

SYSTEMIC CHANGE AND ELITE TRANSITION: A NEOCLASSICAL
REALIST APPRAISAL TO THE POLITICAL AND ECONOMIC
TRANSFORMATION IN RUSSIA AND CHINA SINCE THE 1970S

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
MIDDLE EAST TECHNICAL UNIVERSITY

BY

MEHMET ŞAHİN

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY
IN
THE DEPARTMENT OF INTERNATIONAL RELATIONS

JULY 2019

Approval of the Graduate School of Social Sciences

Assoc. Prof. Dr. Bahar ÖZ
Director (Acting)

I certify that this thesis satisfies all the requirements as a thesis for the degree of Doctor of Philosophy.

Prof. Dr. Oktay TANRISEVER
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Doctor of Philosophy.

Assoc. Prof. Dr. M. Fatih TAYFUR
Supervisor

Examining Committee Members

Assoc. Prof. Dr. Pınar İPEK (Bilkent Uni., IR)

Assoc. Prof. Dr. M. Fatih TAYFUR (METU, IR)

Prof. Dr. Çınar ÖZEN (Ankara Uni., ULS)

Prof. Dr. Oktay TANRISEVER (METU, IR)

Assoc. Prof. Dr. Işık KUŞÇU (METU, IR)

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name, Last name : Mehmet ŞAHİN

Signature :

ABSTRACT

SYSTEMIC CHANGE AND ELITE TRANSITION: A NEOCLASSICAL REALIST APPRAISAL TO THE POLITICAL AND ECONOMIC TRANSFORMATION IN RUSSIA AND CHINA SINCE THE 1970S

Şahin, Mehmet

Ph.D., Department of International Relations

Supervisor: Assoc. Prof. Dr. Fatih Tayfur

July 2019, 262 pages

The main purpose of this study is to understand the systemic transition from a neoclassical realist perspective. The effects of the increasing capitalism on great powers since the 1970s are analyzed to examine transition. Therefore, the two great powers in the international system, namely Russia and China, are taken as analytical tools. Since neoclassical realism emphasizes domestic determinants of states, this study focuses on elite preferences of China and Russia. In this regard, the liberal international system is the independent variable and elite preferences are the intervening variable of the analysis. Their political outcome on the international system is the depended variable. The study concludes that the increasing capitalism transformed the socialist systems into hybrid capitalist regimes. This transforms the international order into multipolarity.

Keywords: International System, Systemic Transition, Elite Preferences

ÖZ

SİSTEMİK DEĞİŞİM VE ELİT DÖNÜŞÜMÜ: 1970'LERDEN İTİBAREN RUSYA VE ÇİN'DEKİ POLİTİK VE EKONOMİK DÖNÜŞÜMLERE NEOKLASİK REALİST BİR DEĞERLENDİRME

Şahin, Mehmet

Doktora, Uluslararası İlişkiler Bölümü

Tez Yöneticisi: Doç. Dr. Fatih Tayfur

Temmuz 2019, 262 sayfa

Bu çalışmanın amacı sistemik dönüşümü neoklasik realizm bakış açısından ele almaktır. Dönüşümü incelemek için 1970'lerden beri artan kapitalizmin büyük devletler üzerindeki etkisi analiz edilmiştir. Bu yüzden uluslararası sistemdeki iki büyük devlet, yani Rusya ve Çin analiz birimi olarak ele alınmıştır. Neoklasik realizmin devletlerin iç dinamiklerini vurgulamasından dolayı bu çalışmada Çin ve Rus elitlerinin tercihlerine odaklanılmıştır. Bu bağlamda liberal uluslararası sistem çalışmanın bağımsız değişkeni iken elit tercihleri analizin ara değişkenidir. Bunların uluslararası sistem üzerindeki sonuçları da bağımlı değişkendir. Çalışmanın sonucunda artan kapitalizmin sosyalist sistemleri hibrit kapitalist rejimlere dönüştürdüğü fikrine ulaşılmıştır. Bu ise uluslararası düzeni çok kutupluluğa dönüştürmektedir.

Anahtar Kelimeler: Uluslararası Sistem, Sistemik Dönüşüm, Elit Tercihleri

ACKNOWLEDGMENTS

First and foremost, I wish to express my deepest gratitude to my supervisor Assoc. Prof. Dr. Mehmet Fatih TAYFUR for his patience, advising, encouragement, instructive criticism, and understanding throughout the research. His guidance and open-mindedness helped me writing of this thesis. His expertise was enlightening, which I will be inspired in my academic career.

I also want to send my gratitude and respect to my mentor in Aarhus University Assoc. Prof. Dr. Jørgen Dige PEDERSEN, whose patience and support on theory and case studies helped me to develop the thesis.

Besides my advisor and mentor, I would like to thank the rest of my thesis committee: Prof. Dr. Çınar ÖZEN, Prof. Dr. Oktay TANRISEVER, Assoc. Prof. Dr. Işık KUŞÇU and Assoc. Prof. Dr. Pınar İPEK for their insightful comments and encouragement.

My sincere thanks also goes to kind people in Aarhus University; Karl Elias Immanuel GÖTZ and Mette SKAK, who inspired me about Russian politics. I also appreciate my colleagues and friends Nicolas BURMESTER, Bruno Oliveira MARTINS and Åsne Kalland AARSTAD for their contributions on theoretical framework, language support as well as their hospitality.

I also cannot ignore the supports of my colleagues, friends and family in METU and other institutions; Prof. Dr. Sümer ŞAHİN, Prof. Dr. Cavit ATALAR, Dr. Ceyhan ŞAHİN ERGUN, Dr. Hasan YÜKSELEN, Dr. Emre DEMİR, Dr. Ahmet TÜRKMEN, Dr. Lisa WEWERKA, Kate ARVAY, Tolgahan AKDAN, Abdulkadir ÇETİN and Akın DALBUDAK. I want to send a special thanks to Fergus WOODS too for his proofreading.

Finally, I would like to express my deepest appreciation to my wife Lügen ŞAHİN, my mother Dr. Oytun ŞAHİN, my grandmother Meral HACIEMİNOĞLU and my little Irmak ŞAHİN for their patience.

TABLE OF CONTENTS

PLAGIARISM	iii
ABSTRACT	iv
ÖZ	v
ACKNOWLEDGMENTS	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER	
1. INTRODUCTION	1
2. DEFINITION AND THEORETICAL FRAMEWORK.....	10
2.1. TRANSITION AT DOMESTIC LEVEL.....	11
2.2. TRANSITION AT SYSTEMIC LEVEL	15
2.2.1. Definition of System	16
2.2.2. From Realism to Neoclassical Realism: Progress of the Theory and Need for Neoclassical Approach.....	19
2.2.3. Systemic Transition in Neoclassical Realism	26
2.2.4. Elaboration of the Change, Expansion and Decline.....	31
2.2.4.1. Tendency for Change.....	31
2.2.4.2. Expansion and Hegemony	34
2.2.4.3. Hegemonic Decline.....	37
2.3. RUSSIA AND CHINA	41
3. ELITE THEORIES	46
3.1. ELITE THEORIZATION	48
3.1.1. Definition and Key Concepts	48
3.1.2. Elite Structures	51
3.1.3. Ideological Elite	55
3.1.4. Totalitarian and Authoritarian Differentiation	57

3.1.5.	Ruling the State	59
3.1.6.	Elite Breakdown.....	61
3.1.7.	Elite Transformation	62
3.1.7.1.	The Transition of the Ideological Elite	64
3.1.7.2.	Breakdown of the Ideocratic Elite	64
3.1.7.3.	Power Transition from Conservatives to Reformists (Elite Circulation).....	65
3.1.7.4.	The Transition from the Ideological Elite.....	66
3.2.	ELITE THEORIES AND NEOCLASSICAL REALISM.....	69
3.3.	RUSSIAN AND CHINESE ELITES	75
4.	RUSSIA: ELITE AND TENDENCY FOR CHANGE.....	79
4.1.	ELITE COMPOSITION OF THE SOVIET UNION.....	81
4.1.1.	Founding the Ideological Elite	82
4.1.2.	Transition to the Ideocratic Elite	84
4.1.3.	Transition to the Divided Elite	86
4.1.4.	Political Economy and the State Organization.....	88
4.2.	TENDENCIES FOR CHANGE	92
4.2.1.	Domestic Factors to Tendency for a Change	92
4.2.2.	International Factors to a Tendency For Change	98
4.3.	TRANSITION OF AND FROM THE IDEOLOGICAL ELITE	102
4.3.1.	Transition to Reformist Divided Elite	102
4.3.2.	Transition to the Fragmented Elite	105
4.4.	CONCLUSION	108
5.	RUSSIA: SYSTEMIC TRANSITION	111
5.1.	RESPONSE TO DECLINE.....	112
5.1.1.	Reflections of the Conservative Divided Elite against the Decline ...	112
5.1.1.1.	Wealth Generation	112
5.1.1.2.	Cost Reduction.....	114
5.1.2.	Reflections of the Reformist Divided Elite against the Decline	116
5.1.2.1.	Wealth Generation	116
5.1.2.2.	Cost Reduction.....	118

5.1.3.	Reflections of the Fragmented Elite against the Decline	121
5.1.3.1.	Transition to the Fragmented Elite	121
5.1.3.2.	Wealth Generation	121
5.2.	SEEKING EQUILIBRIUM	125
5.3.	CONCLUSION	133
6.	CHINA: ELITE AND TENDENCY FOR CHANGE	139
6.1.	ELITE COMPOSITION AND STATE ORGANIZATION	141
6.1.1.	Founding the Ideocratic Elite	142
6.1.2.	Political Economy and the State Organization.....	145
6.2.	TENDENCIES FOR CHANGE	149
6.2.1.	Domestic Factors to a Tendency for Change	149
6.2.2.	International Factors to the Tendency for Change.....	154
6.3.	TRANSITION TO DIVIDED ELITE	159
6.3.1.	Transition to the Reformist Divided Elite.....	159
6.3.2.	Towards Ideocracy Again?	163
6.4.	CONCLUSION	164
7.	CHINA: SYSTEMIC TRANSITION	167
7.1.	RESPONSE TO DECLINE.....	169
7.1.1.	Reflections of the Reformist Elite against the Decline	169
7.1.1.1.	Wealth Generation	169
7.2.	RESPONSE TO RISE	176
7.2.1.	Economic Expansion.....	176
7.2.1.1.	Expansion of Trade and Investment	177
7.2.1.2.	Monetarization	179
7.2.1.3.	Increasing Influence on International Institutions	181
7.3.	SEEKING EQUILIBRIUM	185
7.4.	CONCLUSION	191
8.	CONCLUSION.....	198
8.1.	SIMILARITIES AND DIFFERENCES BETWEEN THE RUSSIAN AND CHINESE ELITES	199
8.2.	THE SYSTEMIC TRANSITION	208

REFERENCES.....	214
APPENDICES	
APPENDIX A: CURRICULUM VITAE	241
APPENDIX B: TURKISH SUMMARY/TÜRKÇE ÖZET	244
APPENDIX C: TEZ İZİN FORMU/THESIS PERMISSION FORM.....	262

LIST OF TABLES

Table 3.1: Elite Structures and Expressed Regimes.....	53
Table 3.2: Summary of Elite Structures and Transitions	68
Table 4.1: Summary of the Russian Elite.....	109
Table 6.1: Summary of Chinese Elite	166

LIST OF FIGURES

Figure 3.1: Elite Preferences in Neoclassical Realism in Ideological Elite	74
Figure 4.1: Rate of Urban Population	94
Figure 4.2: GDP of the USSR and USA	100
Figure 4.3: GDP Rates of Selected Eastern and Western Bloc Countries	101
Figure 5.1: Interpretation of Russian Transition	138
Figure 6.1: Total Grain Production of China between 1950 and 1966	151
Figure 6.2: GDP of Selected Countries between 1960-1976	158
Figure 7.1: Chinese GDP after 1978	172
Figure 7.2: FDI Fluctuation among Chinese Entities between 1970-1990	173
Figure 7.3: Chinese Exports after Open Policy	175
Figure 7.4: China's World Trade Share after 2001	178
Figure 7.5: China's Reciprocal Relation with International System.....	197
Figure 3.1: Elite Preferences in Neoclassical Realism in Ideological Elite	206
Figure 8.1: Summary of the Systemic Transition from Neo-classical Perspective..	213

CHAPTER 1

INTRODUCTION

The transition of great powers, namely China and Russia, is one of the most important political economic processes of the late 20th and early 21st century, not only because of their economic and political size but also because of their effects on the international system. From this point of view, the transitions of China and Russia go beyond the simple shift from socialism to market economy of two huge countries. Rather, their transitions significantly affect the entire global system as well as the international distribution of power.

Since the dissolution of the Soviet Union, such a transition is considered as a linear process that shifts from socialism to the market economy with the supervision of liberal institutionalism. This is mainly due to the assumption that the bipolar world order ended with the victory of the US-led liberal system, and thus the international system transformed into the US-led unipolar order. Thus, the “end of history” would witness the transition of authoritarian regimes into democracy as well as their abandonment of the socialist economy for the market economy.

However, neither China nor Russia and the former Soviet states in Central Asia and Caucasus have experienced such a process. The post-Cold War transition has shown that not all states end the process with political liberalism. Additionally, their implementation of market economy differs from each other. Although China and post-Soviet states have adopted the market economy, they have not managed the process with the methods of liberal institutionalism, nor they have pursued liberal democracy. As a result, these states ended up with hybrid regimes, rather than neo-liberal economies with liberal democracy.

This leads us to conclude that the systemic transition is not a linear process, but rather there is a reciprocal relationship between the system and states. This reciprocal relationship between the system and states crystallizes in the case of great powers, because the influence of the great powers on the international system is more significant than most states. More importantly, the internal selections of the great powers results in different political economic outcomes.

Therefore, the reasons for the differentiation should be examined. In this sense, unlike conventional transition studies, this study will take the issue from the systemic level by considering the internal selection of units in the system as the intervening variable. This study will follow the neoclassical realist theory regarding systemic transition, which is a relatively new approach in IR. In this regard, this study claims that transition is not a linear process, but rather that it creates hybrid regimes, and so the puzzle is to determine exactly how systemic transition and states reciprocally affect each other. The research question is *“How was the socialist system affected by the liberal order in terms of state organization, and how did the socialist states change international power distribution since the 1970s?”* This question will be answered with a neoclassical realist approach, because it enables us to use both the international system and domestic preferences. Thus while the liberal international system presents the independent variable, domestic change, and elite preferences form the intervening variables. Finally, the policy choices and international outcomes are the dependent variables (Ripsman, Taliaferro and Lobell 2016, 80). Here it is argued that the (Neo-liberal) capitalist system has transformed the socialist states into (Illiberal capitalist) hybrid regimes and created a multipolar world order since the 1970s. To be more precise, the power gap between liberal and socialist systems gave rise to a tendency for change, which ended with the elite transition in socialist countries in 1970. The new elites have transformed their states into capitalism with their own characteristics, which can also be described as “varieties of capitalism”¹ (Hall & Soskice, 2001) in Hall’s and Soskice’s terms. As a result, the international

¹ Accordingly, there are various types of capitalisms around the world, that the differentiation is based on domestic elements such as organizations, institutions, history etc. For more details see (Hall & Soskice, 2001)

system has transformed into a multipolar order with different capitalist systems. Moreover, the systemic transition takes place incrementally due to the lack of a hegemonic war.

In this context, this Ph.D. thesis aims to understand the reciprocal relations between the international system and the great powers. The change in the international system affected Russia and China in the 1970s; their elite interpreted the external changes in accordance with their perceptions and as a result, they responded differently. These differences resulted in a transition of international relations. On the one hand, they adopted the liberal rules for their state organizations to some extent and on the other hand, they interpreted the liberal system in their own ways, but both of them sought to establish their own system in their own region. Therefore, there is a mutual relationship between the great powers and the international system.

