A Comparative Study of Economic Reforms in the Soviet Union and China*

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I. Introductory Remarks

The topic of this paper is really a challenging one in many aspects. Since the beginning of the 80’s, we are witnessing drastic changes in the socialist countries, unprecedented in the history of the countries since the Revolution. Except few countries like North Korea and Cuba, the socialist countries are experiencing system transformation or experimenting with market economy. In this process, a few countries like China and Hungary display positive results, while economic reforms in many other countries are accompanied with severe side effects, which might endanger the reform itself.

In this context, it is of our paramount interest to analyze the factors of those successes and of the failures. Surprisingly, however, very little is known about the subject. Academic exploration in this field seems to be rather fragmentary, focusing on the aspects such as privatization, liberalization of price, etc.

Notwithstanding formal similarities “economic reform” in individual countries is characterized by significant differences. As to the final objective of the reform, some countries like Russia are trying to substitute the previous socialist planned economy by the market economic system. Other countries like China pursue a mixed system, i.e.

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transplantation of market economic elements in the socialist framework. As to reform policies, some prefer shock therapy, while others take more gradual or step-by-step approach. Further, political leadership and historical background in individual countries show many dissimilarities, resulting in different outcomes of economic reform. These are the reasons for why it is extremely difficult to get an overview of the socialist countries’ economic reforms in comparative perspective.

Unfortunately, the author is not in a position to consider all those factors related to the comparison of the economic reforms in the Soviet Union and China. This paper, instead, deals with only several factors, selected that are considered to be of fundamental importance. At first, I will try to identify certain differences in psychological and attitudinal behavior toward market economy in the two societies. In the next step, the paper analyzes the efficiency of their reform programs and policies pursued by Gorbachev and Deng. In the last chapter, I will try to find out some external factors which influenced economic reforms in the two countries.

II. Psychological Aspect of Economic Reform

So far, very little attention has been given to the psychological and attitudinal aspect of economic reform in socialist countries. In a very real sense, however, successful economic reform necessitates psychological prerequisites. China seems to have been in relative favour-able condition than in the (former) Soviet Union. Of course, risk-averse attitude and collectivism instead of individualism prevailed also in Chinese society, as had been the case in other socialist countries. However, China has long tradition of ‘commercialism,’ an important element of capitalistic subculture. Actually, history of capitalism shows that ‘industrial capitalism’ developed from ‘commercial capitalism.’ And the mercantile system necessitates not only physical infrastructure, such as transportation, communication and banking system, but also mercantile attitude, i. e. will to accumulate gains through trade or exchange. Also in China’s case, rapidly expanding free market and private economic sector, induced by the economic reform, could hardly be imagined without long mercantile tradition in Chinese society.

Psychological condition seems to be far more unfavorable in case