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Two Passages to Modernity

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A strong element of coercion remains necessary if a change is to be made [in India].

—Barrington Moore, Jr.

Many thrust their advice upon India, and she remains steady. This is her beauty. It is the sheet-anchor of our hope.

—Gandhi

I

Gandhi wrote the words above in 1909, at a time when he was struggling with the question of India's modernization and how to achieve it. (Gandhi [1909] 1956, 103) Nearly a century later, the words have a deep resonance. Despite decades of calls by outsiders for a more coercive, planned, even revolutionary approach to political and economic development, India has remained steady indeed. Gandhi's hope lay in the idea that repression and violence were not necessary steps on the road to modernity, as Moore and others claimed (Moore [1966] 1993, 410). Today, this hope is being realized as India's constitutional democracy deepens and its poverty rates fall (from 37 percent in 1987 to somewhere between 15 percent and 28 percent by 2002) (Deaton and Kozel 2005).

In this essay, I ponder the nature of India's peaceful transition to modernity.¹ As a narrative device, I dwell on the contrast with China

since 1949. Until recently, comparisons between the two countries were found mainly in Western academic works. Neither country's public intellectuals were much concerned with their Himalayan neighbor. Culturally confident and globally expanding China paid strictest attention to its self-declared competition with the United States, and to a lesser extent Japan. Obsessively anticolonial India, by contrast, paid inordinate attention to comparisons with Britain and with its postcolonial rival Pakistan.

Yet for a growing number of people in the media, politics, and the public, the comparison has become irresistible. Asia's two great ancient civilizations and present-day giants are studies in contrasting development. Whether it is ethnic minorities, foreign investment, cultural nationalism, elections, corruption, or technology, it is not just *useful* but *imperative* to understand both countries in order to understand only one. It is not overly bold, I believe, to say that the central issues of political and economic development of our time are nowhere better seen than in the China-India comparison.

I find in this chapter that China's gains in material welfare (income, education, health) in both the pre-reform and reform eras has been among the best of all developing countries, at least as far as we know, based on its official statistics. India however has not been a laggard, achieved two-thirds and then three-quarters of the same gains in the two periods. At the same time, China's performance on rights and freedoms is much worse than most developing countries, excepting those where political disorder cancels out any formal freedoms. Its scoring for "voice and accountability" was only a third of India's score in 2002 according to the World Bank, while in the pre-reform era somewhere between 32 million and 57 million people were killed by Maoist political campaigns.

If there were an empirical tradeoff between rights and welfare gains, then one might still favor the Chinese model because of the life and death implications of welfare gains in a poor country. But there is no evidence of such a tradeoff. Fast gains in China did not depend upon authoritarianism, while average gains in India are not explained by democracy. The reasons for better performance in China concern first a growth trajectory begun in the pre-1949 era and second the economic advantages bestowed by the disasters of Maoism. India's average gains are attributable to the pursuit of a blinkered socialism in the pre-reform era and to its too-slow unwinding of it in the reform era.

In evaluating overall performance, then, we must assume that welfare and freedoms are additive rather than substitutive goods. For the pre-reform period, it is difficult to argue that China did better than India given the moral costs of ongoing “democide” under Mao and the “wound literature” that it spawned. In the reform era, evidence suggests that citizens in both countries consider their states as successes, and thus that the particular mixtures of welfare and freedoms each state has provided are weighted by citizens in each country such as to produce roughly comparable performance. However, a big question mark hangs over the Chinese side of this calculation. Legitimacy measurements there are subject to larger errors and are liable to drastic revisions. As for the future, China faces large transitional costs ahead that India does not, costs that might significantly reduce its overall performance once they are paid. One hopes not. One hopes that China and India will both continue to be success stories. But the most plausible alternative scenario to that is a continued Indian success and a Chinese stumble. If so, then the true costs of dictatorship in China may appear in retrospect much larger than was first imagined.

The contrasting poles of Chinese-style coercion and Indian-style gradualism force us to consider the ends of government, and the trade-offs among valued moral goods like income, welfare, participation, rights, and procedural justice. Too often, these tradeoffs have been ignored by scholars, or just assumed away. The two countries offer contrasting passages to modernity that highlight the most salient issues for anyone concerned with development. Different conclusions are possible. But the issues need to be clarified.

In the sections below, I first consider the historical discourse on the China–India comparison before examining in detail the pre-reform and reform performances of both countries. I then consider the future and what it may bring. I conclude with some thoughts on the nature of the development discourse itself.

II

Comparisons of China and India are well known to the social sciences and policy circles. The near-simultaneous founding of the two very similar countries, one democratic in 1947 and the other communist in 1949, was seen by world leaders and scholars as an almost perfect natural experiment in proving which developmental approach worked better. This was especially the case since the cold war raised the

implications far beyond the countries themselves. As the young John F. Kennedy said in 1959 (Kennedy 1959):

No struggle in the world today deserves more of our time and attention than that which now grips the attention of all Asia . . . That is the struggle between India and China for leadership of the East, for the respect of all Asia, for the opportunity to demonstrate whose way of life is the better. The battle may be more subtle than loud—it may not even be admitted by either side—but it is a very real battle nonetheless. For it is these two countries that have the greatest magnetic attraction to the uncommitted and underdeveloped world.

From the moment that this battle “to demonstrate whose way of life is better” began, commentators generally concluded that China was doing better. Kennedy himself repeated the widespread misconception that China’s Great Leap Forward of the late 1950s was propelling the country into the ranks of the industrialized nations, while India, he said, was beset by uncertainty, political instability, and commodity rationing. Selig Harrison warned in 1960 that in India “anarchy, fascism, and totalitarian small nationalities will each torture this body politic at one time or another in the decades ahead” bringing it finally to disintegration (Harrison 1960). Ronald Segal wrote in 1965 that the plain living, attention to the poor, and wise industrial programs of China’s leaders compared to the corruption, politicking, and industrial failures of those in India. “In almost every aspect of industrialization . . . China has advanced further and faster than India,” and thus it was China that would serve as a developmental model for the poor in developing countries (Segal 1965, 221).

It seemed no matter what the topic—economic growth, political order, social progress—China was doing better than India. At the outset of the Cultural Revolution, and already a decade into the Maoist nightmare begun in the late 1950s, Huntington could write that the PRC was “one of the most outstanding political achievements of the mid-twentieth century,” since it was “a government really able to govern China” (Huntington 1968, 342). Even after the Cultural Revolution the praise continued. China was held up as “the bell-weather for the Third World as whole—and ultimately . . . for the rest of us too” (Sweezy 1976, 13). In an influential 1979 book on social revolutions, American scholar Theda Skocpol praised Mao’s China for its “remarkable overall progress in economic development and social equality,” especially, she noted, compared to India. China’s Leninist

regime was an effective Weberian bureaucracy in her view, rather than a troubled dictatorship that induced economic scarcities, relied on repression, and deterred merit through a nomenclature system. “China,” she enthused, “from the mid-1950s to the mid-1970s really stands out” (Skocpol 1979, 274, 279). Two years later, the historian L. S. Stavrianos concluded that the Great Leap Forward, the worst famine in human history in terms of deaths, “was not entirely negative in its results” while the Cultural Revolution was “a historic contribution” to Third World development in which “the big winners were the peasants.” India by contrast was mired in a failure to “revolutionize” its politics (Stavrianos 1981, 607, 610, 611, 645).

