Indians, China has almost always insisted on it. Such bargaining is one of the major factors behind China's ability to quickly absorb and in many cases, upgrade foreign technology. See, in this connection, Walsh, 2003.

9 While these difficulties are real, it is ridiculous that Eswar Prasad and Raghuram Rajan, staff members of the IMF, the organization that has become legendary for destroying thriving economies by enforcing their ill-conceived reforms on indebted countries have the gall to write that the Chinese growth paradigm , 'for all its virtues and success so far, may be in need of overhaul' (Prasad and Rajan, 2006, p.331) and go on to recommend thoroughgoing financial liberalization for the Chinese economy!

10 This is based on a talk by Xiwen Chen delivered in 2004: Chen was then Deputy Director of the Central Finance and Economics Leading Group and Professor of Agricultural Economics, People's University, China.

References :

Allen, Robert C. 2003. **Farm to Factory: a reinterpretation of the Soviet Industrial Revolution**, Princeton (USA), Princeton University Press.

Åslund, Anders. 1998. **Russia's Financial Crisis,** June 8 (Carnegie Endowment for Peace, Briefing on the Russian economy: **http://www.ccip.org/people/aslfinan.htm**, accessed on 16.10.2006.

Bagchi, Amiya Kumar. 1982. **The Political Economy of Underdevelopment**, Cambridge (UK), Cambridge University Press

............................1987. **Public Intervention and Industrial Restructuring in China, India and South Korea**, New Delhi, ILO-ARTEP.

............................1992. Land tax, property rights and peasant insecurity in colonial India, **Journal of Peasant Studies**, 20(1), 1-49.

..............................2002. Governance in East and Southeast Asia: What's new? **The European Journal of Development Research**, 14(1), June, 200-218

..............................2005. 'Governance—National, Corporate and International: The Indian Context', **Journal of South Asian Studies**, Vol. XXVIII, No.2, August, 265-281.

....2005/2006. **Perilous Passage: Mankind and the Global Ascendancy of Capital**, Lanham. Maryland (USA), Rowman & Littlefield; Indian edition, New Delhi, Oxford University Press.

..............................2006. Transformation, turbulence and nostalgia, **The Book** Review, XXX(10), October, 82-84 [Review of John, Jha and Jodhka, 2006].

Bairoch, Paul. 1982. International industrialization levels from 1750 to 1980, **The Journal of European Economic History**, 11(2), Fall, 269-333.

Banerjee, Abhijit and Lakshmi Iyer. 2005. History, institutions, and economic performance: the legacy of colonial land tenure systems in India, **American Economic Review**, 95(4), September, 1190-1213.

Bloch, Ernst. 1934-59/1995. **The Principle of Hope**. 3 vols. Cambridge, MIT Press.

Blum, Jerome.1978.**The End of the Old Order in Rural Europe**, Princeton (USA), Princeton University Press.

Bramall, Chris. 1993. **In Praise of Maoist Economic Planning**, Oxford, Oxford University Press.

Chandra, Nirmal Kumar. 2004. 'Can Russia survive the IMF medicine?', in Bhattacharjea and Marjit, 2004, pp.21-50.

Chen, Xien. 2006. 'Conflicts and problems facing China's current rural reform and development', in Dong, Song and Zhang, 2006, pp.33-42.

Chirot, Daniel (ed). 1989. **The Origins of Backwardness in Eastern Europe: Economics and politics from the Middle Ages until the early twentieth century**, Berkeley, California, University of California Press.

Chirot, Daniel. 1989a. 'Causes and consequences of backwardness', in Chirot, 1989, pp.1-14.

CQ. 2006. Quarterly chronicle and documentation (January-March 2006), **China Quarterly**, June, pp. 517-569.

Desai, Padma. 2006. Why is Russian GDP growth slowing? **American Review**, 96(2), 342-47.

D'Costa, Anthony P. 1999. **The Global Restructuring of the Steel Industry: Innovations, institutions and industrial change,** London, Routledge.

Domar, Evsey D. 1970. The causes of slavery and serfdom, **Economic History Review**, 30(1), 18-32.

Dong, Xiao-yuan, Shunfeng Song and Xiabao Zhang (eds). 2006. **China's Agricultural Development: Challenges and Prospects**, Aldershot (UK), Ashgate.

Economist. 2006. Emerging-market indicators, **The Economist,** 9December, p.102.

Evans, Peter. 1995. **Embedded Autonomy: States and Industrial Transformation**, Princeton (USA), Princeton University Press.

Gerschenkron, Alexander. 1962. **Economic Backwardness in Historical Perspective: a book of essays**, Cambridge, Mass., Harvard University Press.

................................1952/1962. 'Economic backwardness in historical perspective' in B. Hoselitz (ed): **The Progress of Underdeveloped Countries,** Chicago University Press; reprinted in Gerschenkron, 1962, pp. 5-30.

Goldstein, Morris and Nicholas Lardy. 2006. China's exchange rate policy dilemma, **American Economic Review**, 96(2), May, 422-426.

Gray, Jack. 1990. **Rebellions and Revolutions: China from the 1880s to the 1980s**, Oxford University Press.

Helm, Dieter. 2006. Russia's energy policy: politics or economics?, 17 October, **Open Democracy** (URL:openDemocracy.htm).

Hilton, R. H. and R. E. F. Smith. 1968. 'Introduction' in Smith, 1968, pp. 1-27.

IISI. 2005. **World Steel in Figures 2005**, International Iron and Steel Institute.