The importance of this study comes into prominence at this point. The post-Cold War transition literature is dominated by single case studies that treat the transition is a linear process. Accordingly, regardless of their capabilities or internal selections, all states in the international system are expected to transform *a priori* into the liberal rules in the post-Cold War period. However, this Ph.D. thesis asserts that history has not come to such an end, at least for now, thanks to the preferences of the great powers, namely the Russian and Chinese elites. Thus, this study seeks to contribute to IR literature the effects of state organizations and elite preferences on great power politics, as well as on the international system. Thus, it seeks to bridge the gap between the systemic and domestic levels. From this point of view, another contribution of the study is to consider the post-Cold War transition from the perspective of a relatively recent research program, namely neoclassical realism. Additionally, political theory and international relations theory will be integrated. That is to say, the elite theories of political science will be bonded to neoclassical realism as the intervening variable of great power politics. Let us elaborate on how the study will be structured in this regard.

First and foremost, the rise and decline of great powers are the departure point, because the rise and decline of great powers cause disequilibrium in the international system. In this regard, we presuppose that the international system is in disequilibrium since the 1970s due to the relative declines of both the socialist system and the liberal system. This leads us to examine the motivations of socialist great powers that seek to change the system. Having elaborated on the elite structures, we are going to focus on tendencies for change at the first step. How and why states feel that the international system is not profitable for them will be explored. To do this, we are going to examine the economic efficiencies of the selected cases, which are Russia and China. In other words, domestic reasons for relative decline will be illustrated. This will be followed by comparing the relative positions of great powers in the international system, and highlighting the uneven growth between the liberal and socialist states.

Change in elite composition or elite preferences will be taken as the origin of the change. It is worth noting that, even if a state is in relative decline, its elite may not intend to transform the state organization of the country. That is why it is not the relative decline itself, but the change in elite composition that is the origin of the transition. In this regard, how elite preferences change social institutions and state organization is our first causal impact analysis. State – business relations, social and demographical changes, and shifting domestic coalitions will be components of the analysis in order to understand institutional change as well as the state organization. Additionally, change in the industrial capacity or economic growth of the selected cases will be discussed. In other words, how elites reallocate resources and redefine the national interests of states will be the main analytical tool in this stage. Therefore, the elite preferences and state organization is the intervening variable of the analysis. Further theoretical explanation of this intervening variable will take place in Chapter II.

Having reorganized the domestic structure, states seek to either expand or retreat from international commitments. If a state is a rising power, it executes the former, whereas if it is a declining power, it performs the latter. Hence, the third step of the

analysis will examine the expansion and contraction attitudes of states to change the system. In the case of expansion, this study will examine the relative increase in trade and foreign investment of the rising power. The measurement of relative economic increase is the proportional increase in world trade and investment. Another parameter is monetarization of the rising power. In the case of contraction, how states behave both aggressively and maneuverable will be examined. In this regard, this stage of the study will analyze the political economy and foreign policy behavior of states.

Finally, systemic change and transition of the international order will be examined. How a rising power sets a hierarchical order and reorganizes relations in its sphere will be the point of the analysis at this stage. Its influence on international institutions as well as international regime will be our tools to examine that. In contrast to that, in case of decline, how a declining hegemon reduces its international commitments will be illustrated. Thus, the reasons for the shifting patterns between the bipolarity and multipolarity will be understood.

The analysis will deal with the period starting from the 1970s. We have adequate reasons for that. First and foremost, the literature conventionally suggests that in contrast to the 1960s, when American hegemony was at its peak, it faced a relative decline in the mid-1970s. That is to say, the economic pillar of the political order, which is the Bretton Woods system, collapsed in 1971. As a result of this, the international system led states to organize new arrangements in production as well as economic policies, which resulted in neoliberal transformation. Thus, the Western system started to increase its wealth generation after 1980. At the same time, the states outside the liberal system, or basically communist countries, had also started to suffer from economic stagnation. This led them to reorganize either their political or economic structures as well. Yet they were unable to redefine socialism in order to generate more wealth. Instead, they reinterpreted socialism in favor of market economy. Secondly, the location of global production started to change in this decade. In contrast to previous decades, where production was located in Europe and North America, businesses relocated their production to regions where cheap labor

was accessible, such as South America or East Asia. Thus, the structural character of the economies of East Asian countries started to transform into industrialism. This changed the economic capacities of the states, particularly in East Asia. Last but not least, the 1970s were followed by the collapse of former Eastern Bloc in the next decade. This leads us to examine the actual process and motivation of the disintegration in the Eastern Bloc, because the collapse of the Soviet Union was not a sudden event in the end. The roots of the disintegration can be found throughout the previous decade. In other words, the 1970s is the initial decade in international disequilibrium.

This thesis will be based on the *most similar* research design. That is to say, two former communist countries will be compared in accordance with their different elite preferences. Both Russia and China were founded on socialist ideological elite structures in 20th century. Both of them were governed by single party. Additionally, both Russia and China suffered from relative decline in 1970s. For that reason, in the end, both of them reorganized their states and transformed to hybrid regimes in 21st century. Yet, the output of the cases differed from one another. While China became the challenger of the international system, Russia declined over time. Thus, the two similar cases presented different outcomes. For this reason, the intervening variable of them should be examined in order to understand the difference.

The Popperian tradition instructs us to draw the limits of research. Accordingly, the observer has to put forward the *criteria of refutation* of research in order to support the main argument properly (Popper, 1962, p. 38). Accordingly, the reliability of this Ph.D. thesis depends on the great powers in transition. That is to say, the first limitation is based on the assumption that only the great powers are able to transform the international system. In other words, a reciprocal relationship exists between the international system and the great powers, whereas there is a unilateral relationship between the international system and the smaller states. Therefore, the study concerns great power politics. The second limitation is based on the initial condition that the transition takes place in authoritarian and totalitarian regimes. Thus, the elite compositions and decision-making processes of the aforementioned states differ from

liberal democracies, whose elites are formed after the bottom-up processes. Therefore, the legitimacy of elites in liberal democracies comes from democratic processes and is guaranteed by institutionalism. In contrast to that, the authoritarian and totalitarian, as well as the illiberal democratic, elite legitimacies are based on stability and security. Thus, the dynamics of each elite type differ greatly from one other. For that reason, the theoretical framework of the elite structures of this study is valid for authoritarian and totalitarian regimes. Last but not least, the components of the political elites are taken into consideration in the context of their ontological existence. That is to say, the dynamics of classes, production relations, or social relations are not the main subject matter of the study. Instead, they are considered as ontological data for simplification. Thus, only the political dynamics of elite structures matter for this research.

The thesis is divided into six chapters. The first two chapters will draw the theoretical boundaries of the research. The first chapter will theorize the systemic transition from a neoclassical realist perspective, which is relatively a new approach in International Relations. The progress of the realist framework will be demonstrated in order to explain the necessity of the neoclassical realist approach. This will be followed by the conceptualization of the system and systemic transition in accordance with the neoclassical realist framework. The importance and systemization of the independent variable, the intervening variable, and the expected outcomes will be put forward in this way.

The second chapter will borrow the elite theories from Political Science and seek to integrate them into International Relations literature. The anatomy of the elite compositions of the authoritarian, totalitarian and illiberal regimes will be exposed. The second part of that chapter will analyze the relationship between those elite structures. That is to say, how those elite structures are formed and in what conditions they transform from one type to another will be demonstrated. Then, this will be bonded to international relations theory. In other words, the elite theories will be structured as the intervening variable of the neoclassical realist framework.

The next four chapters will be the analytical sections of the thesis. The third chapter will put forward the elite preferences and elite changes of Russia since the Soviet Union (USSR). How the different elite models organize the state structure will be the main concern of the chapter. This will be followed by the reflections of these elites since the 1970s, not only in Soviet politics but also on the international system. Moreover, the tendency for change among the Soviet elite will be examined in Chapter III. How domestic and international changes brought a tendency for change among the Soviet elite will be the main subject matter of the chapter in this context.

Chapter IV will examine the outcomes of the changing pattern of the intervening variable of Russia. It will be demonstrated how elite preferences have changed the pattern of Soviet politics since the 1970s. While the Stalinist elite of the Soviet Union sought to counterbalance the US hegemony under a bipolar world order, the new elite transformed the state into state-led capitalism and the international order into multipolarity.

Similarly, the fifth and sixth chapters will apply the same theoretical model on Chinese politics since Mao. Thus, Chapter V will analyze the elite preferences and political economy of China since 1949. The dominance of totalitarianism under the leadership of Mao shaped Chinese politics for almost three decades. Although there was a tendency for change among the party elite, Mao's ultimate leadership delayed the changes until 1978 and afterward. The dynamics of the gradual transition of the state organization is the subject matter of Chapter V.

The sixth chapter will interpret the changes in elite structure on Chinese politics and the international system. How the ideocratic elite under the leadership of Mao broadened the gap between China and its neighbor states, namely Japan or the Soviet Union, will be asserted. In contrast to that, the technocratic elite revived the historical Sino-centric tribute system in East Asia, which lifted China to the leading economic power around the world after the US. This makes China the challenger of the international system. In this regard, Chapter VI will explain how China seeks to soft balance US supremacy.

The final chapter will compare and contrast the two cases, which will help us to understand the systemic transition. The rise of hybrid systems, which implies the variety of capitalist economies run by illiberal states, will be shown. More importantly, it will be concluded that the world order has been transforming into multipolarity, where the great powers seek to lead their own hinterlands.

CHAPTER 2

DEFINITION AND THEORETICAL FRAMEWORK

One of the main subject matters in International Political Economy (IPE) is to explain how states respond to political economic changes in their environment. In this context, transition studies became popular in academic researches particularly after the Cold War. The sudden collapse of the Eastern Block raised the question of how former socialist countries should be integrated into the Western political and economic system. Hence, “the transition of the former command or communist economies of China, the Soviet Bloc and elsewhere to democratic, market-based societies has been one of the most important issues of the post–Cold War era” (Gilpin 2001, 333), (Strange, 1991), (Spero & Hart, 2010). Thus, the victory of liberalism over socialism opened some space for academia to explore the liberalization process in the former communist states. Accordingly, since liberalism defeated its enemies, the subject matter of international politics in the 21st century will be the stage of liberalization (Fukuyama 1992). Therefore, the related studies and literature have focused on the management of the transition processes of states.

However, transition does not necessarily imply liberalization of command economies. It also refers to a systemic change. In this context and for this study by ‘system’, we imply the practices, regimes, shared values or institutions of a group of states. Thus, systemic change means the change in practices, institutions, and shared values not only in a state but also in a group of states which share the same values, as well as the international rules and regimes. Although, systemic transition studies were already examined during the Cold War, the victory of liberalism caused those studies to push the second plan after that. Since the collapse of the Soviet Union, the subject matter of transition studies has become the prospects and challenges of the former communist countries and management of their transition process. As a result

of this, the unit of analysis has shifted from the third image to the second image.² In order to comprehend the transition after the Cold War in an extended frame, however, both second and third images should be examined, because a transition is not a linear process but a reciprocal relationship between states and the international system. This means that transition in the second image does not present a single pattern, whereas each state, particularly the great powers, pursues different paths. This leads us to make a distinction between systemic transition and state transition in order to define and conceptualize the main issue of the thesis.

2.1. TRANSITION AT DOMESTIC LEVEL

Domestic transition implies the replacement of an old economic and political system with new regulations. After the Cold War, the socialist economic system and single-party governments were considered as old fashioned systems vis-a-vis Western system and values. In this regard, the conventional understanding of transition in Western academy and institutions is neoliberal-oriented, which is not sufficiently theorized and addresses only the advising and management issues of the Eastern and Central European governments' implementation of the economic liberalization and democratization policies (Smith and Pickles 2005, 1). It should be noted that in conventional liberalism literature, a functioning market economy and political liberalism are correlated to each other for almost half a century. Since Milton Friedman's famous work of *Capitalism and Freedom* (1962), it is widely believed that capitalism and liberalism work in tandem. Accordingly, economic freedom is the precondition of political freedom. Some empirical evidence (Haan & Strum, 2003), (Rode & Gwartney, 2012) supports the idea that there is a clear correlation between democracy, economic freedom, and political liberalization. As a result, the post-Cold

² According to Kenneth Waltz, international politics should be examined in three levels: First image is the individuals, second image is the state and third image is the international system. In that sense, the analysis has shifted from third image to second image. For more details see Kenneth Waltz, *Theory of International Politics*, 1979, Addison-Wesley Publishing.

War transition is grounded on the liberal-institutionalist framework. In this regard, transition after the Cold War contained two pillars;

One component revolved around the construction of pluralistic democracy, the other focused on erecting a viable, and hopefully vibrant, market economy anchored to the fundamental right to private property, which should in time become the dominant ownership format (Brabant 1998, 2).

This understanding led scholars to examine the transition processes of each state separately. The function of democratic participation, free elections, a voting system, and the promotion of civil society constitutes the pillar of democratization in the main examination subject of studies. In the economic pillar, the literature seeks to survey how privatization, free trade, and law enforcement was executed in formerly socialist or communist countries. As a result, in the late 20th century the transition process was considered as a three-step process in the newly independent states: from colonialism to post-colonialism (decolonization); from totalitarianism to post-totalitarianism (democratization); and from the command to a market economy (economic liberalization) (G. Smith 1999, 6-12).

Finally, the management question of the transition process of formerly socialist and communist countries is raised in this era. In this regard, technical assistance of international institutions or accession processes of the former communist countries to the Western-oriented international institutions are referred to as the main mentor for transition management. Membership accession of former communist countries to the international organizations such as World Trade Organization (WTO), International Monetary Fund (IMF), European Union (EU) and others are the main examples for these actions. The transitions of those countries are mostly managed via the accession process to those institutions. This led to a growing literature on liberal-institutionalism in international relations.

During the post-Cold War period, some scholars sought to set up a theoretical framework for political transition in this regard. Transition studies in the 1970s and 1980s transition that took place in Southern Europe, such as (Pollack and Taylor 1983), (Maxwell 1991), (Linz and Stepan 1996) and (O'Donnell, Schmitter and

Whitehead 1986) are considered as inspiration for Eastern Europe's transition in the 1990s. In that sense, the contributions of (Pickles and Smith 1998), (Szelenyi 2008), (Acemoglu and Robinson 2001) and (Welsh 1994) are the main examples of theorizing the transition of the Eastern Bloc.

To that extent, the political and economic pillars of domestic transition are generalized in some aspects. The political pillar is associated with the transition to liberal democracy. From this perspective, the political pillar contains reforms in several issues including electoral system, decentralized government, political participation via parties and civil society, freedom of speech and media, and replacement of the former communist elite with elected politicians (Welsh 1994, 382).

The economic pillar, which is equated with liberalization, comprises economic policies that are constituted in the Washington Consensus. These include: fiscal discipline; a redirection of public expenditure priorities toward fields offering both high economic returns and the potential to improve income distribution, such as primary health care, primary education, and infrastructure; tax reform (to lower marginal rates and broaden the tax base); interest rate liberalization; a competitive exchange rate; trade liberalization; liberalization of inflows of foreign direct investment; privatization; deregulation (to abolish barriers to entry and exit); and secure property rights.

In this respect, institutional as well as governmental reforms and policies have become the primary tool to analyze the transition process, because the institutions inherited from state socialism are not particularly well suited to enhancing the allocation of resources via market channels (Brabant 1998, 250). For example, in the case of financial regulations, it is analytically argued that Russian legal origin has a strong negative impact on financial development, whereas the English legal origin is strongly positive on financial development and monetarization (Harper and McNulty 2008). This situation discourages capital flow towards the countries that have Russian legal origin. As a result of this, the adoption of the European legal system of

former socialist and communist countries has become the primary concern of transition studies, particularly after the Jeffrey Sachs' pioneering book *Poland's Jump to the Market Economy* (1993).