With the launch of economic reforms in China in the 1980s, the latest version of this comparison came into being. Foreign journalists and scholars repeatedly wrote stories of China’s success and India’s failure (Bradsher 2002; Johnson 1989; Kaufman 1981; Long 2005). Even once India began its own reforms in the 1990s, doubts remained. One scholar of China, writing in 1994, argued that in comparison to China, India’s democracy “has been accompanied by enormous social costs in terms of poverty, corruption, exploitation, and insecurity” while “India’s democratic institutions are looking decidedly fragile” (White 1994, 79). In their 2000 book *Thunder from the East*, *New York Times* opinion-makers Kristof and WuDunn, who earlier wrote a book on China’s inevitable rise (Kristof and WuDunn 1994), portrayed India as suffering from “mismanagement, bureaucratic paralysis, ethnic antagonisms, and socialist economics.” While making steps to follow China’s economic reforms, India would not match China’s achievements because its “reforms are more tentative, its administration weaker, its savings rates lower, its leaders less commanding” (Kristof and WuDunn 2000, 44–45, 333). Investment bankers who liked the investor-friendly climate in China wrote similar reports (Salomon Smith Barney 2001).

India was a victim of the kind of gloomy paradigms that, the Princeton economist Albert Hirschman noted, had given rise to so much pessimism and, more to the point, inaccuracy, in studies of Latin America. Caught forever in bottlenecks, vicious cycles, dilemmas, and dead-ends, India was fated to disintegrate or be seized by tyrants. Geertz believed that “no general and uniform political solution to the problem of primordial discontent seems possible in such a situation” (Geertz 1973, 289). No one could foresee that minorities could be managed, that Hindu nationalism would be contained, that politicians could direct funds to the needy—that democracy and development

could advance together. India, like Latin America, was “constantly impaled on the horns of some fateful and inescapable dilemma” (Hirschmann 1970, 352). Poverty, ethnic divisions, illiteracy—India had it all. An American political scientist, continuing the tradition of scholars wrongly predicting political collapse in India, wrote in 2002 that gender imbalances “furnish grounds for skepticism regarding the viability of democracy in India” (Fish 2002, 35).

By contrast, China has been constantly favored with optimistic paradigms, even in the face of the grave disasters of Chinese Communist Party (CCP) rule. CCP rulers had mobilized and organized society in a way that was heartening. No one could foresee that inequalities and environmental degradation would surpass those of India, that a massive anti-system protest covering 341 of China’s 450 cities would erupt in 1989, or that residents in the Chinese empire (Taiwan, Hong Kong, Tibet, and Xinjiang) would bray at Beijing’s sovereignty despite the reputed economic benefits.

As one Indian intellectual noted, the wrongful views of India compared to China were not just bad predictions of the future—the danger of all social watching—but a more inexcusable misapprehension of the present. “The other Asian giant, China, shut off the world and began mixing totalitarianism with compassionate economics. India continued her experiment in full public view, leaving all her doors open for anyone to come and examine her warts, even if the visitor wanted to concentrate on the warts to such an extent that he didn’t notice the face at all” (Akbar 1985, 97).

III

It is probably fair to say that India and China had roughly similar prospects for political and economic modernization at the time of their founding. Both states were built upon deep historical antecedents, which ensured that state-builders could appeal to shared history to forge unity. India, with a degree of ethnic and religious diversity more than four times that of China (Fearon 2003), was bound to face graver challenges of cultural pluralism. On the other hand, it inherited a greater basis of political organization as a result of colonialism. Both countries had a wealth of potential resources and trade networks. The best estimates of comparative living standards of Simon Kuznets and Angus Maddison said that the two countries had roughly similar GNP per head at the end of World War II (Kuznets 1966, 36). (Swamy, in

this volume, puts India's per capita GNP 50 percent higher than China's in 1950, using purchasing power estimates.)

The actual growth performance of the two countries from the mid-1950s until 1980 appears to have been remarkably similar, at about 4–5 percent GNP per year, which would translate into something like 2–3 percent per capita.² Previous estimates that suggested a far better performance by China in this period have not withstood scrutiny (Dreze and Sen 1989, 207). India, it turns out, was no more suffering from a low “Hindu growth rate” than China was enjoying a “great leap forward” in the three decades after their founding.

As the Chinese economist Qin Hui has shown, China's economic growth in the early 1950s was not a communist achievement but a return toward the growth trajectory created by the Republican-era state (1911 to 1949) that had been halted by invasion and then civil war in the last decade of the Republican period. However, from the mid-1950s onward, famines, political campaigns, and sclerotic Stalinist economics slowed that trajectory. By 1977, per capita GDP in China was 33 percent higher than in India, little different from the 26 percent higher in 1936. The Republican state, by contrast, had taken over when per capita income was only 3 percent higher than in India (Qin 2005). In other words, the communist state significantly slowed the growth trajectory that began in the Republican era, and thereby eliminated China's natural growth advantage over India until the reform period.

Slow absolute growth in both countries in the pre-reform period was because both countries pursued bureaucratic Leninist command economies—Nehru was as disdainful of economic freedom as Mao. India's problem was not too little state intervention, as both Kohli and Chibber contend, but too much (Chibber 2003; Kohli 2004). It locked out foreign trade and investment, strangled private enterprise in regulations, and expanded state ownership to become “the most extensive in the non-Communist world” (Rohwer 1995, 177). As Lord Desai notes: “Both [leaderships] considered the state as the engine and the driver of growth and suspected the private sector's initiatives . . . Mao for China and Nehru for India laid down the path from which each country had to deviate, if only because the path led to a blind alley” (Desai 2003, 8).

Nonetheless, China did register more rapid improvements in life expectancy, infant survival, and education. This was primarily a result of the more equal sharing in economic growth resulting from early 1950s land reform as well as local self-help mobilization rather than

Table 3.1 Welfare gains in selected developing countries, 1950–1973 (% gain in log value of Human Development Index)

Mexico	56
Brazil	55
S. Korea	52
China	50
Colombia	47
Turkey	47
Thailand	42
Philippines	36
India	32
Sri Lanka	27
Indonesia	24

the largely mythical Maoist welfare state. India fell behind also as a result of its woeful neglect of education in general and the education of women in particular. Whereas life expectancy in both the countries was around 40 at the time of founding, by 1980 that had risen to around 65 in China but only around 55 in India.

Using the Crafts calculations of the historical Human Development Index (HDI), welfare gains³ in the two countries from 1950 to 1973, along with those of nine other large developing countries, are shown in table 3.1 below (Crafts 1997). These show that China enjoyed slightly above-average development in the Mao era while India enjoyed slightly below-average development. China's larger gains translated into a notable gap in things like life expectancy, literacy, and nutrition by the mid-1970s compared to India. However, there was no miracle in China, as many scholars claimed, and there was no stagnation in India.

Overstated estimates of Chinese performance in this era won praise from scholars like Schurmann (Schurmann 1968), Skocpol, and Huntington, and advice to India by people like Stavrianos, Segal, and Moore. The common theme of these views was that Indian-style gradualism did not work. Social and economic transformation required an effective bureaucracy and an incorruptible elite. Achieving these was impossible in India in the absence of a violent political transformation. Hence the continued thrusting of advice for radical change upon Indian leaders, not least from Indian intellectuals themselves, that Gandhi had lamented at the turn of the century. The economist Gunnar Myrdal argued of India in his 1968 tome *Asian Drama* that "rapid development will be exceedingly difficult to engender without

an increase in social discipline,” pointing to reports of stern discipline in China as proof (Myrdal 1968, vol. 2, p. 899).