John, Mary E., Praveen Kumar Jha and Surinder S. Jodhka (eds). 2006. **Contested Transformations: Changing economies and identities in contemporary India**, New Delhi, Tulika.

Kliuchevsky, V. 1906/1937/1960. **A History of Russia**, translated from the Russian by C. J. Hogarth, New York, Russell and Russell.

KW. 2006. **'A Crucible of Competition': The Emerging Chinese Company**, **Knowledge@Wharton**, 16 October (URL: **http://knowledge.wharton.upenn.edu**, accessed on 19.12.06)

KW. 2006a. **What's Ahead for 2007? Knowledge@Wharton Network Surveys the Globe**, 14 December (URL: **http://knowledge.wharton.upenn.edu**, accessed on 15.12.06).

Lattimore, Owen. 1960. 'The industrial impact on China 1880-1950', in **First International Conference of Economic History, Stockholm, 1960**, The Hague, Mouton.

Lewin, Moshe. 1985. **The Making of the Soviet System: Essays in the social history of interwar Russia**, London, Methuen.

Lewin, Moshe. 2005. **The Soviet Century**, London, Verso.

Li Hung-Chang. 1872/1967. 'The problems of industrialization', translated from the Chinese in Schurmann and. Schell, 1967, pp. 224-5.

Maddison, Angus. 1995. **Monitoring the World Economy 1820-1922**, Paris OECD.

McKinnon, Ronald. 2006. China's exchange rate trap: Japan redux, **American Economic Review**, 96(2), May, 427-431.

Migdal, Joel S. 1988. **Strong Societies and Weak States: State Society Relations and State Capabilities in the Third World**, Princeton (USA), Princeton University Press.

Mironov, B. N. 1999. **Sotsial'naia Rossia**, St. Petersburg.

Mitchell, B.R.1998. **International Historical Statistics: Europe 1750-1993**, 4th Edition, London, Macmillan.

O'Flynn, Kevin. 2006. Russia's big spenders flaunt their fortunes, **Guardian**, 28 October.

Panikkar, K. M. 1970. **Asia and Western Dominance**, London, Allen & Unwin.

Pirani, Simon and Ellis Farrell. 1999. **Western Financial Institutions and Russian Capitalism** (paper presented at the international academic conference on the World Crisis of Capitalism and the Post-Soviet States, Moscow, 30-October-1 November: URL: **www.gla.ac.uk**, accessed on 18.12.06).

Prasad, Eswar S. and Raghuram Rajan. 2006. Modernizing China's growth paradigm, **American Economic Review**, 96(2), May, 331-349.

Quesnay, Francois. 1767/1967. 'Despotism in China', translated from the French and reprinted in Schurmann and Schell, 1967, pp. 108-113.

Ramakrishnan, Venkitesh. 2006. Conflict zones: The Centre's Special Economic Zones initiative evokes protests from farmers and fears of a huge 'land scam', **Frontline**, 22(20), 20 October, 4-12.

RBI. 2006. **Handbook of Statistics on the Indian Economy 2005-06**, Mumbai, Reserve Bank of India.

RBI. 2006a. **Report on Trend and Progress of Banking in India 2005-06**, Mumbai, Reserve Bank of India.

Riskin, Carl. 1987. **China's Political Economy: Quest for Development since 1949,** Oxford University Press.

Robinson, Geroid Tanquery. 1932. **Rural Russia under the Old Regime: a history of the landlord-peasant world and a prologue to the peasant revolution of 1917**, Berkeley, University of California Press.

Sapir, Jacques. 1996. 'Inflation and transition: from Soviet experience to Russian reality', in Sunanda Sen, 1996, pp.204-236.

Sen, Amartya. 1998. **Development as Freedom**, New York, Knopf.

Schurmann, F. and O. Schell (eds). 1967. **China Readings, 1, Imperial China**, Harmondsworth (UK), Penguin.

Sen, Sunanda (ed). 1996. **Financial Fragility, Debt and Economic Reforms**, London, Macmillan.

Simmons, Colin. 1985. "De-industrialization", industrialization and the Indian economy, ca. 1850-1947, **Modern Asian Studies**, 19(3), 593-622.

Stiglitz, Joseph E. 1999/2001. 'Whither reform? Ten years of transition', paper presented at the Annual World Bank Conference on Development Economics, April; reprinted in Stiglitz, 2001, pp. 127-171.

…………………2001. **Joseph Stiglitz and the World Bank: The Rebel Within**, edited by Ha-Joon Chang, London, Anthem Press.

…………………2002. **Globalization and Its Discontents**, London, Allen Lane.

…………………..2002a. 'Who lost Russia?' in Stiglitz, 2002, pp.133-165.

Sumner, B. H. 1947. **Survey of Russian History**, 2nd edn., London, Gerald Duckworth.

……………..1962. **Peter the Great and the Emergence of Russia**, New York, Collier Books.

Trotsky, Leon. 1934/1997. **The History of the Russian Revolution**, translated from the Russian by Max Eastman, London, Victor Gollancz; reprinted, London, Pluto Press.

Tsuru, Shigeto. 1993. **Japan's Capitalism: Creative Defeat and Beyond**, Cambridge (UK), Cambridge University Press.

Walsh, Kathleen. 2003. **Foreign High-Tech R&D in China: Risks, rewards, and implications for U.S.-China relations**, Washington, D. C., The Henry L. Stimson Center (www.stimson.org).