From this point of view, the related literature suggests case studies in order to analyze the prospects and challenges of nations in transition, particularly China and post-Soviet states. The works about transition of Russia including: (G. Smith 1999), (Fish 1995), (Laurelle 2009), (Ross 2002), (Rubin and Snyder 1998), (Melville and Shakleina 2005), (Mankoff 2009), (Lane and Myant 2007), (Rutland, 2013) explain how Russia has been capitalizing since the 1990s. Similarly, the studies of (Arrighi 2007), (Breslin 2007), (Kavalsk 2009), (Hung 2009), (Zweig and Zhimin 2007), (Yeung 2004), (Quadir and Lele 2004), (Chatterjee and Nankervis 2007), (Glenn 2013) reflect the transition prospects and challenges of China since the 1970s. Newly independent states in post-Soviet area are another research field in transition studies. The contributions of (Kort 2004), (Collins 2006) (Dillon and Wykoff 2002), (Ishkanian 2008) and (Kuzio 2002) should be regarded as main examples of that.

Moreover, researches are not limited just to formerly socialist or communist countries, but their studies are extended to former authoritarian and semi-authoritarian regimes or economies that implement import substitution economic policies as well. Studies of Latin American countries (Calleros 2009), Mexico (Fidler 1996), Guatemala (Chase-Dunn 2000), Singapore (Austin 2009), Francoist Spain (Maxwell 1991), Spain and Greece (Tayfur, 2003), Salazar's Portugal (Pinto 2008), South Africa (Alden ve Pere 2003), and other African countries (Patel 1964) are typical examples of that.

Briefly, in the post-Cold War period, domestic transition refers to the liberalization of formerly closed economies both commercially and financially in economic terms. In political terms, it implies democratization of single-party and authoritarian regimes. As a result of this, the literature suggests that liberal institutionalism is the sole interpretive of the systemic transition as a result of the US-led unipolar world order.

Nevertheless, the liberal-institutionalist framework has shortcomings for two main reasons. First and foremost, the systemic transition in the post-Cold War period stages a more complex political economic reorganization. Although the Washington Consensus is considered as the universal aim to create a liberal international system, former command economies followed different paths. As an illustration, the Baltic States implemented shock therapy, whereas Belarus and Russia avoided that. Moreover, the Chinese transition to market economy started to take place during the Cold War period without political liberalization. Therefore, a transition does not necessarily imply a transformation into a liberal state organization. In other words, the transition is not a linear process, but rather it is a complex phenomenon. Secondly, liberal institutionalism is unable to explain the post-Cold War conflicts, particularly the Russian aggressiveness towards Georgia and Ukraine. Similarly, the economic liberalization of China did not create a free trade zone in trans-pacific relations, but rather as China integrated itself into the international economy, an unnamed trade war has occurred between China and the US, particularly in recent years during Trump administration. The trade war between the US and China has brought the unipolar world order argument into question. Is the 21st century really dominated by the US-led unipolar world order or is it just a myth? Was the dissolution of the Soviet Union a reflection of liberal victory, or does it only change the character of the balance of power in the international system? In order to answer these questions, the transition should be studied in a more broad sense. The actions of states are determined not only by liberal concerns, but also both by external changes and domestic institutional arrangements. This shifts our attention to the systemic level and structural realism.

2.2. TRANSITION AT SYSTEMIC LEVEL

Unlike domestic transition, systemic transition studies started to be examined after the Second World War by international relations scholars. As a result of this, the theoretical framework for systemic transition tends to be more sophisticated

compared to domestic transition. Owing to this development, the systemic transition has more universalistic characteristics than domestic transition. Nevertheless, the examinations of the systemic transition are less common, especially after the Cold War. Its reciprocal relationship with a domestic transition is also scarcely covered. The insufficiency of the studies in systemic level is reasoned by the awareness of the difficulty of the transition process. As Thompson points out, systemic transitions are more difficult to conceptualize than domestic transitions, which have more explicit observable events, such as economic management or presidential regime changes (Thompson 2009, 2). Hence, a definition of the system has to be made first. The following section will seek to define the system and some relevant concepts for the analysis of the transition process.

2.2.1. Definition of System

A system is basically defined as an interconnected network or a complex whole, while a political system is the prevailing social order, especially when regarded as oppressive and intransigent (Oxford Dictionary 2014). Indeed, a political or social system implies order. However, this order is not necessarily created through oppression or intransigence. Instead, a social system has three components: interactions, organizations, and societies (Luhmann 1991, 16). An interchange between the social system and society can only occur on the basis of a selection process determined by each system's internal criteria (Deflem 1998, 779). This means that a system is not necessarily formed by oppression, but rather that it is a set of consents among its units. Therefore, order is constituted by shared political decisions. David Singer puts this phenomenon as;

By focusing on the system, we are enabled to study the patterns of interaction which the system reveals, and to generalize about such phenomena as the creation and dissolution of coalitions, the frequency and duration of specific power configurations, modifications in its stability, its responsiveness to changes in formal political institutions, and the norms and folklore which it manifests as a societal system (Singer 1961, 80).

This means that the system basically indicates a social order, formed by different units, who seek to sustain their organizational structure. Modelski's definition suits the framework of this study, which is explained to some degree in;

A system refers to the institutions and arrangements for the management of global problems or relations, or alternatively as the structure for the management of global interdependence (Modelski 1978, 214).

This Ph.D. thesis posits a slight difference from Modelski: The institutions and arrangements do not necessarily function only on a global level, but rather regional institutions and arrangements can also form a system. For that reason, present analysis prefers to use the term international rather than global.

These definitions indicate that an international system has three components: order (stability), consent (hegemony) and internal selection (domestic arrangements). Order implies the lack of conflict among the units. Thus, the order provides stability for the units within the system. Nevertheless, states have a tendency to engage in war unless they are not bounded either by the balance of power or by a hegemonic power³. The hegemon provides security and public goods in exchange for the acceptance of the leadership and initiative to arrange domestic relations. The balance of power thus occurs among the great or hegemonic powers⁴. This constitutes the international order. From this point of view, the international order can be shaped in various structures such as unipolar, bipolar, loose bipolar, multipolar, or regional. The systems might be separate from each other under the world order, as in the case of the US-led system and Soviet-led system in the bipolar world order. In contrast to this, they might interact with each other or even be ruled by the same political

³ This does not mean that a hegemon provides the peace in all spheres. In contrast, the hegemon provides the peace only among the members of its own system. For more details see "The Hegemonic Stability Theory" (Kindleberger, 1979), (Webb & Krasner, 1989).

⁴ This does not deny the balance of power among non-hegemonic or non-great powers. What this implies is that if a small or middle state is a part of a system, it behaves in accordance with the hegemonic power's initiative. As an illustration, despite Turkey and Greece have had several disputes since the 1960s, the US hegemonic leadership hindered the conflict between the two states with the exception of Cyprus Peace Operation in 1974, when the hegemonic power of the US had relatively deteriorated. Similarly, the Korean War (1950-1953) or the Vietnam War (1955-1975) had been the extension of the US-Soviet rivalry rather than the war between the two small states.

economic system, like an oligopolistic market as in the case of the 19th-century balance of power under multipolar order. Finally, domestic arrangements generate foreign policy choices of states. While the domestic arrangements of the hegemonic powers determine the functioning principles of the international system, domestic arrangements of the middle or small powers determine their threat perceptions and choices on how to posit. To illustrate, American liberalism determined the functioning principles of the Western Bloc, which was based on market economy and democratic regimes. Likewise, Soviet socialism determined the principles of Eastern Bloc, which was a closed economy and had single-party rule. Western European countries became a part of the US-led system not only because of the Soviet threat but also because of their similar political economic structure with the US.

This shifts our attention towards realist debates because order and the balance of power are the primary concerns of realist international relations since its emergence. The systemic order highlights neorealism. Throughout the evolution of the international system, the paradigm has embedded in itself the hegemony and domestic arrangements as variables. Nevertheless, as is seen, a system can also consist of internal selections as well. Thus, neorealism has become inconclusive into understanding the international system. This leads us to examine neoclassical realism, which bridges the gap between the systemic and domestic levels. The systemic analysis in the literature filters the domestic arrangements. To be more precise, neorealism ignores the domestic reasons for the rise and the decline of great powers under the anarchical structure. Classical realism, on the other hand, ignores the differences in the course of the decision-making process of different states by focusing only on power politics. Moreover, it neglects the structure of the international system. In this regard, the purpose of this study is to demonstrate how the international system and domestic politics, in fact, affect each other. The following section will demonstrate the transition of the realist paradigm, which is coherent with the international order itself.

2.2.2. From Realism to Neoclassical Realism: Progress of the Theory and Need for Neoclassical Approach

The transformation of the realist framework is incorporated with the transformation of the international order following the Second World War. From a Lakatosian perspective, the “Realist Research Program” has been progressing along with international politics. When Morgenthau penned his fundamental book *Politics among Nations* in 1948, the bipolar world order was not a clear international system. Instead, his ideas were shaped by competitions and conflicts among the European nations. Thus, the world order was characterized by multipolarity. Since there was no decisive hegemonic order, states were more independent in forming their own identities and institutions. For that reason, Morgenthau highlighted not only the material capabilities but also national character and national morale as elements of the national power (Morgenthau 1948). This idea was seen also in the early IPE framework. Knorr pointed out that foreign policy is determined in accordance with social needs and states are capable of forming policies based on their sources (Knorr 1973, 33-40). This was not denied even by Waltz in his pioneer book *Man, the State and, War* in 1959. Accordingly, internal defects in states are the main cause of the wars (Waltz 1959, 82). This means that domestic factors are crucial to determining foreign policy behavior in classical realism.

Nevertheless, classical realism presupposes a *ceteris paribus* world order, which implies that all states act as if they are bounded only by the anarchical environment. The differences between threat perceptions were not a variable to understand state actions. Instead, they follow a linear path. This evolved the realist school into the systemic level. According to Waltz, “a systems approach will be needed if outcomes are affected not only by the properties and interconnections of variables but also by the way in which they are organized.” (Waltz 1979, 39). In this regard, the international system is organized in an anarchical structure, which is the permissive cause of the war (Waltz 1959, 232). Therefore, states are bounded by the structure of the international system. The distribution of capability draws the constraints and

opportunities for the states in the system. Accordingly, great powers have more opportunities than constraints compared to small or middle powers. While great powers seek to maximize their capacity, smaller states are only able to balance the great powers. For that reason, neorealism deals with great power politics. Regardless of the domestic structure, all states act likewise under the anarchical structure. In that sense, Waltzian systemic theory explains continuity rather than change (Tayfur 2000, 272). The international system is anarchical and states have only limited choices. Change occurs only in the power capability of states. This means that a change in the system is possible only if it transforms from anarchy to hierarchy.

To that extent, the internal structures of states are irrelevant to explain the foreign policy behavior in neorealism. Political structures consist of ordering principle (hierarchy – anarchy), the differentiation of function among the units (the division of labor – lack of it), and the distribution of capability (power) across the units (Waltz 1979). Therefore, there is no division of labor between states. Since the division of labor among states does not exist in anarchical order and states act like billiard balls, domestic arrangements are not the subject matter of Waltzian neorealism. It concerns neither the state organizations nor the causes of the capacity changes and differences between states. All states seek to increase their capacity to survive by power maximization. Their domestic arrangements are not an explanatory factor for policy building. This was a prevailing paradigm throughout the Cold War. Both the liberal USA and the socialist USSR were heavily engaged in the arms race, both sought hegemony and, both engaged in conflicts throughout the Cold War. Smaller states in Europe and East Asia sought an alliance with the USA in order to balance Soviet aggression regardless of their domestic arrangements, which differed from one to the other.

Nevertheless, Waltzian neorealism is needed to be developed for two reasons. Firstly, Waltzian neorealism does not concern itself with explaining the causes of capability differences among states. As an illustration, during the early period of the Cold War, the USA and the USSR had almost equal military capabilities. They were able to balance each other. However, the USSR stagnated after the 1970s. Waltzian

neorealism had no convincing argument to explain the reason for this stagnation. Secondly, since Waltzian neorealism presupposes the anarchical structure of the international system, it omits hegemonic relations as well as different threat perceptions. According to Waltz, states do not jump on bandwagon of great powers but balance them by forming coalitions with third parties (Waltz 1979, 126). Yet states not only balance each other but also ask for the protection of great powers. This means that great power politics presents anarchical order among great powers but there is also a hierarchy of power in international politics (Gilpin 1981). As has been framed, the second component of the system is the consent among its units. In international politics, the hierarchical order between the hegemon and its sub-entities forms this consent. With regard to different threat perceptions, neorealism has little convincing explanations. As an illustration, during the Soviet expansion in the early Cold War period in Europe, Western European countries asked for American assistance for protection, whereas Yugoslavia avoided balancing the Soviet threat. Thus, an explanatory factor to examine the hegemonic relations and policy differentiation between the states needs to be added.

These missing points were sought to be fulfilled by neorealist IPE. Accordingly, the economic capacity of a state is the primary means to maximize its power. This implies that state-market relations are crucial to explain power maximization. Bearing this in mind, our analysis has to go beyond classical international relations. Rather, international political economy studies should be exploited. In the end, great powers are not only triumphant military in arms races, but also in economic monopolies or oligopolies of the world market. It has been throughout history that political systems are actually protectors of international economic systems. For example, mercantilism's political context was the ascendancy of the Westphalian system of nation-states (Sally 2012, 11). Similarly, the 19th century's balance of power system and liberal state should not be separated from the international gold standard and self-regulating market (Polanyi 2001, 1). Therefore, an international political system provides the necessary framework for economic activities (Gilpin

1984, 295). An international system is constituted by interaction among nation-states and economic actors.

In this regard, the neorealist analysis is furthered by Gilpin in the context of international political economy. Referring to the system definition of Waltz, Gilpin added more actors as a variant in the systemic analysis. He assumes that the territorial state continues to be the primary actor in both domestic and international economic affairs but that they are not the only important actor (Gilpin 2001, 18). International organizations or multinational companies also take place in international politics. Although they are not the primary actor, the interactions among states and institutions are undeniable. Indeed, systems consist of these interactions in the end. In this regard, the relationship between state and system is reciprocal;

States create political and social arrangements and the international system provides a set of constraints and opportunities within which individual groups and states seek to advance their interest. (Gilpin 1981, 25-26)

Thus, states are constrained not only by the anarchical structure of the international system but also by other states.

Gilpin also claims that the international system is hierarchical, like domestic politics. The Power Transition Theory also considers the international system as hierarchic rather than anarchic (Lemke and Kugler 1996, 8). While domestic politics is governed by groups and coalitions, international politics is governed by the dominance of the great powers. Dominant power ensures control over the international system. This control is a function of five factors;

In the first place governance of the system rests on the distribution of power among political coalitions, second is the hierarchy of prestige among states, third is a set of rights and rules that govern, or at least influence the interaction among states, fourth is territoriality and finally international economy. (Gilpin 1981, 28-38)

According to Gilpin, throughout history, there have been three forms of control; hegemony, bipolarity, and balance of power (Gilpin 1981, 29). It should be also noted that rights and rules are set by the power and interests of the dominant groups

or states in a social system (Gilpin 1981, 35). Finally, “the dominant power(s) in the international system play(s) a major role in defining the purpose of the international economy and the principal rules governing international economic activities” (Gilpin 2001, 42). Thus, the dominant power minimizes conflicts. As the leader of the system, it creates an interdependent order among the members of the system.