None of these authors foresaw the downside of Chinese authoritarianism. A significant amount of the superior welfare performance by China must be discounted because of the estimated 32 million to 57 million political deaths of the Mao era, deaths that are not captured in the welfare gains table given earlier. These deaths were mainly from the estimated 20 million to 33 million killed in the Great Leap Forward famine (actual deaths, not including postponed births) (Smil 1999). Claims that the starvation was a result of bad weather or the split with the Soviet Union were long ago revealed to be bogus. The deaths resulted from domestic politics (Kung and Lin 2003). There was another estimated 12 million to 24 million killed in successive political campaigns before and after the famine (including 1 to 3 million in the Cultural Revolution) (Rummel 1991; Shambaugh 1999). Chinese scholars have estimated that one in every nine Chinese citizens was either killed or disabled by Mao’s political campaigns (Mao and Zhou 2000).

It is true that China advanced more quickly than India in the 1950s (and indeed overall from the 1950 to 1973 period) but it is untrue that this was a result of collectivization or Maoism. It was rather in spite of it. Thus to say that despite the deaths by famine and murder, China still performed better than India, as do remnant Marxists and Maoists in the West (Patnaik 2003), is to give credit where it is not due.

Moreover, there are important normative reasons why the party’s role in these political deaths would cancel out China’s superior welfare gains even if they were attributable to the party. The *way* in which outcomes are achieved matters as much as the outcomes themselves. A policy allowing police to randomly shoot 100 innocent people on the streets every year in order to deter crime is morally worse than one in which police unintentionally shoot 100 innocent bystanders per year while pursuing criminals. Indian leaders can be faulted for carelessness, negligence, and even callousness to the plight of the average citizen as they sought to maintain the ruling Congress Party’s power by tolerating local village leaders and pursuing a blinkered socialism. Yet that stands in contrast to the actions by China’s leaders in willfully covering up and then exacerbating a famine that stands as the worst in human history and in conducting other ongoing political campaigns that led to the murder of millions. Mao and his allies believed that these losses of life were needed to maintain the organizational integrity of the party and its writ over society.

Gradualism in India, by contrast, was a result of the Congress Party's attempts to accommodate pluralism in society. India's failures in welfare and education in this period were a result of attempts by its leaders, both Nehru and Indira Gandhi, to preserve Indian democracy by making deals with entrenched regional and rural elites. It is notable that India in this era is also credited with making the twentieth century's first humanitarian intervention when in 1971 it repulsed Pakistani troops from East Pakistan (later Bangladesh) for a mixture of prudential, strategic, and humanitarian reasons (Walzer 1977, 101). Contrast that to China, which in the 1970s supported the rise of the genocidal Khmer Rouge regime in Cambodia and then attacked Vietnam for removing the Khmer Rouge from power, all the while destroying the social foundations of democracy at home.

India's rights-oriented efforts, note two Indian scholars, "went quite a distance in institutionalizing India's fragile democracy," while sidetracking or undermining valuable development goals. "State capacity to push . . . the Chinese type of radical poverty alleviation was simply missing," they note (Kohli and Mullen 2003, 197, 204). If so, then any attempt to create such capacity might have undermined democracy, which might have ushered in more dire socioeconomic consequences. The notion that India could have forged a "well-organized social-democratic party and a durable ruling coalition at the helm of a more effective state" (Kohli and Mullen 2003, 211) or "greater accomplishments within a democratic framework" (Moore [1966] 1993, 395) may overstate the possibilities for state-led mobilization in a democracy laboring under the quadruple pressures of being poor, populous, diverse, and new. The legacy of a consolidated democracy, on the other hand, may be the greatest gift for development that Nehru and his successors could have left to India.

By contrast, China's "radical poverty alleviation" not only led to the political murder of millions but also undermined the creation of a workable democracy, a result that as the new century began increasingly looked like a greater liability for the poor than India's "soft" state. In any case, Congress had its come-uppance, losing power from 1977 to 1980 and again from 1998 to 2004. The CCP, however, continues to rule China by force and to lie about the causes and consequences of the famine and the Cultural Revolution. If there is a popular signal of this difference, it is the many memorials and "wound literature" in China about the Great Leap Famine and Cultural Revolution that has no parallels in India. The therapy that China continues to undergo with respect to Mao contrasts to the high esteem

that Indians bestow on Nehru and, to a lesser extent, the Gandhi family.

On any calculation of overall gains in the pre-reform era, then, it is difficult to see China's modest edge in material welfare gains as decisive. India made somewhat slower material progress but also protected its citizens from revolutionary murder while at the same time consolidating its democracy.

IV

China's nightmare under Mao fed directly into the strength of its economic reform movement. India, which had not suffered from Stalinist horrors, did not have the same impetus to reform. As Rosen shows, the resulting differential performance of the two countries' agricultural sectors—a boom in China resulting from shock therapy reforms prompted by the threat of peasant rebellion versus slow gains in India resulting from gradualism—explains much of their differential economic growth in the 1980s and 1990s. “Unlike China, India neither suffered the shock of a Cultural Revolution to create a major push for reform, nor had a lagging rural economy to provide an initial area of reform from which broad substantial gains in output and income were quickly possible” (Rosen 1992, 123).

For many observers, the comparative achievements of this era were reflected in the journeys into town from the airports of Shanghai and Bombay. In Shanghai, China's business center, the traveler speeds along an elevated expressway past gleaming high-rise buildings, into a city scrubbed clean and festooned with exhortative slogans. In Bombay, India's business center, there is no expressway, barely a road at all, and the path winds through horrendous shantytowns for almost an hour before the breathless visitor arrives shell-shocked at one of the city's few good hotels. North Asia's colossus appeared to be a paragon of efficient government and high growth. Its South Asia counterpart seemed mired in political stasis and sluggish growth. China was held up as a success model that India needed to emulate.⁴ Yet a closer reading shows that, in these two decades, India again did almost as well as China in material gains.

Although predating reforms in India, a base point of 1975 can be used to assess the outcomes of reforms in the two countries by the end of the century. Across a range of indicators, the improvements in both countries were impressive (table 3.2), whether it be life expectancy, infant mortality, income inequality, or poverty. Using the all-inclusive

Table 3.2 Human welfare indicators, 2002 (1975)

<i>Indicator</i>	<i>China</i>	<i>India</i>
Share of income held by poorest 20%	5.9%	8.1%
Gini coefficient (extreme inequality = 1)	0.45	0.33
Under-1 infant mortality	31 (85)	67 (127)
Life expectancy	71 (63)	64 (50)
Human Development Index	0.745 (0.523)	0.595 (0.411)
Welfare gains 1975–2002^a	+55% (50%)	+42% (32%)

^a % change in log of HDI scores. Figures in brackets are gains from 1950 to 1973 using Crafts (1997).

Source: UNDP, World Bank, official figures.

HDI of the United Nations, China's gains over the entire period are at 55 percent, again only moderately higher than India's 42 percent gain. Indeed, in the reform period, India's welfare gains rose to three quarters of the Chinese rate compared to two-thirds in the earlier period.

To be sure, India's per capita GDP growth from 1975 to 1999 was 3.2 percent, less than half of China's 8.1 percent. Yet that only shows what a bad indicator GDP can be in assessing overall welfare. If India's voluntary and education-oriented population-control policies continue to succeed, welfare gains could begin to surpass those of China.