Therefore, the national economic systems are important. National economic systems of great powers influence the economic relations between the dominant power and its allies as well as the relations between nation-states who follow the great power. Thus, domestic power changes are the source of the greatest disturbances in the international system (Lemke and Kugler 1996, 10). In that respect, Gilpin states;

Although every modern economy must promote the welfare of its citizens, different societies vary in the emphasis given to particular objectives; those objectives, which range from promoting consumer welfare to pursuit of national power, strongly influence and are influenced by such other features of a national economy as the role of the state in the economy and the structure of that economy. (Gilpin 2001, 149)

In other words, the economic objective is determined not only by material capacity, but also by the preferences of states. Thus, it is the state that makes the guns versus butter decision. The decision of states creates systems in the world market. In this way, similar national economic systems are also the common denominator in creating a harmony of interest among themselves.

The importance of national economic differences rose significantly in the post-Cold War period. During the Cold War period, the leaders of both the Western and Eastern Bloc were organizing the economic relations among their subunits by a political coherence. The capitalist world economy was being managed via Bretton Woods institutions, whereas the Soviet Union was the decisive controller of the economy in the socialist world. Nevertheless, the international system did not pose serious security threats for the Western World after the Cold War due to the changing characteristic of the balance of power between the West and Russia. As a result, the collapse of the bipolar world order has reduced American leadership and close economic cooperation among the capitalist powers (Gilpin 2001, 5). Thus, states

acted in a more open political as well as economic environment. Therefore, domestic institutions and national economies have become more important.

This new situation in international politics pushed the limits of pure structural explanations, particularly neorealism. That is to say, domestic factors and economic models need to be taken into consideration. As the national economic models began to differ, states started to transform their assets into different capacities. As an illustration, while Germany and Japan transformed their welfare into economic expansion in the neighborhood after the 1980s, Russia transformed it into military capacity even after the Cold War. Hence, states respond differently to external changes. In that sense, neorealism has become ineligible to explain state actions after the Cold War. This led the realist tradition to revive its classical assumptions again.

Neoclassical realism comes into play at this point. It seeks to fulfill the second missing point of neorealism by bridging the gap between domestic and systemic variables. Neoclassical realism provides a “transmission belt” into structuralism and domestic policies of the states (Taliaferro, Lobell and Ripsman 2009, 4). Rose, who is the inventor of the term, explains this transmission as follows:

It explicitly incorporates both external and internal variables, updating and systematizing certain insights drawn from classical realist thought. Its adherents argue that the scope and ambition of a country's foreign policy is driven first and foremost by its place in the international system and specifically by its relative material power capabilities. This is why they are realist. They argue further, however, that the impact of such power capabilities on foreign policy is indirect and complex, because systemic pressures must be translated through intervening variables at the unit level. This is why they are neoclassical. (Rose 1998, 146)

Therefore, external changes are the starting point of neoclassical realism. External changes either constrain or provide an opportunity for states. However, responses to changes are different because every state perceives these changes differently. States undergo a process of the external changes in accordance with their internal selection, which is the third pillar of a system. Hence, domestic politics is the transmission mechanism of foreign policy. The determiner of foreign policy in that sense is more complicated. Realist scholars suggest a variety of determiners to explain the

domestic policy differences, including national political economies (Gilpin, 2001), ideas (Kitchen 2010) or domestic balance of the economic and political power (Lobell 2009).

Regardless of the determiner, a successful domestic policy relies on the global performance of the nation-state and on the ability of state officials (Mastanduno, Lake and Ikenberry 1989, 457). This implies that state officials are the key figure in transforming the external changes into political decisions. Put another way, state officials are responsible for making the guns versus butter preference. Schweller formulates this as “states respond to threats and opportunities in ways determined by both internal and external considerations of policy elites, who must reach consensus within an often decentralized and competitive political process” (Schweller 2004, 164). Therefore, elite preferences not only play a vital role in the decision-making process but are also the ultimate decision maker. To that extent, a transition is coherent with elite transition or change of elite preferences. Elite preferences determine state organization⁵ in the end, which distributes wealth and generates power.

In conclusion, referring to the Lakatosian terminology; progress in the realist research program reveals the necessity to integrate the domestic political structures into realism. Domestic arrangements are organized by the ruling elite. When it comes to the great powers, hegemons or challengers, the transformation of the ruling elite unavoidably affects not only the relevant state but also the international system. The change in elites or elite preferences will be examined in Chapter II. Before that, the following section will frame the systemic transition in neoclassical realist approach.

⁵ State organization is the similar concept what Gilpin calls form of the state. I prefer to use term organizer instead because state is the main organizer of all economic and political activities. To that extent, form of the state has more universalistic characteristic, whereas state organization does not necessarily have to be universal.

2.2.3. Systemic Transition in Neoclassical Realism

First and foremost, it should be noted that by systemic transition the present work implies any change in the hegemonic leader and its norms, or rules, or any change in power distribution under the already existing international state system. In Gilpin's terminology, a change in the governance of a system is defined as "systemic change"⁶ (Gilpin 1981, 40). In other words, the systemic change is the change of the dominant power which implements the set of rules and organizations in world politics. The dissolution of the Soviet Union, which affected the interactions of the states in Eastern Europe in 1991, or the rise of China and its possible challenge to the international institutions are, the examples of systemic change. On the other hand, the "systems change" is the most fundamental change and implies a change in diverse entities (Gilpin 1981, 40). It goes beyond the interaction change, which refers to the change in the behaviors of the units within the system. Even though a systems change contains an interaction change, it primarily implies the change in the ordering principle of the international system. In a sense, change in the state system means systems change. However, this study does not intend to challenge the fundamental paradigms of international relations. World politics is still constituted by the Westphalian system and the state is still the main actor. Thomson goes further in that sense and claims that states increasingly exercise sovereignty in multilateral, international institutions which are distanced from societal control (Thomson 1995, 230). For that reason, the purpose of this study is to explore the systemic transition by accepting state dominance in world politics. Hence, this thesis explores the change in the form of control in the international order. To that extent, neoclassical realism is not an arbitrary decision for the analytical tool. It highlights the state sovereignty and examines its reciprocal relations with the international system.

The state is both the main actor in world politics and the main regulator of a domestic economy. The economic model of a state is determined by the governing elite in accordance with political arrangements. Therefore, it is the state which

⁶ Gilpin uses the term "change" equivalent to "transition"

determines how to distribute wealth as well as how to organize production relations in a political entity.

In order to conceptualize, the production, organization, and distribution of wealth processes are called *state organization*. The state is the decisive organizer of the political and economic system in a political entity. Even in free market economies, it is the state authority who allows unrestricted economic movements. Moreover, liberal states regulate the guarantee of freedom of capital movement. In less liberal states, the government directly or indirectly involves economic activities. Finally, in illiberal states, the government is not only the regulator of the economy but also the main economic actor. Thus, state organization is the main determiner of the production in an economy.

Additionally, the generated wealth is distributed in accordance with state organization. State organization either allows some domestic groups to become wealthier in order to increase competition and efficiency or seeks to create an equal society to ensure social stability. Options may range between these two choices. A rational country is expected to promote either the producers in which the state has a comparative advantage or the sectors that generate high value-added outputs in global markets. Additionally, states may create new social classes to increase economic efficiency or guarantee the safety of the ruling elite. In other words, state organization is the determiner of the production processes and distribution of wealth.

Hence, change in state organization directly affects economic relations in a society. In transition economies, the governing elite initiates the reorganization of the state. It can happen either by a change in the governing elite itself or a change in the ideology of the governing elite. Further examination of elite structures will take place in Chapter II. In brief, state organization refers to the political economic structure of a state. The political economic structure of a state can be reorganized in accordance with environmental, domestic, or international changes. Identically, a change in the state organization of a great power affects international sets and rules. From this

perspective, it can be claimed that domestic change in a dominant power or hegemon affects the international system.

This leads us to elaborate on how to explore the systemic transition from a neoclassical realist perspective. Although the realist school seeks to explain the maintenance of the existing international order, studies that explain the systemic transition exist in the literature as well. Most realists highlight the winners of the major wars. Ikenberry points out that the winner states undertake the reconstruction of the new world order (Ikenberry 2001). The winner has three choices after the victory;

It can *dominate*—use its commanding material capabilities to prevail in the endless conflicts over the distribution of gains. It can *abandon*—wash its hands of postwar disputes and return home. Or it can try to *transform* its favorable postwar power position into a durable order that commands the allegiance of the other states within the order...Historically, the leading states at the great postwar junctures have had incentives to take the third course (Ikenberry 2001, 4).

Ikenberry's analysis is a suitable departure for the analysis to explain the systemic change. However, we claim that transformation does not necessarily take place only after a major war. If we presuppose that states seek to maximize their relative power, then the victory of a state may not be equated with the triumph of the army. Instead, the relative decline of the existing hegemon or relative rise of a challenger state in a non-conflict period offers an opportunity to form alliances, to set rules and even to create a new system, which results in the creation of a safe environment. In this regard, this study presupposes that systemic transition takes place as a result of the change in material capabilities of great powers. The challenger of the system may form either bipartite alliances under the current regime or establish new institutions to exercise its security agenda and to maximize its economic capacity. In that sense, the economic capacity of a challenger state is the primary means to maximize its power. It is also the economic capacity which provides material power to maintain a system.

The importance of technology should also be highlighted. Technological development is the pioneer of efficient production as well as the main tool for superiority in military techniques. According to Krasner, technological innovation is the most important factor explaining changes in the international system (Thomson and Krasner 1989, 195). Technological innovation both increases the material power of a state and decreases the cost of production. At the end of the day, it is the material power of a state that would be transformed into military capacity via technology. Great powers need money, technology, and personnel to build military forces and to fight wars (Mearsheimer 2001, 45). In contrast to that, technological decline causes catastrophe for great powers. It is the main reason for the diminishing rate of return, which results in economic stagnation as well as military inferiority. That is to say, technological changes are one of the main reasons for the rise and decline of great powers, due to technology's effect on the economy of scale.

Analogically, the rise and decline of domestic groups such as political parties, clans, unions, classes, or businesses are causes of change in a state organization. Gilpin claims that there is always change in politics unless a group or state completely controls a society. However, no group completely controls society, neither in domestic nor at the international level. For that reason, throughout history we have witnessed constant changes due to the political, economic and technological developments.

The rise and decline of social classes, the shifting coalitions of domestic interest groups, and secular economic-demographic changes, as well as other developments, can lead to far-ranging changes in the objectives of foreign policy and the capacities of states to pursue foreign-policy goals. (Gilpin 1981, 97)

In a case where a group dominates the domestic politics of a great power, its impact can be seen in other countries due to its influence on weaker states. Therefore the international system also could be affected as a result of a change in the domestic balance of power in a great power.

These changes redistribute power among states as well. As a result of this, a dominant power comes into prominence in the international system. If a state completely controls the system and sustains a secular growth, then there is no need for a transition. However, this has never happened throughout history. Instead, each dominant power either dismisses or revises previous norms and rules and implements its own rules. In other words, change occurs under the leadership of a new dominant power in the international system by implementing a new set of rules.⁷ This leads us to raise the question of how a hegemon stagnates and how a challenger pursues its rising capacity.

A systemic transition is in a sense the outcome of the states' efforts, which are unsatisfied with the existing order, to equilibrate the international system for their own benefit (Gilpin 1981, 10). In that sense, Gilpin draws a framework to understand international political change:

1. An international system is stable (i.e. in a state of equilibrium) if no state believes it profitable to attempt to change the system.
2. A state will attempt to change the international system if the expected benefits exceed the expected costs (i.e. if there is an expected net gain).
3. A state will seek to change the international system through territorial, political, and economic expansion until the marginal costs of further change are equal to or greater than the marginal benefits.
4. Once an equilibrium between the costs and benefits of further change and expansion is reached, the tendency is for the economic costs of maintaining the status quo to rise faster than the economic capacity to support the status quo.
5. If the disequilibrium in the international system is not resolved, then the system will be changed, and a new equilibrium reflecting the redistribution of power will be established (Gilpin 1981, 10-11).

Gilpin's framework exhibits our limitations and variables to understand systemic change. Thus, the following section will elaborate on the model. Inspired by Gilpin's theorization, the transition process is divided into three stages. In the first stage, the challenger states or declining powers perceive a need for change. When they have a tendency to change, they either expand or retreat from international commitments in

⁷ The new set of rules are not implemented in a revolutionary manner but rather, the new hegemon incorporates its rules into the existing system.

accordance with the ruling elite's perception and the state's capacity. The expansion of the challenger is followed by an increasing influence on the international organization. This leads to the reorganization of norms and rules of the system. Finally, hegemony changes the system. In contrast to the challenger, the declining power seeks to reorganize its form of state and either expands or withdraws from international commitments. Let us elaborate on these tendencies and responses in detail.

2.2.4. Elaboration of the Change, Expansion and Decline

2.2.4.1. Tendency for Change

Regarding the first two axioms, if a state enjoys the status quo of the international system, it seeks to maintain the situation. Any expansion attempt would cause disequilibrium, which is unpredictable for the beneficiary state. Nevertheless, there is always change in domestic societies and in international environment. Thus, there are both international and domestic factors for states that raise a tendency to change the international system and order.⁸

The first factor that motivates the great powers or rising states to change the system is the international factors. States are motivated by their relative position in the international system. The international system draws constraints for states. Similar to domestic politics, power distribution among states forces them to form alliances, balancing, and bandwagon with or against great powers or to set its own hegemony. This makes the structure of the international system important for the states who are dissatisfied with the existing order. Unlike classical realism, the structure of the

⁸ Gilpin claims that there are environmental, domestic and international factors. Environmental factors are change in transportation & communication, military techniques & technology and economic factors. Nevertheless, for the purpose of exploring systemic change after the 1970s, only economic factors will be explored. Other environmental factors have influenced all states more or less equally during the relevant period. Hence, economic factors will be taken as a part of domestic change.

international system does not imply anarchy for this study. Instead, it refers to what Donnelly says the “Great Power States System”, which is composed of unequal powers who are responsible for managing the system-wide affairs (Donnelly, 2012, pp. 618-619). In this regard, it is not only the anarchy but also the great powers and their behaviors that constrain states. The structure is shaped by the power distribution among states.

The structure of the international system is significant because of its profound effects on the cost of exercising power and hence of changing the international system. The number of states and the distribution of capabilities among them affect the ease with which winning coalitions or counterbalances of power can be formed. These structural factors determine the stability or instability of an international system, thus facilitating or inhibiting international political change (Gilpin 1981, 88).

In other words, uneven growth of power among principal actors in the system motivates change (Gilpin 1981, 93). If a newly rising country is dissatisfied with the international status quo, it demands changes which would likely be resisted by the dominant state (Lemke 1997, 24). Similarly, if the dominant state loses its advantage, it seeks either to recover its damages by expansion or to balance the rival force.

Secondly, domestic factors are the most important intervening variable to understand the change in this study. Although a state’s change attempt is motivated by its relative position in the international environment, it is the domestic elite who take the initiative to change state organization and reorder production as well as society. As an illustration, as will be examined in the relevant chapter, China was aware of its international position in the 1960s, but it could only reorganize its state organization after Mao’s death. Domestic sources of change are related to the rise and decline of the social classes, and to the shifting coalitions of domestic groups, which constitutes the ruling elite. The interests and policies of states are determined by the governing political elite and by the pressures of powerful groups within a national society (Gilpin 2001, 18). It is the elite that organizes social arrangements and production procedures in a state.