In comparative perspective, other populous developing countries have also done well in enhancing human welfare since 1975 (see table 3.3, in which Nigeria, Egypt, Bangladesh, and Iran are added to the 11 countries from table 3.1). In this view, India's performance is average, on par with Brazil, while China's is above-average, on par with that of Indonesia. The Philippines and Nigeria are poor performers.

V

Material benefits are only one part of what allows people to pursue their life goals. The other indispensable means for this are guarantees of rights and freedoms. On this score, India has clearly outperformed China. While quietly racking up economic and social gains that were only moderately worse than China's, India has remained the world's biggest democracy and has provided its citizens with a great deal of protection for their freedoms.

Chinese are less controlled than they were, but their space is not guaranteed by the state, meaning that it does not constitute true

Table 3.3 Welfare gains in selected developing countries, 1975–2002 (% gain in log value of Human Development Index)

S. Korea	66
China	55
Indonesia	51
Egypt	48
Turkey	46
Thailand	46
Iran	45
Brazil	42
India	42
Mexico	41
Colombia	38
Sri Lanka	38
Bangladesh	37
Philippines	33
Nigeria	32

freedom. It is difficult to speak of the existence of any rights in China given that the party reserves the right to override them all. Beijing's constant jailing of dissidents, religious adherents, environmentalists, and others who threaten the ruling regime compares to India's marvelous tolerance for diverse life goals. In 2002, the latest year for which Beijing revealed figures, 3,402 people were arrested and 3,550 charged under the crime of "endangering state security" (previously called counterrevolutionary activities), a crime that is grossly inconsistent with UN human rights standards (Human Rights Watch/Asia and Human Rights in China 1997). The country's labor camps, where people are sent without a trial, hold roughly 50,000 inmates according to UN. China's annual criminal executions, many carried out the same day as the trial, may be as high as 10,000 people, accounting for 98 percent of the global total (Amnesty International 2004). By contrast, India's execution of a single man in 2004 was the first known execution since 1997, consistent with the strong recommendation in the International Covenant on Civil and Political Rights (to which both China and India are parties) to strictly limit and ultimately abolish the death penalty.

In some cases, rights and freedoms may reduce material benefits. PepsiCo's Indian-born President Indra Nooyi in 2002 praised Chinese officials for their efficient handling of foreign investment projects, an implicit critique of India's tangled FDI approvals process.⁵ British

investment banker Philip Tose, a central figure in China's 1990s' overseas listings boom, notoriously proclaimed in 1997 that "India's problems can be summed up in one word: democracy."⁶ A former Chief Minister of India told students in China in 2004, "We wonder if democracy can deliver at the pace that your system can deliver" (Krishna 2004).

Yet one reason why China was luring more than \$40 billion in foreign investment per year compared to India's \$5 billion in the late 1990s and early 2000s, in addition to its distorted domestic economy (Yasheng 2003), was that its officials are not accountable. (As Swamy points out, these figures may be more like \$20 billion and \$8 billion, roughly the same proportions of their GDPs.) They can, and do, chase farmers from their fields and repress union activity to attract foreign investment. They have also been able to stifle the expansion of private enterprise and encourage FDI to take its place as part of a larger political strategy of heading off the rise of a pro-democracy business elite (Gallagher 2002). Cadres looted billions of dollars of state assets and listed them on overseas markets with the help of "foreign friends" like Tose.

More typically, however, rights and freedoms are good for economic and social progress. That is, they have an instrumental value in improving material welfare that is empirically well established (United Nations Development Programme 2000; United Nations Development Programme 2002; Siegle et al. 2005). They make markets more fair and open, give people a stake in the system and ensure policies are legitimate. Indeed, the imperatives of good governance are what forced the CCP to introduce village democracy after 1987, and now are causing periodic renegade elections at the township level as well. India's freedoms have ensured a lively and intense debate on issues such as the extent of poverty reduction in the reform era and the plight of the "untouchable" castes. In China, critics of the government position on such issues are hounded or jailed.

Many prominent Chinese now reject the idea that democracy is bad for growth. As India's economy expands, they are making more direct comparisons between the two countries on this basis. As one researcher working in a Beijing municipal government think tank wrote in an online essay: "At present, Chinese do not pay any attention to India. India's democracy is already quite consolidated. In the worldwide competition for skilled workers, besides the economic advantages of all developed countries, there is political responsiveness in India which provides a strong link between political and technical leaders. In these

respects, a China that has set out to become strong through technical education needs to work hard to close these gaps . . . We need to look across the Himalayas and pay attention to our southern neighbor India”(He 2004).

This reflects a broader reevaluation of India within China, detailed elsewhere in this book by Huang Jinxin. Prominent intellectuals in China increasingly want to style their country in the mould of India’s open society, with its attention to morality, antimaterialism, and nonviolence. Or put another way, China’s intellectuals are rediscovering the cultural similarities that they share with India and that have been obscured by the reform-era violence, environmental degradation, loss of social trust, and hyper-materialist ethos. India provides an example of the road not taken. As one researcher wrote:

As two ancient eastern civilizations, China and India have long, glorious histories and rich cultures, which place great emphasis on keeping promises and putting principles above interests . . . Both Chinese and Indians are peace loving people. Gandhi’s nonviolence traces back to Buddhism’s teaching of compassion for all forms of life, a teaching that parallels the ancient Chinese philosophy that advocates non-aggression between nations and a union of all countries . . . A love for peace and a strong dislike for materialism are in the blood of the two peoples. (Lin 2004, 32)

Irrespective of their impact on material welfare, rights and freedoms are an end unto themselves, not just for liberal political philosophers but for billions of citizens around the world. Unlike GDP, we do not have an indicator to show the gains in welfare when an Indian is able to, say, join an ayurvedic health group run by the Hare Krishnas or parent another child. Nor can we measure the loss when a Chinese practitioner of the Falun Gong meditation sect is forced to recant under threat of confinement or a farmer’s wife is forced to abort an unborn child. If we did, India would be the “growth miracle,” China the “growth debacle.” This is the oversight of Ogden who writes that “China has done better than India in terms of [material] human development *and therefore* in terms of creating a fair and just society” (Ogden 2002, 373, italics added). Even if China’s material development record were vastly superior this would be untrue. Global citizens repeatedly sacrifice material interests in the pursuit of freedom and dignity. Turnout rates among India’s rural electorate are higher than its urban. The poor value the vote. They also value freedom, even

amidst material deprivation. “India’s democracy has been strengthened by a political process that has facilitated a modest degree of redistribution of power and of other valued resources such as status and dignity, even if not of wealth,” writes Kohli (Kohli 2001, 2). The leader of Hong Kong’s main pro-Beijing party, Tsang Yok-sing, returned from a trip to India in 2002, “struck by the upbeat outlook that almost everybody seemed to have” despite the country’s poverty. He attributed this to the fact that “Indians believe in their system of government” so that “if democracy meant a slower pace of reform, so be it. Indians seem to recognize this as a price worth paying.”⁷ Development includes expanding choices and personal autonomy. Health, income, and education are part of that, but only part.

Thus, appeals for Chinese-style authoritarianism may obscure the trade-offs that are involved. Ogden laments that Indian governments failed to address “social problems” such as by “mandating a national language” as in China, and notes that China’s coercive population policies are “a good example of how a more authoritarian government may at times be more capable of carrying out a policy that is better for society as a whole” (Ogden 2002, 369, 371). Yet Indians value their freedom to speak their own languages and decide on private decisions such as child-bearing. If one adopts a utilitarian perspective on human affairs, as does Ogden, then one needs to accurately assess the moral weights placed on various outcomes by the representative individual (Smart and Williams 1987). Only then can one know what precisely “society as a whole” desires. Indians seem to think their freedoms are valuable, while Chinese have never had an opportunity to make that choice.

Some argue that communal violence in India does not have an equivalent in China. For a start, the levels of communal violence—the incidence of deaths from interethnic violence per capita—has steadily *declined* throughout the history of independent India, consistent with the idea of democracy as a pacifying force in ethnically diverse polities.⁸ In addition, India’s population is nearly four and a half times as ethnically diverse as China’s, meaning that an equal incidence of ethnic violence per capita would lead to far more deaths in India in any case.

India has an indisputable black spot in the form of its institutionalized discrimination against the lowest castes, primarily the “Dalits,” not incidentally the one area where Gandhi felt something like a social revolution really was necessary. The “scheduled castes” of historically

disadvantaged castes, mainly Dalits, accounted for 16 percent of India's population in 2001 but suffer disproportionately from poverty, malnourishment, and unemployment. Discrimination against them is illegal, and positive discrimination policies exist to help them, but this has not overcome centuries of social oppression. Nonetheless, Dalit political parties have won significant power in many state legislatures and have captured several mayoralities.

In China, communal violence occurs under other names, as the repression of religious believers, ethnic minorities, and the rural poor. In the post-1999 crackdown on the Falun Gong religious sect, as many as 700 adherents were killed in detention, while more than 10,000 were arrested. China also maintains an institutionalized war on its peasants. While India's politicians spend endless weeks in the villages seeking votes, Chinese leaders rarely grace these areas unless they have a team of propagandists in tow to show their "concern for the poor." A prominent Chinese economist describes his country's rural population as "the world's biggest population without political representation."⁹ Rural dwellers in China are counted as one-quarter of an urban person in the allocation of seats to the appointed national parliament, even less than the notorious three-fifths of a person that was the measure of a nineteenth century American slave.¹⁰ The advocacy group Human Rights Watch has argued that the treatment of rural dwellers in China amounts to a form of institutionalized racism, or apartheid (Human Rights in China 2002). Beijing has long prohibited the formation of any national or regional peasants association (*nonghui*) on the grounds that it would jeopardize the country's industrial development strategy.

Both countries have failed in minority regions to uphold rights and freedoms. India's poor record in Punjab and Kashmir and China's poor record in Tibet and Xinjiang is pretty much a toss-up—in both places officials and police act with impunity and people are killed and tortured regularly. Overall, then, on any standardized measure, there are grave doubts that group violence would be rated worse in India than in China.

Of course, to be of value as ends unto themselves, rights and freedoms have to be realized in everyday life rather than merely on paper. Any political philosopher will admit that basic liberties are not worth much if they exist within an environment of lawlessness, corruption, and poverty. Indeed, Moore's critique of Indian democracy was precisely that its freedoms were meaningless amidst poverty and disorder. Indian scholars likewise warn of "a million mutinies"

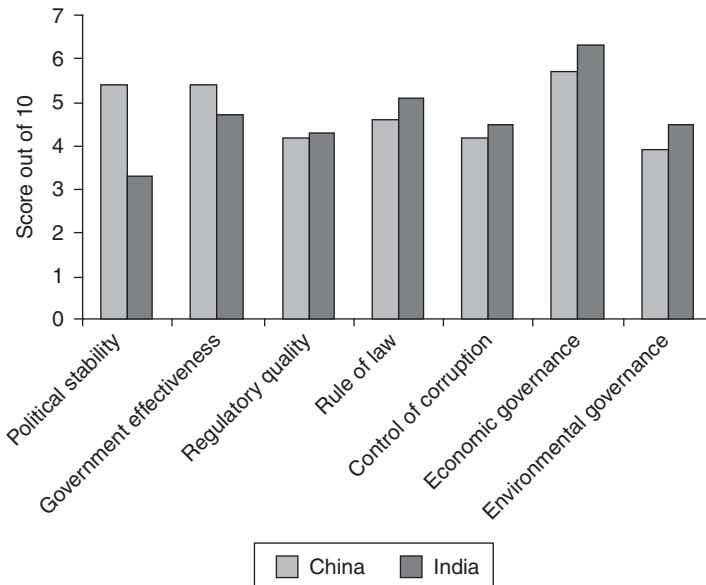


Chart 3.1 Governance indicators, 2004

Sources: Gwartney and Lawson 2004; Esty, Levy et al. 2005; Kaufmann, Kraay et al. 2005.

(Naipaul 1990), or a “crisis of governability” (Kohli 1990). Does disorder in India cancel out its greater freedoms?

To answer this question, I have collected seven different indicators of governance quality, shown in chart 3.1 below, all of them estimated by outside observers using objective criteria.

As chart 3.1 shows, aside from China’s advantage in political stability, the two countries perform quite closely in most indicators, with India having the better rating on five of the other six. As such, it gives lie to the claim that the choice of the two countries is an orderly and efficient China with constrained freedoms and a chaotic and corrupt India with wide freedoms. India provides as good or better “political order” as China and yet has provided freedoms as well, while enhancing material welfare almost as fast as China.

In the reform era, then, as in the pre-reform era, China raced its way from one gust of wind to another, while India continued its slow, straight course. China showed better material welfare gains, but India continued its democratic miracle and backed that up with superior governance in most fields.

VI

Another comparison in the reform experiences of China and India is the way in which decisions were made. This is not just an esoteric concern of political philosophers. The fairness of policy-making is well known to be an end unto itself among those affected. Beyond this foundational value, the perceived fairness of processes has an instrumental value on the legitimacy and thus stability of those policies (Tyler 1990; 1994). Other things being equal, painful economic reform policies will be more durable where they have been shaped and endorsed by the population affected. The fashion in development economics for “participatory development” owes to this insight.

The post-socialist reform period for China began much earlier than in India, in the mid-1970s versus the late 1980s. However, the precise beginning of China’s economic reforms is difficult to ascertain. New accounts constantly push the date further back, nowadays to the early 1960s, the recovery from the Great Leap Famine. The reason for this imprecise dating is that reforms in China were society-led, that is, they constituted a form of “everyday resistance” that can cumulatively add up to a revolutionary change (Scott 1985). Private farming rebellions broke out in many rural counties and were winked at by increasingly senior party cadres until eventually the party itself capitulated and announced it had “liberated its thinking” in 1978 (Friedman, Selden et al. 2005; Zhou 1996).

Contrary to popular wisdom about “gradualism” in Chinese economic reforms,¹¹ the party’s response was recurrent doses of shock therapy that put similar rapid reforms in eastern Europe and Latin America to shame. As Rosen noted: “the revolution destroyed the intermediary institutions that might have made transitions more gradual” (Rosen 1992, 32). Communal farming for 800 million peasants was abolished in a single step, raising the proportion of privatized rural farming households from 1 percent in 1979 to 98 percent by 1983 (World Bank 1997, Figure 1.12, p. 9). Rural social welfare was entirely shut down by the mid-1980s. Dreze and Sen noted that “The authoritarian nature of Chinese politics has permitted an abrupt reduction in the social security provisions” (Dreze and Sen 1989, 220).