Accordingly, changes in the following three domestic factors create a tendency for change in a state. The first is either an increase in the economies of scale or the diminishing rate of returns. “If an economic change promises a higher return or reduced costs through an increase in the scale of economic organization, it creates a powerful incentive for a society to capture these efficiency gains through economic or territorial expansion” (Gilpin 1981, 70). Hence, countries with rapid industrial growth surpass other powerful states and challenge the international order (Lemke and Kugler 1996, 10). In contrast, a diminishing rate of returns is the key problem that states encounter. As factors in production increase a certain amount, after a given point the output may not exceed or even meet the desired rate and so, the economy becomes inefficient. At this point, internalization of externalities, which refers to equating external costs or benefit to social cost or benefit, is crucial for states. If there is a benefit, the rising state seeks to absorb it, whereas if there is a cost, the rising state seeks to exclude or punish it. Economic and social experiences outside the country are the main externalities for the states. As an illustration, China was apprehensive of IMF policies for two decades, because these policies were considered as the main reason for the East Asian crisis in 1997. The second domestic factor is technological development. Technology is correlated with the increase or decrease in economies of scale. When factors of production decrease, it must be compensated with technological innovation. Lack of technological innovation thus causes a diminishing rate of return as well as economic stagnation. Additionally, technological deficiency results in military inferiority, disrupts the balance of power. Finally, corruption damages social institution as well as production. It does not only decrease the economy of scale but also causes social imbalance. Social imbalance delegitimizes the governing elite. These three changes are the motivations for social change. Social institutions respond to these either by increasing economic efficiency or by reordering social arrangements to maximize social welfare (Gilpin 1981, 74-75). As the economy grows and welfare is fairly distributed, new social classes emerge. The new social classes demand more rights and seek to take part in government. For that reason, economic changes cause a transition on state formations as well as economic or territorial expansions.

To sum up, states have motivations to attempt to change the international system. Firstly, the international status of the state is an important motivation to change the system. If a big state perceives itself in relative decline, then it seeks to change either domestic arrangements in order to increase economic efficiency and military capacity, or to change the structure of the system to reduce costs. The second motivation is related to domestic changes. When economic factors change in a society, so do elite preferences. An increase or decrease in economic activities either force elites to change preferences or change the elite itself. When elites feel that the existing order is costly for the state, then they will seek to change it. It is worth noting that elite preferences may change either by their own initiative or by the change of elite structure itself, as in the case of post-Maoist China. The following section will elaborate on how states respond to external changes and their relative position.

2.2.4.2. Expansion and Hegemony

When great powers are motivated by the factors mentioned in the previous section, they either expand or retreat. When a state relatively rises, it seeks to expand economically or territorially. It is worth noting that no expansion continues infinitely. Therefore, the expansion is bounded by the balance of power. The balance is set by the countervailing forces. Thus, the cost of the expansion is characterized by a U-shape due to these countervailing forces (Gilpin 1981, 107). “Spending more makes little sense when a state’s defensive effort is subject to diminishing returns or if opponents can easily match the effort and maintain the balance of power” (Mearsheimer 2001, 58). As a result of this, “the expansion of a state and of its control over an international system is best described by a logistic of S curve” (Gilpin 1981, 107). That is to say, in the initial period, the expansion takes place in a limited manner. As the economy grows and power increases, expansion accelerates. Finally, the countervailing forces cause a slowdown of the expansion due to the

increasing cost. This section will frame this expansion process. The expansion brings hegemony and hegemony transforms the international system.

Expansion means an increase in some parameters. Economic expansion means an increase in trade and foreign investment of the rising power. Here, with increase we mean relative increase because nominal increase might misguide us due to the increasing economic activities all over the world. The measurement of relative economic increase is the proportional increase in world trade and investment of the respective state. When this economy is managed aggressively, it could be considered as *soft offensiveness*, which refers to using economic tools to pursue hegemony or counter-balancing the hegemonic power. Another parameter of economic expansion is monetization of the rising power.

A monetarized market greatly accelerates the accumulation of wealth, the expansion of international commerce, and the centralization of political power; it dissolves traditional social relations and encourages the creation of larger and more complex forms of social, economic, and political organization. (Gilpin 1981, 130)

This is followed by or coherent with an increase in influence in international institutions, and finally implementation of its own rules on other states. This refers to a political expansion. Thus the political expansion and economic expansion come along.

The expansion of the rising state has a tendency to turn to hegemony. In the end, power depends not only on force but also consent (Gramsci, 1971). Thus, the rising state needs to legitimize its position by international consent. The hegemonic state rearranges the relationship among other states. As the challenger of the system catches up with the declining power, the challenger state is expected to be taken seriously in terms of how to organize the international system (Khong 2001, 34). States that enjoy a preponderance of power as a matter of course exercise their ability to structure social relations within their hegemonic zones (Kupchan 2014, 25). Thus, the rising hegemon sets the hierarchical order and imposes its own rules in its own sphere. By its own sphere, we mean the allies of the hegemon and the states that tied

to the hegemon by economically and politically. Although the international system is in anarchic order, this anarchy means a lack of organizer among great powers. Each great power sets a hierarchical order with its allies. To that extent, a sphere implies the states under the hierarchy of a great power. As the dominant power's privilege diminishes, efforts to maintain the status quo and international hierarchy become ineffective (Lemke and Kugler 1996, 8).

Most of the time, the rising hegemon sets the system in accordance with its own state organization. The importance of the state organization lies at its effect on the allocation of resources and distribution of wealth. Hegemonic power seeks to maintain successful production relations. Hence, it transforms other organizations in accordance with their own system. Thus, the political economy of the system horizontally expands.

The state organization is comprised of the ruling elite. Domestic group arrangements are produced primarily by national interests, as defined by the ruling elites of the states involved (Gilpin 2001, 359). As the state becomes hegemon, the ruling group seeks to internationalize its interests and impose its state organization into other states. Lastly, the state reorders the allocation of resources and production relations in the international economic system in accordance with its organization. Many international norms begin as domestic norms, and they become international through the efforts of entrepreneurs of various kinds (Finnemore and Sikkink 1998, 893). For that reason, domestic political change of great powers is relevant to the systemic transition.

Finally, the international equilibrium is ensured by a hegemon or balance of power between great states. The legitimacy of the hegemon is imposed by its uncontested leadership position among other states. Formal international organizations or informal platforms approve this *de facto* situation. For that reason, hegemonic decline erodes the legitimacy of leadership position. This raises concerns about international norms and rules which may cause a vacuum in the international system. As Krasner argues, for institutions to legitimize a new set of rules and norms they

must be given autonomy from the dominant power, and hegemonic decline destabilizes regimes (Krasner 1981, 140-141). This shifts our attention towards hegemonic decline.

2.2.4.3. Hegemonic Decline

The eroding legitimacy of great powers leads us to elaborate on the reasons for a hegemonic decline and how they respond to the situation. A hegemonic power not only establishes a system but also maintains it. However, maintenance of the system becomes costly over time because apart from self-sufficiency, hegemonic power has to look after its sphere. As the governor of the system, the hegemon is the security and public service provider in its sphere. Because of that, when welfare generation declines or the cost of maintenance increases, the hegemon stagnates. There are several factors that cause wealth generation decline or cost increase.

First and foremost, lack of technological innovation causes the decline of a state. Technology is the primary source for both economic development and military superiority. Technology has a multiplier effect on factor production and it also reduces the cost of production. Therefore, lack of technological innovation decreases the profit of a state's economy and increases the cost of military expenditure. That is why it is claimed that a diminishing rate of return of a state results in a slowdown of economic growth. That is to say, states have high rates of growth thanks to industrial innovations. However, in the absence of new spurts of innovation or borrowing of technology from abroad, the growth of the wealth and power of a society begins to slow down (Gilpin 1981, 160). Therefore, the hegemon has to dominate in technological innovation.

Secondly, maintenance of the system becomes unaffordable over time for both economic and military reasons. Militarily, as has already been mentioned, none of the political structure expands infinitely. Countervailing forces appear in order to balance the hegemon. As this occurs, the maintenance of the system becomes costly

for hegemon. Additionally, a rival country may launch a war of attrition against the state. As an illustration, Strategic Defense Initiative of the US in the 1980s forced the Soviet Union to increase its military spending. The increasing costs of protection and the fact that hegemonic powers tend to overpay means that in time the costs of protection of the status quo rise faster than the economic benefits of the status quo (Gilpin 1981, 169). In that case, the hegemon becomes reluctant to sustain the order. Economically, the hegemon provides not only security to its sphere but also public goods.

Provision of international public goods as free trade and monetary stability requires a dominant power with an interest in a liberal world economy and a willingness to expend economic and political resources to achieve and maintain that goal. (Gilpin 2001, 99)

Other countries are less enthusiastic to maintain the order. Thus, the hegemon becomes the unique contractor of the system by providing public goods for other states. Nevertheless, since the hegemon cannot exclude free-riders, sub-states will inevitably reduce the leader's relative power over crucial resources (Guzzini 1998, 148). As a result of this, the hegemonic power stagnates over time.

The third factor is the structural change in the character of the economy. Accordingly, an economy has three production stages; agricultural, industrial and service. Agriculture is the lowest value added in the production phase, whereas rapid development takes place in the industrial stage. Industrialization not only increases production but also pioneers technological development. Technological innovation is correlated with industrialization. Moreover, the industrial capacity of a state can easily be transmitted into military capability. Service economy constitutes the largest proportion in matured economies; however, it has a lower growth rate than the industrial stage. That is why it is claimed that the diminishing rate of return of a state comes with S-curve economic growth (Gilpin, 1981, p. 78). That is to say; after the initial period, states show a high rate of growth thanks to industrialization and finally slows down in the financial stage. Therefore, it is not a coincidence that throughout history, rising powers are the most rapidly industrializing states such as Great Britain in the 19th century, the United States in the 20th century and China in the 21st century.

Service economy generates the wealthiest society but it is less innovative than the industrial economy. However, it should be highlighted that industrialization leads to rapid growth only if it is a diversified production process. A less diversified economy has a tendency to shift towards rentierism. This leads us to conclude that industrialized economies with a range of product diversification generate the fastest growth rate and technological innovation. Industrialization with less product diversification creates fast but insecure growth, while a financialized economy creates the wealthiest economy with less technological innovation.

Finally, corruption among the state elite slows down the hegemon. Corruption widens the gap between the ruling elite and society. This raises a disturbance in society and questions the legitimacy of the ruling elite. In this case, production slows down due to social unrest such as strikes or social explosions. If an influential group or a clique among the ruling elite supports this unrest, its popularity escalates and can become the new ruling elite unless it is violently suppressed. These internal changes also cause conflicts over the allocation of national income and shift the choices between guns and butter. Such conflicts decrease the efficiency of production.

Not surprisingly, a declining hegemon indicates unusual policies compared to its previous periods. Let us explore the attitudes of a declining hegemon. A declining hegemon has two choices to keep the system affordable. It can either seek to increase the resources devoted to maintaining its commitments and position in the international system or it can decrease the maintenance costs of the system (Gilpin 1981, 188). Resource increase can be materialized by increasing economic efficiency. This is the less aggressive method compared to cost reduction at least in military terms. The first and most rapid way is the pursuit of resource increase. Seeking more trade, forming economic cooperation and transferring high technology are the main tools for this. Secondly, the ruling elite can change or rearrange their state organization in order to increase economic efficiency. At the end of the day, economic efficiency is correlated with production management in a state. When the old system becomes ineffective, the ruling elite seeks to reallocate resources and redistribute wealth. For that reason, a relative decline of a state leads to domestic

transition. When a hegemon launches transition, a vacuum occurs in the international system. Therefore, the second choice, which is the rearrangement of the state organization, is more challenging. It carries the risk of disappearance of the ruling elite. These policies will be detailed when examining the Russian transition in chapter III.

Cost reduction, on the other hand, can be more aggressive or radical than increasing economic efficiency. Preventive wars are the main reflection of this idea.

A preventive war is a war fought to maintain the balance, to stop what is thought to be an even distribution of power from shifting into a relation of dominance and inferiority, thus to fight early, before the balance tips in any decisive way, greatly reduces the cost of the defense. (Walzer 2006, 76-77)

In that sense, territorial expansions towards small states in the periphery are the more frequent attitude of a declining hegemon than hegemonic wars. As Gilpin argues, a state may seek to reduce the costs of maintaining its position via further expansion (Gilpin 1981, 191). Any threat or disorder in the surrounding area causes an increase in security cost. In this regard, maintaining the order cannot tolerate disorder or turbulence beyond their borders, which leads them to expand (Galbraith 1960, 168). Territorial expansion thus provides a more secure defensive perimeter for states. These two policies are related to the concept that declining hegemons impose aggressive foreign policy. Accordingly, a declining power launches an aggressive preventive war (Weisiger 2013, 26). To that extent, in the case of elite preference to posture aggressive policies, our framework indicates that while rising hegemons impose soft offensive policies, declining hegemons impose hard offensive policies. Yet the ultimate decision is made by the ruling elite.

However, the aggressiveness of declining hegemons is limited by their descending capabilities. Thus, the ruling elite may not prefer to pursue an aggressive policy. This leads them to take a defensive position; they reduce their foreign policy commitments to bring costs and resources into balance (Gilpin 1981, 192). Retreat from a territory or the leadership of an international institution could be considered less aggressive, but more radical methods for reducing international commitments.

Entering into alliances is also a retrenchment method from international commitments (Gilpin 1981, 192). However, it should be highlighted that alliance formation is applicable only if it happens among great powers. Middle powers or small states are already components of declining hegemon's system. As the leader and maintainer of the system, it already has small and middle allies. Thus, a new alliance should be formed with great powers that are outside of the hegemon's sphere. As a declining power, it has also limited or no capability to induce rival's allies to break their alliance.

The realist school predominantly claims that the equilibrium in the system is settled by hegemonic war. Accordingly, the winner of a war sets its system by dominating. However, this study will demonstrate that a peaceful transition is also a possible outcome owing to elite preferences. As Kupchan argues, apart from material capacities, institutional and ideational variables are also determiner of the power (Kupchan 2001, 7-8). In this regard, elite preferences are vital to understanding the institutional and ideational variables. Therefore, transition without a big conflict is possible even under realist assumptions. As such, one of the purposes of this study is to contribute to the realist research program by analyzing peaceful and incremental transition. Thus, hegemonic war analysis is not the subject matter of this thesis.

Having framed the theoretical boundaries, the following section will explain the relevance of the theory for the cases of Russia and China.

2.3. RUSSIA AND CHINA

The international system was shaped by the US-USSR competition until 1991. It transformed into the Sino-US competition after the Cold War. China started to challenge the US supremacy, especially after 2000. In other words, apart from the US, there have been two great powers since the 1970s. On the one hand, the USSR shaped Eastern Europe and constituted one side of the bipolar world order between 1947 and 1991. Its decline caused a vacuum in the international system and raised

the assertion that the international system shifted to unipolar world order under US leadership. On the other hand, China's spectacular growth since the late 1970s overshadowed the unipolar world order argument. Instead, China is considered as a great power in the 21st century, who is already or will soon be capable of challenging US leadership. In addition to this, despite the relative decline, Russia is still considered a big power in world politics. In this regard, this research will take Russia as a declining power and China as the challenger.

Indeed, China's possible challenge to US dominance and increasing influences on the international system is one of the main subject matters of the International Political Economy. As Keohane demonstrates, the International Political Economy has to raise "new big questions" in a changing world.

China's skyrocketing growth, and its drive for energy resources in Africa, which is undercutting 'good governance' initiatives, and the influence of the international organizations are the major changes. (Keohane 2009, 41)

In other words, China is becoming the challenger of the international system. This leads us to examine China in depth.

China has been experiencing an economic transition since Deng Xiaoping became the leader of the country in 1978. The process and prospects of the transition were already highlighted in the 1980s. Paul Kennedy indicated that;

While the material constraints upon China are great, they are being ameliorated by an economic expansion which, promises to transform the country within few decades...The indications of reform and self – improvement in China are very remarkable; a country straining to develop its power by every pragmatic means, balancing the desire to encourage enterprise and initiative and change with an étatiste determination to direct events so that the national goals are achieved as swiftly and smoothly as possible (Kennedy 1988, 447-448).