Elsewhere, whole wastelands of industrial failure emerged in Manchuria and the northwest as the state shut off funding for state enterprises in sectors like textiles, steel, and coal. Sudden price reforms in the 1980s set off inflation spirals, while patriarch Deng Xiaoping’s 1992 Southern Tour led to gross overinvestment, both domestic and

foreign, and another bout with double-digit inflation. Entry into the World Trade Organization is bringing another wave of sharp change. Just because China's reforms could have been more radical than they were does not mean that they were "gradual." The radical revolutionary approach to modernity of China's pre-reform era continued in its reform era. Cadres who made "decisive and bold reforms" (*guoduan dadan gaige*) became the new Maoists of China.

As one Chinese scholar notes, in this first 15 years of economic reforms, the nonparticipatory approach did not matter much because most people were benefiting (Wang 2000). Farmers may have lost communally organized healthcare but the cash crops they were allowed to grow were selling while family members were earning income as migrants to urban centers or as rural industrial and service workers. This changed in the 1990s. Persistent and systemic losers began to appear—state enterprise workers, women, farmers, and those in inland regions began to experience stagnating or declining incomes. It was then that the fundamental weakness of the nonparticipatory Chinese model began to appear. Economic reform and openness began to create distributive conflicts that are usually resolved through welfare and redistribution. But lacking representation, the Chinese government could not extract enough resources to finance such programs. One might neither add nor could make redistributive decisions that would necessarily be legitimate among the poor in any case. For as Wong argues, the whole notion of markets and why they should be expanded at the expense of state power, and what was the purpose of public policy in a socialist state, was merely decided by fiat from above (Wong 2004).

Contrast that to India, where economic reforms began haltingly in the mid-1980s, at least a decade later than China, and then accelerated in the early 1990s. Easy reforms in areas like licensing, exchange rates, and banking came first. Then the government moved into more difficult reforms in labor, state ownership, and welfare, moving ahead piecemeal unlike the "shock therapy" in China.

The Hindu-nationalist Bharatiya Janata Party (BJP) won office in 1998 for many reasons but one of them was fears that the economic reforms of Congress was already too much an elite-driven, top-down process. Right here we have a startling contrast with China, where there was never any popular voice, much less veto, over economic reforms. The coalition led by the BJP represented a poor people's movement fearful of reforms. Yet when it came into office, the BJP sensibly continued reforms as the best hope for the poor.

Thereafter, India's reforms moved forward by embracing opposition, not bulldozing it (as documented by Manor elsewhere in this volume). The fact that the BJP was criticized not only by business groups for its slow reforms but also by left-wing intellectuals for selling out to "neo-liberalism" shows just how successfully it walked the middle way. Most of the criticism focused on issues where reform was delayed precisely because the losers were not reconciled to change. Reforms in agricultural support, small-scale industry restrictions, labor laws, and privatization were delayed because of the interests affected. Fortunately, the economic reformers ignored advice for more coercive measures and stuck to the country's great democratic tradition. One Indian intellectual referred to India's steady, consensual reform process as "the elephant paradigm," a challenge to the notion that violence and repression are indispensable to progress (Das 2002a; 2002b).

Throughout the BJP government era of 1998–2004, cabinet rifts and a series of antireform strikes chastened the government against moving too fast at the risk of considerable political loss. Its economic transformation was achieved through open processes of reaching a fair and consensual policy. India's trade unions, rural farmers, and petty bourgeoisie middle class all had a say in reforms. In China, notes Long, "communism had beaten both capital and labor into submission" (Long 2005, 8).

The democratic nature of India's economic reforms is frustrating to those who like the lightning-bolt approach of authoritarian China. Yet democracy has ensured that reforms are more just and therefore more enduring in India. Inequality has remained moderate while opportunities have expanded for more people than those in China. The important result, notes a paper by Harvard's Center for International Development, is that "India's political system is more than ever in consensus about the basic direction of reforms" (Bajpai 2002, 2). Or as the columnist Paranjay Guha Thakurta wrote in *Business Today* magazine in 2003: "While it may be very fine to wax eloquent about the need for so-called economic reforms, unless a political consensus can be arrived at, all such attempts are bound to falter if not fail." Such sentiments are unheard of in influential circles in China, where the whole notion of "politics" is discredited and suspect (Gilley 2004b).

India's more enlightened industrialists are also quick to point out that they prefer reforms that will not face an ongoing poor people's movement, as in China. As a prominent Indian banker told a conference in New York in 1999: "Unless the common man in the street is able to identify himself with the reform process, we will find that the

reform is going to be very difficult”(Vaghul 1999). It is difficult, by contrast, to survey the corporate scene in China and find similar voices from executives. The best-known advocates of the poor among business people tend to have been rural entrepreneurs with greater sympathy: farming tycoon Sun Dawu of the Dawu Group in central Hebei province, for example, was a person who set up an (illegal) private bank for rural savers and business who are systematically exploited by the state-run financial system, which he called “worse than feudalism.” As he summed up the problem prior to serving a short jail sentence: “(Officials) don’t imagine that people at the grassroots level have any power of judgment”(Dickie 2003).

The lack of value placed on things like rights, dignity, social bonds, and freedom by scholars is puzzling given psychological evidence of its importance to human happiness. As Friedman wrote, the crisis of faith in democracy in the West in the 1960s led to an “amoral equivalence” being set between India and China by people like Barrington Moore whose 1966 *Social Origins* represents a major aberration in his own otherwise pro-democracy oeuvre (compare Moore 1978; 1970; and 1954). “Moore’s moral equation . . . of all paths toward modernity misled” (Friedman 1998, 120). In the decades since, a similar lack of value placed on democratic procedures and freedoms has been no less evident in comparisons of China and India. India’s “Gross Democratic Product” has boomed while China’s has stagnated.

Modernity is not a final state obtainable by social revolution or rural violence but a state of mind, a method of managing change obtainable through social reconciliation and respect for human lives as ends unto themselves. It is a process as much as an outcome. As Friedman noted earlier, scholars must reject the allure of “grand narratives of a once and forever transition to modernity” that “assume a final solution to the pains of permanent change” (Friedman 1998, 120, 119). Process, it turns out, matters as well as outcomes.

VII

How do people in China and India evaluate the states to which they belong? The political legitimacy of a state comes from two dimensions of performance, covered in the preceding two sections: the outcomes of public policies; and the processes and institutions that make them. Elsewhere, I have gathered, rescaled, and aggregated legitimacy data

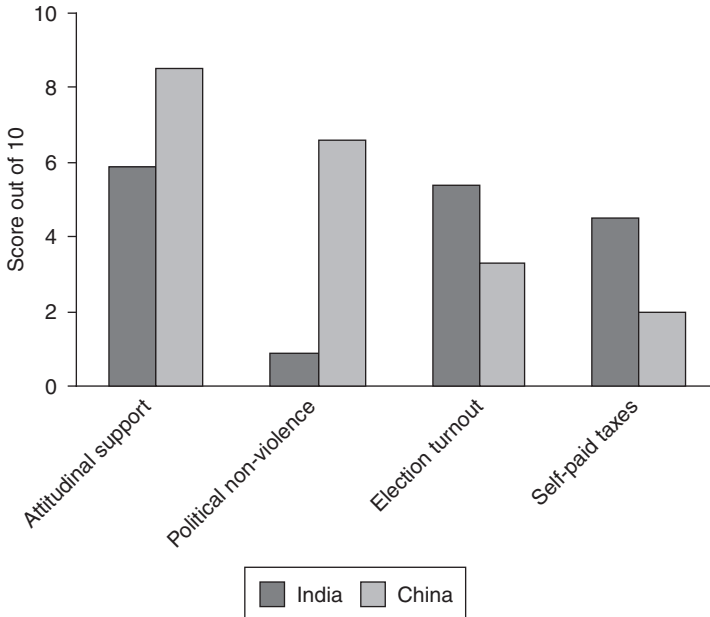


Chart 3.2 Legitimacy indicators, 1999–2002

Source: Gilley 2006.

in a 72-country dataset that includes China and India (Gilley 2006). The scores for the four distinct subcomponents for both countries are given in chart 3.2. Attitudinal support is a composite of views of the protection of human rights, confidence in police, confidence in the civil service, and system support, taken from the World Values Survey IV (1999–2002) and Global Barometer surveys. The three behavioral indicators concern the extent of political violence (the incidence of violence in political protest, taken from the World Handbook of Political and Social Indicators for the years 1996–2000), turnouts to elections (at the village and township level in China’s case), and the state’s ability to rely on easily avoidable taxes such as those in income and corporate profits.

It is worth noting that *both* India and China outperform the legitimacy scores that would be predicted by their income levels for most of these four categories. This is a reminder that the comparison between these two is intriguing precisely because they have *both* developed and advanced in recent decades, especially compared to the setbacks in

Sub-saharan Africa, and to a lesser extent eastern Europe and Russia. The legitimacy scores for both countries suggest that citizens in both countries believe their states have been moderate successes. China does better on attitudinal support but India does better on two of three behavioral responses.

In the case of China, three decades and more of economic reforms have generated modest legitimacy for the regime. Several studies conclude that regime legitimacy has been enhanced, especially among the more politically salient urban groups, as a result of welfare improvements and a rationalization (which in China's case means a de-ideologicalization) of the state (Chen 1997a; 1997b; 1997c; Zhong 1996). It is clear that there is real subjective validity in the oft-expressed view, especially made in comparison to the state deterioration in the former communist states of Europe, that civil and political freedoms were a less valued outcome than continued economic expansion and effective governance in China. At the very least, it has not been a failure.

However, the importance of being skeptical about these results has been pointed out by many observers. Both Zhong and Chen argue that the "performance legitimacy" of post-1989 China in particular is inherently unstable because citizens tend to conflate legitimacy with individual payoffs. As a result, what appears to be legitimacy is in fact merely compliance dependent on payoffs. The post-Tiananmen boom, says Chen, "has not served so much to regain popular confidence in the regime as to divert public attention from political concerns to tangible material interests" (Chen 1997a, 430). Moreover, the nationalism that is based on a rational calculation of national interests means the devotion to the regime is lost in the equation, unlike the nationalism of the Cultural Revolution. Finally, as Saich notes in this volume and Wang notes elsewhere (Wang 2005), the positive evaluations of national government decline steeply for evaluations of local government in China, an inversion of the usual pattern in most states.

China maintains a greater coercive control over society, indicative of a failure to reconcile many citizens to the current regime. What that means is that, as in 1989, the kind of attitudinal approval for the regime that appears so high may conceal more complex attitudes toward the regime, some of which remain falsified until a political crisis erupts (Kuran 1992). Friedman, for example, notes the pervasive unofficial critiques and attacks on the state that suggest underlying unrest, especially outside of Beijing and Shanghai where most opinion surveys are conducted (Friedman 2002). The fact that China underperforms

India on two of three behavioral indicators suggests the degree of dissonance between attitudes and behavior in China. Elsewhere in this volume, Huang and Khanna note how World Bank surveys of experiences of corruption in China are heavily censored.

In India, by contrast, the concealment or falsification of preferences is unheard of (Sen 2006). Indeed, it is the voluminous and strident expression of preferences that has made many wince at the country's democratic experiment. If we are prone to overestimate regime legitimacy in China because of concealed preferences, then, echoing Akbar quoted earlier, we are prone to underestimate regime legitimacy in India because of the cacophony of critical voices that the country's freedoms encourage. As mentioned, legitimacy in India is actually slightly higher than would be predicted by its developmental level. It enjoys above-predicted scores in most of the components above—especially views of rights protections, satisfaction with democratic development, and election turnouts. India suffers mainly as a result of several violent regional insurgencies—especially in Kashmir and the Punjab. Were it to manage those and other ethnically charged conflicts such that its overall nonviolence score was closer to the average for all countries, its standing compared to China would look far better.

These considerations then point to the following conclusions. Concealed preferences and behavioral data in China mean we should discount its attitudinal super-legitimacy. But even then we are left to believe it is considered a moderate success by citizens and certainly not a failure. In India, a deluge of expressed preferences mean that we can take the attitudinal support as reliable, and also as a solid indicator that the country is also not considered a failure by its citizens. Both states can point to achievements in welfare and governance that justify these views.

VIII

Looking ahead, which country will ultimately be judged to have passed to modernity with more aplomb? This requires us to make predictions about the future, a dangerous business in the best of times yet crucial to providing an answer to this question. We can hardly evaluate the passages taken to modernity, the passage from one shore to the next, without making some tentative guesses about when and how India and China will eventually reach the far shore.

China is the world's last major communist state, and one of a declining number of purely authoritarian ones. According to Diamond's

typology of regimes, China is one of only 21 “politically closed” regimes remaining in the world of the 150 states with a population of more than one million (Diamond 2002). Thus, of all the predictions one might make about China, a prediction of “no change” seems the least plausible. China’s unresolved constitutional question inches closer to some resolution with each passing year. If one had to guess, based on post-Tiananmen events and broader comparative insights, it seems a prediction of an elite-led transition to some form of minimal democracy is the most likely outcome.

What is important is how disruptive the transition and consolidation phases of democratization in China are. In comparative perspective, China has many factors working in favor of a smooth democratization: national cohesion among the Han peoples who make up 91 percent of the population, an emergent rule of law and civil society, an institutionalized state. But other factors work against it: secessionist regions in Tibet and Xinjiang and Taiwan, little experience with elections, yawning income inequalities, and corruption. A middle-range prediction would be then that China’s passage to democracy will be turbulent but ultimately successful (Gilley 2004a). A multidimensional model of state fragility developed for the U.S. government in 2005 placed China on the watch list of unstable states (Bennhold 2005).

In India, the political system is as indelibly fixed in society as sitar and tabla ensembles. There is no vast underclass of disaffected farmers and workers threatening to overturn the reforms, or even the political system, as there is in China. India’s income distribution is less skewed, its indicators of pollution and environmental degradation less severe, and the permanence of its fundamental political institutions more assured than China’s. Rosen noted that economic reform has undermined the political system in China but strengthened it in India (Rosen 1992, 133).

In the mid-1990s, a writer for the *Economist* concluded: “China faces its crucial test in developing an institutional structure to sustain a modern market economy. India has that skeleton in place but so far lacks the dynamism and market-friendly policies that have given China so much economic energy” (Rohwer 1995, 70). That comparison holds true today. But India is finding it easier to implement market-friendly policies than China is to develop an institutional structure. As a result, China’s future remains more unstable than India’s.

Even if China had achieved some sort of short-term “developmental miracle” compared to India since 1975, there would be real reasons to doubt its long-term feasibility. In the event, it has done nothing of

the sort. The idea that China took a better route to modernity by delaying political reforms contains two falsehoods: one is that it has outperformed democratic India so far, something that we have seen earlier is untrue, judged in terms of welfare, freedoms, and procedural justice. The second is the assumption that its constitutional transition, when it happens, will be as painless as the passage of a new stock market law. That is almost certainly wrong. China has end-loaded its transition costs and those costs may be quite significant.