Therefore, Chinese transformation and growth started to be discussed even in the 1980s. The effects of the transition on the allocation of resources in China are crucial. This is simply due to the result of the transition process. The transition process carried China to becoming the major challenger of the existing hegemonic

power, the US. More importantly, it has emerged as a probable the new hegemon. As Mearsheimer points out;

China's prospects of becoming a potential hegemon depend largely on whether its economy continues modernizing at a rapid pace. If that happens, and China becomes not only a leading producer of cutting-edge technologies but the world's wealthiest great power, it would almost certainly use its wealth to build a mighty military machine (Mearsheimer 2001).

This growing process is not only a Western perception, but Asian scholars also agree with this. Hu Angang states that "China's quick ascent into the ranks of great powers not only outstripped the expectations of the international community but has also far surpassed the Chinese government's own expectations" (Angang 2011, 1). Nevertheless, literature suggests also that the transition process may not necessarily result in a hegemonic war between the US and the challenger China. Rather it may provide a peaceful rise of China and peaceful systemic transition. Arrighi refers to the historical experience of China and concludes that throughout this 500 year peace⁹ period the main foundations of Chinese power were not military but economic, and not wealth as such but, to paraphrase Hobbes, wealth combined with liberality (Arrighi 2009, 178). In that sense, the new national interests and policies of China have considerable weight in world politics.

Russia, on the other hand, has been presenting a relative decline since the 1970s. Although the initial point of Russian transition is taken as the post-Cold War era, the process actually started in the second half of the 1980s with *glasnost* and *perestroika*. The USSR faced two milestones to change the production relation in the country in the 1970s; one is economic and the other is political. Economically, the country faced difficulties to sustain economic shortages. Politically, owing to *détente* as well as a decline in American hegemony, the Cold War became less threatening. This led Soviet elites to reduce military spending and reconstruct the industry as well as economic management.

⁹ The period between 14th century and 1894, which staged only three major conflicts.

Although Russia has been experiencing decline since the 1970s, it is still one of the two dominant powers in Eastern hemisphere together with China. As Mankoff states;

For much of the post-1991 period, Russia's approach to dealing with its immediate neighbors was little more than an adjunct to its larger ambition of establishing itself as a major international player. Early in the 1990s, the non-Russian parts of the former Soviet Union (especially its Caucasian and Central Asian peripheries) were perceived as little better than dead weight, to be left behind as rapidly as possible so that Russia could rush ahead to join the developed West (Mankoff 2009, 242).

This turns our attention to Russia. As is briefly stated and will be analyzed in detail, the structural character of the economy and state organization have rapidly changed in Russia, especially after the Cold War. Additionally, the Russian transition has resulted in a systemic change in world politics. Stagnation of the Russian economy has caused a retreat of the state from international commitments such as the dissolution of the Warsaw Pact or COMECON. As a result, a power vacuum has occurred in Eastern Europe and Central Asia. The new frontiers of the Russian sphere of influence are redefined only after Putin consolidated his power. Therefore, Russia plays vital a role in understanding the systemic transition in the international political economy.

As a result, in order to answer the question of how transition affects the international system and global power distribution, this study will analyze two former communitarian states; China and Russia. Both cases had closed economies until the 1970s and experienced relative decline at that time. Despite the decline, the former elites of both cases sought to found a solution within the existing state organization. However, systemic stimuli forced both states to redefine their ideologies in order to transform the state organizations, particularly after the 1970s. The redefinition of the ideologies could be realized only after the elite transition of both cases. Yet each of them responded differently against the decline. While China has become a rising power, Russia keeps declining. Following chapters will explore the rise and decline periods of them.

Before that, the reasons for the different responses should be examined. This shifts our attention into the intervening variable of the political outcomes. Apart from the material capabilities, this Ph.D. thesis tries to demonstrate that elite preferences are vital to understanding the dynamics of the transition. Thus, we need to explore elite theories. The following chapter will construct the theoretical framework of the intervening variable of the thesis in that sense. The tendencies for change and their effects on elite structures will constitute the intervening variable of the analysis in that sense. Having put forward the intervening variable, the attitudes of Russia and China will be examined in the relevant chapters. Russia's retreatment from international commitments after 1989 and its search for a new equilibrium in the international system will be demonstrated. Similarly, China's soft offensiveness and search for the establishment of a new system in East Asia will be explored. Eventually, it will be shown how both China and Russia try to transform the international order into the multipolarity featured by the Great Power States System.

CHAPTER 3

ELITE THEORIES

The importance of elite preferences has already been raised in the previous chapter. The role of elites has been becoming one of the main variables in mainstream IR theory since the 1990s, owing to the increasing importance of ideas and identities in politics. To that extent, ideas and identities do not only constitute a new theory, namely constructivism, but they also influence classical theories. Neoclassical realism is the main expression of the new framework in that sense. As was already mentioned in the previous chapter, neoclassical realism highlights the elite preferences in political development. When it comes to IPE, it becomes more important. Accordingly, elites are the vital part of a state not just because of their contribution to the decision-making process of the security, but also for their role in distribution of the wealth generated in accordance with the state organization. In this regard, elite decisions or elite struggles determine the maintenance or the transformation of a state organization.

For that reason, neoclassical realism should exploit elite theories from the viewpoint of political science in order to understand the different usage of power capacity. Schweller (2004, 169) argues that statecraft is the outcome of elite preferences and perceptions of external changes, which do matter for them. This means that the perceptions and preferences of elites around the world differ from one another. As a result of this, the outcomes of state actions also differ from one another. As an illustration, nobody is daring enough to claim that Russia and the US equally fear the Iran nuclear program. Besides, it is hard to claim that Khrushchev followed the path of Stalin in Soviet foreign policy, or Reagan and Carter spent the same amount of budget for the military. Therefore, elite theories are not an area that IR has the luxury to ignore.

Nevertheless, the existing IR Theory does not exploit this field of political science literature explicitly. The classical realism and neorealist IR theories consider that elites are taken for granted. That is to say, their actions are important, but their changes in perception or internal struggles are treated as if they are irrelevant to political outcomes. Instead, it is argued that since the Greek city-states period, all the actors behave in the same way regardless of the leadership structure.

However, importing elite theories to realism does not challenge the principles of it. Neoclassical realism still claims that states seek to maximize their power in order to survive. The measurement of the power of a state is still the military capacity. Instead, what is claimed is that the threat perceptions of states, as well as the governments, change in accordance with their ideas and, experiences. Additionally, the generated wealth is distributed in favor of security in accordance with the different perceptions of governments.

For that reason, elite struggles, elite transformations or leadership changes directly affect the states, which will be demonstrated in this study. When it comes to great powers, the effects of the elite preferences are more extensive. Great power politics affect not only the state itself but also the whole international system, where the dominant power plays the central role. As an illustration, the devaluation of the US Dollar in the 1970s harmed both the US budget and all the countries in the Bretton Woods system.

Yet the elite theories should be examined first. In that sense, this chapter will seek to bridge the gap between the two contesting frameworks. Firstly, the elite theories in political science and sociology will be utilized. This will be followed by the adaptation of the relevant ones into neoclassical realism in order to understand the systemic transition.

3.1. ELITE THEORIZATION

3.1.1. Definition and Key Concepts

First and foremost, it should be noted that when we use the word ‘elite’, we imply political and bureaucratic elite. Since we presuppose that state is the main actor in politics, the political elite and bureaucrats are supposed to be considered as the elite of a state. It is the political and bureaucratic elite who execute state policy. Thus, our primary concern is the political and bureaucratic elite. Industrialists, business elite or other types of elite are bounded by the political decisions. Although in some cases they are capable of manipulating the state elite, at the end of the day governments make the ultimate decisions. For example, none of the Russian oligarchs are able to challenge the leadership of Putin, nor they are capable of forcing him to integrate into the European Common Market.

It can be asserted that the studies on elite theorization and transformation of realist IR are correlated to each other in a sense. However, there was a dialogue of the deaf between the two. That is to say, Pareto ([1901], 2009) and Mosca (1939) pioneered elite modeling in the early 20th century. The study of Mosca coincides with the assumptions of Morgenthau, who promotes national morale as the public support in elite decision-making (Morgenthau 1948, 100). More importantly, Carr claims that the governing group executes the coercion of a society (Carr [1931], 1981, 95), which is slightly before Mosca, who puts forward that the ruler has to carry out the passion of the masses (Mosca 1939, 51). Therefore, the importance of elite preferences was taken as presumption not only by early political scientists but also IR scholars in the pre-Cold War era.

Nevertheless, the Cold War period hindered the studies on elite preferences in political science literature. Either the societally-centered pluralist paradigm or Marxian approach dominated the political science literature shortly after the interwar period (Field, Higley and Burton 1990, 149). Studies of the two classical scholars,

namely Mosca and Pareto, were furthered only after the 1970s in political sociology literature. Higley and Field manifested the elite perspective on political science and sociology in their book *Elites and Non-Elites: The Possibilities and Their Side Effects* (Field and Higley 1973). Referring to Schumpeter's competition for political leadership (Schumpeter [1942], 2003, 269), they started to inquire about the struggle for leadership in democratic regimes.

However, the leadership question is the subject matter not only of democratic regimes but also non-democratic regimes. This is even more important in non-democratic regimes, because most of the democratic leaders are bounded by bureaucratic and democratic institutions that pursue rules and laws. In contrast, authoritarian leaders consider the balance of power among the different groups. Thus, the content of elite politics expanded towards non-democratic regimes as well. The collapse of the Cold War raised the importance of elite preferences because the struggle and attitudes of the old *nomenklaturas*¹⁰ in the former socialist countries became the top agenda of political science as well as IR. It also complicated the study of elite theories because different types of elites have arisen due to the different political paths among newly independent states. Moreover, authoritarian regimes such as China have started to transform into a capitalist state organization under a single-party regime. Therefore, the transition of the strict authoritarian elites comes into the question of political sociology.

This leads us to elaborate on elite theories more in detail. However, the definition must be put forward first. Elite can be defined most basically as "persons who are able, by virtue of their strategic positions in powerful organizations and movements, to affect political outcomes regularly and substantially" (Higley and Burton 2006, 7). More importantly, they "affect national political outcomes individually, regularly, and seriously" (Burton and Higley 1987, 296). These groups and individuals monopolize the legitimate power in their domain (Pakulski 2012a, 39). This power refers to any power relations in an organization where a minority wields power over

¹⁰ The governing class of the Soviet Union, who held bureaucracy, economic institutions and governing bodies.

an unorganized majority (Zuba 2016, 269). To that extent, from an IPE perspective they have two main duties. First, they hold the power to determine the distribution of wealth. In other words, they are responsible for regulating the state organization. Secondly, they make foreign policy decisions.

These definitions lead us to deduce that elites have common characteristics. Firstly, they are the ruling minorities. This does not mean that a separate group from society dominates the unhappy majority and enjoys the benefits of the state apparatus. Instead, they either represent a society or they have to consider the demands of society. In this sense, the minority refers to representativeness.

Secondly, they are organized. In fact, according to Mosca, an organization is the most crucial necessity to rule a society.

In reality, the dominion of an organized minority, obeying a single impulse, over the unorganized majority is inevitable. The power of any minority is irresistible as against each single individual in the majority, who stands alone before the totality of the organized minority. (Mosca 1939, 53)

Regardless of the political system, governing elites are organized in political parties in contemporary politics. For that reason, political parties are the main tool to control the state apparatus.

This shifts our attention to the third characteristic of the elites. They are acknowledged legitimate. In democratic societies, governing elites legitimize themselves via elections. In non-democratic regimes, the tools of legitimacy have become more complicated and diverse. It can be either charismatic authority (Weber [1919], 2008), ideology (Pakulski 2012b, 13), rentierism (Beblawi 1987) or any other apparatus. Personal cults are tempted to arise in non-democratic regimes under charismatic authority. As a result of this, individual leaders may become the ultimate decision maker under single-party regimes. Regardless of the tool, they take control, and their dominance and rules are accepted by the majority.

Last but not least, elites have advantage due to their strategic positions. They are able to control the resources, communication channels, information, and other strategic

instruments. As Dahlström and Wängnerud demonstrated; “they are always tempted to use the power and information advantage that comes with their position to get benefits for themselves and their cronies” (Dahlström and Wängnerud 2015, 4). For that reason, as has been asserted, elites determine both the distribution of wealth and even the state organization.

This leads us to conclude that organized and supported individuals or political groups are the legitimate minority in domestic politics. They are the authority to distribute the generated wealth as well as to make the decision between guns and butter. The following section will demonstrate the structure of these elites. This will help us to understand the transformation of elite and elite preferences.

3.1.2. Elite Structures

Formation and structure of the different types of political elites have been one of the main subject matters of political sociology. The variety of the elite structure generates different types of state organizations and political structures. Mosca asserted that “the varying structure of ruling classes has preponderant importance in determining the political type, and also the level of civilization, of the different peoples” (Mosca 1939, 51). This means that the founding elite structure shapes the form of the government. To that extent, the early elite studies focused more on governmental differences such as republican elites or monarchical elites. This was followed by the examination of the democratic elite structure after WWII. The late Cold War years questioned the structure of the totalitarian regimes, namely the struggle among the Soviet elite. The collapse of the Soviet Union raised the question of how elites are transformed in the newly independent states. The literature also looked at how the elites managed the transition process in former command states.

As a result of this, the necessity of taxonomy has emerged, because it was obvious that there are different types of elites who have different motivations for decision-making.

Accordingly, there are different levels of differentiation and integrations¹¹ among elite members. Burton and Higley have found the dimensions of the elite structures:

Differentiation involves the proliferation of elite groups as societies become more complex and institutionally compartmentalized; integration involves how these groups organize their relations and deal with each other politically. Clearly, each dimension affects the other. (Burton and Higley 2001, 184).

To that extent, elite differentiation refers to each unit that consists of the greater elite group. The sum of these units constitutes the ruling class. In democratic societies, the level of the differentiation increases, whereas in nondemocratic societies the differentiation disappears. Integration refers to cohesion and consensus among the members of the elites. In that sense, elite integration is a property of a group (Gulbrandsen 2012, 149). For that reason, as the members of the elite integrate, political behavior becomes more institutionalized. The elite integration may occur via either by consensus or ideology. A consensus is provided in democratic societies. Authoritarian governments build integration by ideology. In this way, widely differentiated regimes constitute representative regimes, whereas narrowly differentiated regimes form unrepresentative regimes (Higley and Burton 2006, 18).

This leads us to demonstrate what kind of elite structure is formed in accordance with their differentiation and integration. If we presuppose that elites are categorized to the degree of their differentiation and integration, then it unavoidably constitutes four types of elite structures: Strong integration and wide differentiation, strong integration and narrow differentiation, weak integration and wide differentiation, weak integration and narrow differentiation (Higley and Pakulski 1999), (Burton and Higley 2001, 187-188), (Higley and Burton 2006, 18). The expressions of these elite structures are given in Table 3.1:

¹¹ Higley and Burton prefers to use *united* and *disunited* elites instead of *integrated* and *disintegrated* due to the terminological problems. See (Burton and Higley 2001) and (Higley and Burton 2006). The author of this project will use *integration* in order to follow the dominant terminology in the literature.

Table 3.1

Elite Structures and Expressed Regimes

		Integration	
		<i>Strong</i>	<i>Weak</i>
Differentiation	<i>Wide</i>	Consensual Elite (Democracy)	Fragmented Elite (Illiberal democracy)
	<i>Narrow</i>	Ideocratic Elite (Totalitarian)	Divided Elite (Authoritarian)

Source: Higley and Pakulski (1999), Burton and Higley (2001, 187-188)

Accordingly, differentiation determines the level of harmony among the variety of groups or factions. In that sense, wide differentiation results in democracy, whereas narrow differentiation generates nondemocratic regimes. That is to say, when the elite consists of different factions, the ideas in decision-making processes become more diversified. In contrast to this, as differentiation narrows, decision-making negotiations become more strict and straightforward.

Integration determines the level of democracy or autocracy. The outcomes of strong integration are coherence and cooperation. When an elite integrates strongly, level of communication escalates. As a result of this, political outcomes are shaped consensually in a widely differentiated elite. The negotiation process is highly institutionalized. Thus, it creates a democratic regime. Conversely, among the narrowly differentiated elite, political outcomes are shaped in a single direction because each member of the ruling elite is influenced by the same perceptions. Such a process results in a strict ideological foreign policy institution.

Weak integration, on the other hand, creates competition and power struggle among the elite. The communication level in a weakly integrated elite is relatively low.

Additionally, different members of the elite may form smaller competitive factions in order to maximize their personal power. For that reason, low integration under ideological regimes stages cadre or faction conflicts. As a result of this, weakly integrated and narrowly differentiated elites are divided into fractions. This leads to sharp policy changes in nondemocratic regimes. Finally, weak integration in widely differentiated elite causes competition under democratic institutions. Although the elite are tempted to act in authoritarian way, the democratic institutions bound them. Thus, it constitutes an illiberal democracy.

As a result of this, the four different elite structures, which are demonstrated in Table 3.1, occur. The wide differentiation and strong integration form democratic regimes. The different elite groups have strong communication under this regime. This leads them to bargain with each other in order to compromise. As a result of this, the elites consensually unite with each other (Higley and Burton 2006, 14). For that reason, it is called *consensual elite*. In contrast to that, strong integration and wide differentiation unite in an ideological basis, where the elite members are strongly connected to each other. In those regimes, only one elite group dominates in the political sphere. Since the members of the dominant group united in an ideological basis, it is called *ideocratic elite*. The ideocratic elite will be one of our subject matters for the study because the ideocratic is the characteristic of the totalitarian regimes. However, other elite structures have to be examined in order to understand the distinctive characteristics of the ideocratic elite.

Weak elite integration produces less stable regimes. In the case of wide differentiation among elite factions, *fragmented elites* show up. Fragmented elites breed illiberal democracy due to their competitive nature under democratic institutions. When a fragmented elite is narrowly differentiated, or in other words, when narrowly differentiated elite are not united, then the elite become *divided elite* and the regime turns to authoritarianism. A limited political pluralism is the most important feature of authoritarianism than totalitarianism (Brooker 2014, 21).

For that reason, divided elites are also crucial for the analytical purpose of this study. In this regard, we can claim that both ideocratic and divided elites are motivated by ideology. Both of them are distinguished by single-party regimes and formed by radical ideologies such as communism or fascism. Totalitarian elites are represented by strong leadership and integration, whereas authoritarian elites stage weak integration and elite struggles. For that reason, both totalitarian and authoritarian elites are taken as *ideological elite* in this study. Both in ideocratic and divided elites, the legitimacy is gathered from ideology, which promises stability and security. Because of that, and for simplification, both elite structures are taken as *ideological elite* in this study. In contrast to these, we call the democratic and illiberal democratic elite as *plural elite*. Nevertheless, for the sake of our study, we are going to focus more on ideological elites. The commonalities and differences between ideocratic elite (totalitarian regime) and divided elite (authoritarian regime) will be elaborated on the following section in detail.

3.1.3. Ideological Elite

Ideological elites are formed on an ideological basis. The concerned ideology constructs the legitimacy of the ruling elite. It “involves a less direct legitimization of the regime in terms of the goals and principles enshrined in the ideology” (Brooker 2014, 114). Ideology is vital to maintain stability and reduce threats against society. A shared ideology is able to create an identity, which is robust to prevent serious challenges emerging from within for much of their existence (O’Brien 2017, 4). For that reason, the executors of an ideology are convinced that they are working for the interests of the community rather than for any personal gain (Fritze 2016, 53).

The ideological elites mostly take the rule through nondemocratic means. Civil wars or revolutions are the main tools ideological elites use to assume power. Both the Soviet and the Chinese Revolutions are primary examples of this. Even though some ideological elites exhibit election victories under democratic conditions, their total

control could be ensured by revolution.¹² Additionally, the conquest of a country by an ideocratic regime is considered a way for regime transformation (Burton and Higley 2001, 23). As an illustration, Soviet expansion towards Eastern Europe replaced the democratic governments with ideological ones. However, this case is suitable for small or middle states. Ideological elites of great powers take control of the state via civil war or revolution.

For that reason, ideological elites are associated with single-party regime most of the time. To that extent, their components are monopolistic, extensive, disciplined and multi-role (Brooker 1995, 14). Monopoly means that the party undertakes the whole control of the government. It does not share the power with any other group. Extension refers to the scope of the party and the amount of the party membership. Discipline denotes the hierarchical structure of the party. Finally, and most importantly, party regimes do not only govern the state but they also perform the leading role in a society. The party plays the avant-garde role for society; members are committed to lead the society in every aspect. From this perspective, ideological elites are obligated not only to govern the society but also to transform them. For this reason, it does not coincide that the foundational myths and performance are the most persuasive legitimization strategies in closed authoritarian regimes (Soest and Grauvogel 2017). More importantly, the transformation of a state is associated with the leadership transformation in the ideological elite.

As a result of this, the power and network are highly centralized in ideological elites. This is the most common characteristic of the totalitarian regimes. When the network is highly centralized in the party, a personal leadership may emerge. Brooker points out that the collective leaderships have a tendency to transform into a personal dictatorship (Brooker 1995, 17). Nevertheless, it is difficult to pin down the degree of personal rule. In most cases, the leader is, in fact, the representative of the ruling coalition. As Kosterina empirically demonstrated, no leader has an exogenous source of power, so, personalist regimes emerge in equilibrium (Kosterina 2017, 181).

¹² Higley and Burton evaluates the Nazi and Fascist revolutions as quasi-revolutionary due to their characteristics. See for more detail. (Higley and Burton 2006, 23)

Regardless of the system, both leaders and ruling coalitions rely on technical staff in bureaucracy in order to survive and legitimize their consistent rule at the end of the day.

3.1.4. Totalitarian and Authoritarian Differentiation

This poses difficulty in making a strict distinction between authoritarian (weakly integrated – divided) and totalitarian (strongly integrated – ideocratic) regimes. The literature suggests that the totalitarian regime examples are in fact rare. The Soviet Union under Stalin, Italy under Mussolini and Germany under Hitler (O’Kane 2004), (Higley and Burton 2006), (Brooker 2014), (Pauley 2015) are considered as the totalitarian periods of Europe. In that sense, the most common characteristics of these regimes are the outstanding leader rule rather than a consensus among party members. Therefore, an elite struggle or bureaucratic competition is not visible in totalitarian regimes. The leader is the ultimate decision maker of the executive. Since the elite is strongly integrated and narrowly differentiated, the members of the ruling elite consent to the decisions. Strong collective leadership is convenient to play the same role without bringing a leader cult into the forefront. Nevertheless, the death of the leader or breakdown of the leadership may disclose the secret opposition. Therefore, the ideocratic elite structure is tempted to transform into a divided elite after a strong leader. In other words, a totalitarian regime may transform into authoritarian after a strong leader’s abandonment of the office. Similarly, a strong leadership may unite the divided elite, which transforms a state from authoritarianism into totalitarian.

Thus, strong leadership plays a crucial role in forming an ideocratic elite, whereas weak leadership disunites elite cohesion. In that sense, a divided elite consists of different camps even if they share the same beliefs as the leader. Although they form the same cabinet in a state, this does not necessarily mean that there is a consensus among the party members or factions. Instead, there is equilibrium between them.

Therefore, a strongly integrated totalitarian elite exhibits more stable government compared to a weakly integrated authoritarian elite. The executive body performs consensually in integrated elites. A divided elite, on the other hand, stages conflicts of interests. The predominant political conflict in dictatorships does not occur between the ruler and vassal but between the elite members themselves (Svolik 2012, 5), (Schedler and Hoffmann 2016, 94). There are always competing interests and ideas among party members, as well as among bureaucrats. This becomes clearer when the legitimacy of a regime erodes. For that reason, totalitarian regimes stage stable government, even if the leadership becomes unable to perform properly.

This shifts our attention to the power competition and decision-making mechanism in divided elites. The balance of power among the cadres or factions plays a crucial role in that sense.

The joint desire of the dictator and the ruling coalition to share power as they govern is complicated by a conflict of interest between them. At the heart of this conflict is the dictator's ability and desire to acquire more power at the expense of the ruling coalition...The ruling coalition may attempt to deter the dictator's opportunism by threatening to stage a coup. However, the credibility of this threat is tenuous because the ruling coalition has only imperfect information about the dictator's actions and because coups may fail and are therefore costly. (Svolik 2009, 479)

Therefore, there is always a tendency to compete for the total control of the coalition among the members and factions. This tendency increases when interaction among the coalition is low. Conversely, interaction strengthens the communication and trust of the coalition members. For that reason, when the regular interaction among the ruling coalition is high, the leaders become more tempted to share their powers via institutionalism (Svolik 2012, 117). As a result, an institutionalized regime has become a suitable setting for the divided elites. Nevertheless, that does not necessarily mean that the coalition settles a consensus. O'Brien names such a dispersed decision-making process as deliberative authoritarianism (O'Brien 2017, 7).

Thus, both totalitarian and authoritarian governments are the expression of a ruling coalition of a shared belief system. The difference between the authoritarian and totalitarian lies in the strength of the leadership. The former refers to weak leadership and the latter implies strong leadership, which covers the elite struggle. As a result of this, authoritarian governments are tempted to stage competition and balance of power among the factions unless they institutionalize the power mechanism.

For that reason, it can also be asserted that totalitarian regimes are more stable and static compared to authoritarian regimes, whereas authoritarian regimes are more accommodated than totalitarian regimes. Strong leaders are tempted to be stuck in rigid policies. In contrast to that, power competition in authoritarian regimes may result in flexible political decisions.

3.1.5. Ruling the State

This raises the question of *how* the ideological elite rules a state rather than simply *who* rules. Brooker claims that when governance is institutionalized in non-democratic regimes, the state bureaucracy has become the most hierarchical institution (Brooker 2014, 151). However, this study claims that the main task of the bureaucracy is the implementation of the policies rather than decision-making. The members of the bureaucracy are both qualified in technical eligibility and indoctrinated by the idea of the regime. However, it is not easy to claim that the bureaucracy is responsible for ruling a state, especially under totalitarian regimes. Otherwise, no one would seek to explain the differences of the Soviet politics between Stalin and Khrushchev, or the difference between Khrushchev and Brezhnev, or the post-Mao transition of China.

The de facto governing body in that sense is the party administration in ideocratic and fragmented elites. Politburo or Central Committee consists of the highest ranking officials, who are the follower of the ideology. In totalitarian regimes, they are also either loyal to the leader or pretending to be loyal. Again, the crackdown of the

policies and elite struggles after Stalin or Mao indicates that elite members may be neither a real follower of the leader nor, an interpretation of the leader's ideology. Instead, they might be the silent opposition, because actors have imperfect information about the leader as well as other members, and thus actions against the dictator are costly (Svolik 2009, 478).

This leads us to inquire about the components of the ideological elite in detail. According to Higley and Pakulski, the ideocratic elites consist of apparatchiks, reformers, and dissidents (Higley and Pakulski 1999, 296). Apparatchiks are the devoted members of the regime. The authoritarian parties "entail a hierarchical apparatus that spans different levels of membership" (Svolik 2012, 168). They are the key group of the regime to form a bridge between the elite and the public. They express themselves by the existence of the party and regime. For that reason, they are the most loyal followers of the regime. As a result of this, they protect the status quo of the state. Thus, they form the conservative wing of the elite.¹³

By contrast, reformists support revision. The members of the reformist elite are promoted from relatively autonomous institutions or among epistemic communities¹⁴. They play a directive role rather than implementing the orders. Thus, they have the ability to accommodate external changes. They constitute a separate political realm than the mainstream ideology. "The existence of a democratic enclave reflects an authoritarian regime's perceptions of threats to its functioning and survival" (Gilley 2010, 408).

Finally, the dissident elite refers to opposition groups, particularly in communist states. When a regime loses its legitimacy, there is a tendency to form a negative coalition among the self-interest groups and individuals (Dix 1982, 563). As a result,

¹³ The author will use the term "Conservative" rather than "Apparatchik" for simplification and conceptual consensus

¹⁴ Epistemic communities produce policy in most of the authoritarian or totalitarian regimes (Brooker 2014, 155). Members of these communities do not only have common set of principled and causal belief with the government elite but also have shared notions of validity and a shared policy enterprise (Haas 1992, 17). Thus, they produce social policies for regimes. For that reason, they are aware of the social and political deficits of the state.

they reject the existing order. Therefore, dissidents are not members of the ruling party, but rather they have a revolutionary characteristic. Lech Walesa during Communist Poland or Ayatollah Khomeini in the pre-Islamic Republic of Iran are some primary examples of this. As a result of this, they take the rule by a revolution of coup d'états.

This shifts our attention to elite transformations and change in elite preferences. The rejection of the existing order among the ruling elite is the key element for transformation. The following section will elaborate on the causes of breakdowns among the elite members and factions, as well as the attempts for change.

3.1.6. Elite Breakdown

As is stated in the previous chapter, some external changes promote a tendency for change. The ideological elite members are not indifferent to these changes. As has been stated, the main legitimacy of the ideological elite comes from stability. It promises strong economic performance, proper distribution of wealth, and rapid growth rate, in exchange for limiting the fundamental rights of the society. Therefore, regime performance and procedures constitute the main source of legitimacy of authoritarian regimes (Soest and Grauvogel 2017, 10). As a matter of course, when the economy underperforms, or the existing ideology does not fit the contemporary requirements, ideological elites lose their legitimacy. This raises the dichotomy of pragmatism and ideology among the elite members (O'Brien 2017, 9). The weak performance either disturbs the cadres of the elite or awakens dissatisfied groups in society. Therefore, de-legitimization can be either in the eyes of opposition or elite members itself. As the legitimacy of the regime erodes, the maintenance of the regime becomes costly, which forces the elite to readjust their expectations (Ulfelder 2005, 317). For that reason, ideological elite transformation takes place either by elite division or revolution, which will be elaborated in the next section.

When the legitimization erodes, regime support breaks down. The erosion of the regimes initially supported by a coalition is replaced by the self-interest of the groups and individuals (Dix 1982, 563). As a result, elite integration starts to loosen. The legitimacy of the reformist and dissident elite comes forward. However, that does not mean that the conservatives, who become the failed elite members, embrace the situation. Instead, they seek to maintain the existing order because losing the legitimacy is painful in authoritarian regimes. The reformist elite, on the other hand, seeks to reinterpret the ideology.

If a totalitarian regime is surrounded by more successful countries (that is, by nations characterized by the rule of law with free markets, reliable property rights, not too high taxes, and a rather stable currency), and if the regime is not able to isolate its inhabitants from information coming from abroad, it will not be able to prevent the slow erosion of its ideological values. (Bernholz 2016, 82)

As a result of this, elite struggle arises among the ruling factions between the conservatives and reformists. It should be noted that the distinction between conservative and reformist is a general taxonomy. Therefore, this does not necessarily mean that the members of each group agreed in a consensus. While the conservative faction may consist of pro-reformists under the current state organization, the reformist faction may stage ideological competition among themselves. As an illustration, the Khrushchev administration was still in favor of central planning and single-party authority, even though they pursued de-Stalinization policies. In that sense, the following section will elaborate on the struggle and transformation process.

3.1.7. Elite Transformation

First and foremost, it should be noted that ideological elite breakdown or elite transformation does not necessarily associate with an authoritarian breakdown. “Since World War II, only about 45% of leadership changes in autocracies led to regime change, and more than half of regime breakdowns were transitions from one

autocracy to another” (Geddes, Wright and Frantz 2015, 313). None means the continuation of the existing order. It may result in a transition from totalitarianism to authoritarianism as well.