In any case, it may be that China simply should never have paid the transition costs that India did. China does not face the degree of ethnic diversity, the harmful anticolonial obsessions, or the web-like local social powers that India did. China is peopled by a culture famous for its entrepreneurial flair, attention to education, and political pragmatism. To have paid as heavy a price as India for the passage to modernity seems wasteful. To pay more would be pure folly.

IX

Kennedy, in his 1959 speech raised the hope that India would outperform China in the coming decades: “We want India to be a free and thriving leader of a free and thriving Asia.” Nearly half a century later, Asia is the world’s new economic powerhouse and is largely made up of democratically elected governments (23 of 39 in 2003 according to Freedom House). India, meanwhile, may indeed be emerging as a new leader of Asia, having realized Kennedy’s dream of “a real record of performance consistent with our ideals and democratic methods.”

To return to our earlier metaphor to which Gandhi’s quote gave rise, two great ships of Asia set sail toward modernity with similar cargos and ships. One, India, steered a predetermined course of democratic principle and sensitivity to existing social practice. When storms of advice blew, it furled its sails and dropped its sheet anchor. It moved slowly but ploddingly and, as the twenty-first century begins, appears to be nearing port. Many Western scholars wrung their hands in frustration. The calls for “radical change” in India have resounded from 1947 to the present (Long 2005, 16).

China, by contrast, embraced “radical change” from the start. Its national ship, tacked from one “thought liberation” to another, ravaged the passengers and cargo, and was frequently lured by false winds. Many outsiders cheered its zeal. As the century begins, its ship is leaking and the crew is restless. The port keeps appearing and then receding like a mirage.

By around 2025 or 2030, India will become the world's most populous nation with 1.4 billion people as China's population reaches its peak. A Central Intelligence Agency report argues that India will also "rise" along with China (Central Intelligence Agency 2005). If so, it will have been achieved in both the pre-reform and reform eras through better overall performance and attention to procedural justice.

The belated recognition of India's achievements, if it becomes more commonly accepted, will signal a new maturity in the social sciences. Ever since the modernization theories of the 1950s, the social sciences have considered economic and political development—modernity—in the narrowest of terms. High industrial output and stout political institutions were what mattered. How this was achieved and whether intangible aspects like freedoms and dignity were "produced" were obscured. Only occasional voices—Bendix is one of the few examples (Bendix 1978)—argued that the "production" of rights and freedoms had anything to do with modernization. Yet time and again, regimes that produced welfare gains and political order were overthrown—Suharto's Indonesia, apartheid South Africa, and Pinochet's Chile to name a few. Those that produced "mere" rights and freedoms—and India is the best example—survived despite unstinting predictions of doom. Geertz claimed that India's stability was "something of an Eastern mystery" (Geertz 1973, 292). But when we realize the value that the poor place on freedoms, the mystery dissolves.

Both China and India committed themselves to some form of "socialism" from the start. China's welfare gains have always exceeded those of India, but not for reasons that any Indian leader could or should seek to replicate. China first engaged in a harsh repression of dissent under Mao and then, when that path failed, quickly marketized the economy with little regulations to speak of. In both stages, pre-reform and post-reform, many scholars and thinkers have held up China as a success and India as a failure. Yet only the most tone deaf progressive thinker could have clung to this notion. India recognized early on that, in the words of one American progressive, "without democracy socialism becomes a cruel travesty" (Howe 1976, i). It showed concern for freedom and fairness in its pursuit of modernity. Its reward was a half century of belittlement at the hands of self-styled liberals.

Modernity is less a destination than a journey, an ongoing process of social reconciliation and political fairness. The comparison of India and China takes us right to the heart of this question, challenging

everyone to rethink entrenched positions about the meaning of development. We cannot hope to develop a single consensus on which country has done better. But we can hope at least to place the relevant issues on the table.

Notes

My coeditor Edward Friedman was instrumental in encouraging me to develop and sharpen the arguments of this essay. I also benefited from the critical comments of many people, in particular Suzanne Ogden, Prerna Singh, and Jehangir Pocha.

1. On the objective descriptions of modernity and modernization see Ronald Inglehart (1997). *Modernization and Postmodernization: Cultural, Economic, and Political Change in 43 Societies*. Princeton, N.J.: Princeton University Press.
2. Maddison calculates China's annual rate of GDP per capita growth between 1952 and 1978 as 2.4%. Angus Maddison, (1998). *Chinese Economic Performance in the Long Run*, OECD Development Center.
3. Here and below, welfare gains are measured as the percentage gain in the log value of the HDI index between the two years. Logs are necessary because the HDI is a decreasing function with a limit of 1 and thus needs to be transformed into a linear function in order to calculate percentage change.
4. "Dynamic forces unleashed by the creation of an environment conducive to international business operations have thus played an important role in the process of rapid economic growth and development in China. For the Indian leadership and elite in charge of economic reforms, this is one of the important lessons that can be learned from the Chinese experience with its open-door policy" Jong H. Park, (2003). "The Two Giants of Asia: Trade and Development in China and India." *Journal of Development Studies* 18(1): 64–81.
5. Quoted in News India-Times. <http://www.newsindia-times.com/2002/02/22/eco-comp-top.html>.
6. Tose's audience in Hong Kong was alumni of the Harvard Business School. See "Banker Blasts Ballots," *The Australian*, April 16, 1997, p.25. Tose was better known for offering to pay the British government to recall Hong Kong governor Chris Patten after Patten introduced democratic reforms in the territory prior to its annexation by China in 1997. Tose's Peregrine Investment Holdings went bankrupt in 1998, the biggest financial failure in Hong Kong in the 1990s, due largely to a loan to a corrupt company in Indonesia. In 2004, Tose was banned from holding any company directorship in Hong Kong for four years for his role in the Peregrine debacle. He continues to speak out against democracy in Asia.
7. *South China Morning Post*, March 1, 2002, 14.
8. By my own calculations, the number killed in communal strife (mostly Hindu-Muslim) per 10 million people for the worst years of 1964, 1969, 1983, and 1992 respectively are 41, 13, 16, and 12. The figure for 2002, the year of the Gujarat riots, is just 8. This is based on official figures compiled by the Bureau

of Police Research and Development of the Ministry of Home Affairs. Although considered conservative, the BPRD data would not affect the comparison if the bias has remained constant over the period. Varshney notes that the trends in his own data, compiled from reports in the *Times of India*, closely match the BPRD figures. Ashutosh Varshney (2002). *Ethnic Conflict and Civil Life: Hindus and Muslims in India*. New Haven: Yale University Press.

9. Hu Angang quoted by Reuters, January 31, 2002.
10. Of course, this vote was given to slave-owners rather than to the slaves themselves. But the semi-human moral standing it implied is comparable to that of rural residents in China.
11. The belief that China's reforms were gradual has been widespread in international institutions. The World Bank noted in its China 2020 report (1997) that "The Chinese leadership . . . had no appetite for dramatic changes in policy" (p.8). See also foreign academic works such as, Steven Goldstein (1995). "The Political Foundations of Incremental Reform." *China Quarterly* 144: 1105–1131, Barry Naughton, (1995). *Growing Out of the Plan: Chinese Economic Reform 1978–1993*. Cambridge: Cambridge University Press.

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