To that extent, theorizing the elite transformation of the ideological elites is difficult to pin down. It is obvious that the breakdown of a personal rule in a single-party state is a transition from totalitarian to an authoritarian regime. Similarly, shifting from authoritarian regime to liberal or illiberal democracy is also associated with elite transformation. The problem arises when locating the different patterns of the same elite type. In other words, the question is, do the faction changes among the divided elite result in transition? The answer is yes in a sense. If the new faction is the reformist elite, by this fact itself either political or economic transition takes place. There is no elite structure difference between Gorbachev’s and Brezhnev’s leadership, where Gorbachev was the architecture of the Perestroika during the Soviet period.

Therefore, elite transformations are not a unidirectional process, nor do they progress towards a more democratic society. Rather it is a multidimensional and bilateral process. Moreover, an elite transformation does not necessarily result in regime transition but rather political change. Since divided elites are not capable of expanding their control infinitely, they do not take the risk to eliminate their rivals. Rather, they seek to implement their own policies under the existing system. As an illustration, both Khrushchev and Brezhnev are bounded by the same rules with a different elite composition where the former is more reformist and the latter is more conservative.

This leads us to elaborate on elite transformation in more detail. Examination *of* the ideological elite transition is the first step in our analysis. This will be followed by the abandonment the ideological elite, which is a transition *from* the ideological elite.

3.1.7.1.The Transition of the Ideological Elite

The transition *of* the ideological elite implies the continuation of the ideological rule with different patterns. Thus, breakdowns of the ideocratic elites that results in a power transition among the elite members are the transition of the ideological elite. The reverse process, which is the evolution into the ideocratic elite (totalitarianism) from the divided elite (authoritarianism) is a process that the elite factions compromise in time. For that reason, totalitarianism processes are not taken into account for this study. Thus, it is the breakdown of the ideocratic elite and power transition among the elite factions in the sense transition *of* the ideological elite that will be examined.

3.1.7.2.Breakdown of the Ideocratic Elite

As has been stated, ideocratic elites are characterized by personal rule. Thus, the stability of the regime is incorporated with loyalty to the leader. As the dictator acquires power, the maintenance of the regime becomes more secure. The ideocratic elite legitimizes the leader's position for the sake of security and stability. For that reason, "personalist regimes are immune to internal splits" (Geddes 1999). That is to say, they are not easily challenged by popular uprisings.

Instead, the ideocratic elite fall in two ways. Firstly, they are dropped by the reformist faction. This is the other side of the coin of the ideocratic elite, where loyalty is essential. Accordingly, two thirds of dictators are removed by either coup or internal conflict (Svolik 2009, 478). Nevertheless, internal conflicts and coups are difficult to stage. It is obvious that even if the elite members have intention against the leader, staging a coup is costly for the ruling elite in case a failure (Svolik 2009, 484). Hence, the opponent faction keeps cooperating with the leader as long as they get some benefits from the ruling regime (Geddes 1999).

Therefore, they wait for the abandonment of the office by natural ways, which is the second way of the ideocratic elite breakdown. When the leader leaves the office, on the one hand, its successors seek to maintain the existing order; on the other hand, the reformist faction starts to raise its voice and challenges conservatives. If the reformist faction succeeds, they either deport or neutralize the conservatives in order to implement reforms. Regardless of the winner of the coalition, the ideocratic elite turn into the divided elite. If the new divided elite is ruled by the reformists, they legitimize their rule by transforming society rather than maintaining the order. In other words, if personal rule is succeeded by the reformist elite, the transition of state takes place.

3.1.7.3. Power Transition from Conservatives to Reformists (Elite Circulation)

Apart from the totalitarian breakdown, victory of the reformist faction against conservatives should also be considered elite transition. As has already been framed, the divided elite is in a sense ruling coalitions who are gathered around the same ideology. The coalition mostly consists of conservatives and reformers. To that extent, leaders are the expression of the ruling coalition, which represents the dominant faction. Thus, the leader owes his position to his reputation and the personal bond between himself and the party elite (Backes 2016, 23). As a result of this, the leader is decided in equilibrium.

Regular interaction within governing councils, legislatures, or parties may allow the governing authoritarian elite to reassure one another that none of them is trying to acquire more power at the others' expense. (Svolik 2012, 81)

Therefore, a leader change breaks the balance of power among the ruling coalition. Although the leader does not have decisive power on divided elite, he still holds the key positions. Hence, the absence of the leader creates a power vacuum, which attracts the elite members. As a result, competition occurs between the reformists and conservatives both for the leadership and vacant positions, after the government falls. As Burton and Higley (2001, 196) point out, elite circulations in top positions are

wide depth in that sense. The reformist elite becomes more legitimate in case the *raison d'être* runs into danger. That is to say, if the regime suffers from inefficiency during the conservative rule, then the reformist elite find an opportunity for both reinterpreting the regime and placing their supports into the government. Therefore, the high ranking officials promote their lower supporters, who are familiar with the political and economic turmoil. As a result, the reformist elite dominates the government.

The transition of the ideological elite implies that the existing ideology of the regime is being kept after elite circulation. That is to say, the main ideology of the regime is not affected by the leadership change. The ideocratic elite transforms into a divided elite when the personal leader leaves the office. Obviously, it provides strict policy changes. However, that does not transform the ideological basis of the state. As an illustration, Khrushchev's de-Stalinization policy was not abandonment of Marxist principles.

The same is affirmable for faction changes in divided elites. The conservative elite seeks to protect the status quo, whereas the reformist elite aims to reinterpret the ideology in accordance with contemporary requirements. Thus, in most cases, the reformist elite does not change the official ideology and formation of the state. Instead, they redistribute the wealth in accordance with the contemporary political economic rules. The conservative elite, on the other hand, seeks to revive the original principles.

3.1.7.4. The Transition from the Ideological Elite

As is stated in the previous chapter, the transition is associated with the breakdown of the totalitarian or authoritarian regime, which results in democratization in literature. To that extent, this dominant view of transition is, in fact, the abandonment of the ideological elite structure in accordance with our model. We named it as a transition *from* the ideological elite. However, the ideology might be replaced by

another ideology owing to the new elite composition or the democracy might not be able to be established properly. Therefore, unlike the dominant view in the literature, the breakdown of an authoritarian or totalitarian regime does not necessarily result in democratization. Russian or Central Asian states demonstrate that breakdown of the ideological elite may be replaced by a fragmented elite which is associated with illiberal democracy. This leads us to examine the breakdown of the ideological elite and transition to fragmented elite.

It should be noted that ideocratic elites are less likely to transform into a democracy. The reason for this result is unknown due to the lack of data and investigations (Geddes, Wright and Frantz 2015, 324). What we know is that divided elites are more tempted to leave their ideological concerns. Hence, our central concern is to inquire about the transition from divided to fragmented elite.

Huntington believes that some cadres or factions within the governing coalition come to favor democracy for a variety of reasons (Huntington 1991, 122). The reasons might be either personal, such as protecting their position more legitimately, or political. Regardless of the reason, this study sets the premise that the reformist elites are both motivated and legitimized by the relative economic and power decline of the state. This leads us to make a distinction between the transition of divided elite and shifting towards a fragmented elite.

Huntington points out three types of interactions are important on the road to reach democracy; “between government and opposition¹⁵, between reformers and standpatters¹⁶ in the governing coalition, and between moderates and extremists in the opposition” (Huntington 1991, 123). Since the last interaction excludes the governing coalition, this study will focus more on the interaction between the dissidents and reformists.

¹⁵ Dissidents

¹⁶ Conservatives

To that extent, democratization means the promotion of the reformists and dissidents. In other words, the breakdown of an authoritarian regime lies behind the cooperation between the reformist elite and opposition groups. As has been stated, the divided elite is the outcome of the cooperation between the reformist faction and the conservative faction. When the reformist elite shift their attention to dissidents, the formation of the governing coalition alters unavoidably. Thus, the reformists cooperate with different ideological groups. As a result of this, the elite no longer consists of the same ideological members. Instead, it is formed by separate ideological groups who gather to redefine the state organization rather than reinterpret the ideology. The new elite consists of the former ideological elite and former opposition groups. Therefore, the conservative faction is replaced by another ideological group. That is why it is called ‘fragmented elite’ rather than ‘divided’.

Table 3.2

Summary of Elite Structures and Transitions

	Ideological Elite		Plural Elite
	<i>Ideocratic Elite</i>	<i>Divided Elite</i>	<i>Fragmented Elite</i>
Leadership	Strong	Weak	Strong/Weak
Coalition	Conservative Dominance	Conservatives & Reformists	Reformists & Dissidents
Ideological Difference	Absent or Secret	Limited	Yes
Ideological Transformation	No	Redefinition of the founding ideology	Yes

In brief, the difference between the divided elite and fragmented elite is the ideological differences. The former consists of the same ideological groups with

different interpretations. The latter is the cluster of the different ideological groups. Thus, it is worth noting that part of the former authoritarian elite keeps their position after transitioning to democracy unless they are overthrown by civil war or revolution. Additionally, fragmented elites are less sensitive to regime change due to its balanced structure relative to the divided elite.

Table 3.2 helps us to compare the similarities and differences between the three elite compositions we examined. This shifts our attention to their relevance with neoclassical realism. The following section will seek to connect elite theories and neoclassical IR theory.

3.2. ELITE THEORIES AND NEOCLASSICAL REALISM

This section will seek to adopt elite theories into the IR Theory. More specifically, the ideological elite and the fragmented elite models will be integrated into neoclassical realism. When we are examining neoclassical realism, some realist assumptions should be considered.

Although the realist philosophy contains analytical and ontological debates, it has a coherent tradition (Taliaferro, Lobell and Ripsman 2009, 15). First and foremost, the power struggle is the primary motivation of the states. Thus, states seek to maximize their power. At this point, the measurement of power is relative power rather than absolute power. Therefore, states feel either in rise or decline according to their relative positions. Since the structure of the international system is anarchy, which is the permissive cause of the war, states seek to maximize their power in order to secure their relative place under the anarchical structure. Secondly, realist tradition claims that states transform their material capacities into power. This shifts our attention to realist IPE tradition. Realist IPE presupposes that states are the decisive decision maker of the guns versus butter preference. They give importance to guns first in that sense. They determine the distribution of the generated wealth in accordance with their security needs. In other words, states prioritize their resource

allocation in favor of power maximization. The ruling elite of the states is concerned with these assumptions according to the realist tradition. Thirdly, *raison d'états* of a state is legitimized by security. That is to say, a government is legitimate as long as it keeps the security of the state.

From this perspective, if we take neoclassical realism as the focal point, we need to construct a model by referring to realist assumptions. First and foremost states are constrained both by the anarchical structure of the international system and their relative positions, which is shaped by the Great Power States System. In this context, anarchy is more significant for great powers than the smaller states. As has already been framed, when smaller states become part of a system, they unintentionally have a bandwagon on the hierarchical order of a great power. In that case, the anarchical condition and balance of power occur among the great powers. That is why it is called the Great Power States System. In other words, the actions of great powers depended on external changes under the anarchical structure. Secondly, the great powers transform these external changes into decision-making, where the process is determined by their perceptions, as well as domestic institutional structures and coalition alliances. The coalition alliances in non-democratic states constitute the ruling elite. The ruling elites are responsible for allocating the resources in the country. Thus, the ruling elites are legitimate as long as they are capable of maintaining the stability and security of the state. In this respect, we take elite preferences as the intervening variable for analysis referring to neoclassical realism.

This leads us to refer to our model from the first theoretical chapter. We claimed that a tendency for change arises when states feel that they are in relative decline. Figure 3.1 demonstrates the processes of our model in that sense. According to this model, a tendency for change arises among elite members regardless of their faction. That is to say, both conservative and reformist factions are motivated by a change in case of relative decline because relative decline implies both decline of a state and erosion of the ideological elite legitimacy. Therefore, power maximization is not only states' natural behavior but also ensures the legitimacy of the governing elite. In the event

they poorly protect their citizens and are unable to provide public goods, it makes the “social contract” debatable.

In this regard, elites are obligated to interpret the changing characteristics of the externalities. With reference to this, it is also mentioned in Chapter I that states seek to either increase their economic efficiency or reduce their costs in order to prevent the relative decline. They primarily seek to increase economic efficiency. The way to increase economic efficiency differs from each other, so it is necessary to make a distinction between elite preferences at this point.

The ideocratic elite and the conservative faction of the divided elite follows more traditional and restricted patterns compared to reformists. That is to say, they keep the existing ideology and structure of the current state organization. As a result, they seek to rearrange the institutions within existing ideological boundaries. This leads them to rearrange the economic measurements to increase economic efficiency. They may increase taxes, encourage technological innovation, alter the persons of economic institutions, revise minor changes in enterprises, etc. The main purpose becomes to increase output by reallocating resources under the existing state organization. Thus, the crucial point is that they are unwilling to restructure the existing ideology. In ideocratic regimes, the maintenance of the order is seen as the assurance of economic efficiency. Therefore, institutional reform for increasing efficiency is less common compared to the divided elites. The divided elites are more open to reallocate the production processes. Yet the divided elite are not brave enough to restructure the whole system when the conservative faction is dominated. This process is indicated as (1) in Figure 3.1.

If increasing economic efficiency does not work, they shift their policy into cost reduction, which is marked as (2) in Figure 3.1. In that sense, the conservative ideological elites are more tempted than reformists to implement hard offensive foreign policy in order to reduce costs rather than to increase the efficiency. At this point, as Gilpin claimed states seek for “territorial expansion to a more secure and less costly defensive perimeter” (Gilpin 1981, 191). Thus, the ideocratic and

conservative elite maintain their legitimacy both by cost reduction and creating a more secure environment.

The reformist faction, on the other hand, causes a transition of a state. If stagnation of a state results in erosion of the elite legitimacy, the reformist faction builds its legitimacy by rearranging political and bureaucratic institutions. Reformists and dissidents are aware of the problems of the current legislation. To that extent, stagnation of a state encourages reformists to redefine the ideology and rearrange the state organization in order to increase economic efficiency (3). According to them, economic inefficiency is the result not only of the lack of input, but also of bad management of the economic resources due to the outdated ideological interpretation. Thus, by bad management, they refer to the political system itself. For that reason, reformists seek to rearrange the state organization in order to increase economic efficiency by reinterpreting the existing ideology. If the struggle between the reformists and conservatives hardens, the reformist faction goes beyond the ideological reinterpretation. They dissolve the party coherence and form a new coalition with dissidents. In that case, the state organization officially transforms from one type to another. Thus, a divided elite is replaced by a fragmented elite.

If the generated wealth does not increase by state reorganization, the reformists also seek to reduce the costs (4). Reformist factions are more daring in cost reduction because the reorganization of the state carries a risk of hegemonic loss of a great power. When a great power is the leader of a system, it undertakes the costs of the maintenance of the system. Therefore, it considers not only its own development and security, but also smaller states' in the system. It has to provide security and development as a public good for its allies. Additionally, an international system is based not only on economic cooperation but also on shared values. Shared values are embodied mostly in ideological basis. Thus, reorganization of a state in a sense means de-legitimization of the existing ideology, which is the shared values that a hegemon imposes. For that reason, the legitimacy of the official ideology and the ideological elite of the hegemon diminishes both in its own domain and in its sphere of influence. Yet reformists reduce the state's international commitments in order to

maintain at least the domestic order. They reallocate resources in favor of the state itself rather than maintenance of the whole system. Thus, the hegemonic power either reduces or gives up its leadership in order to sustain its domestic economic consolidation during stagnation.

Reinterpretation of the ideology, in this regard, may terminate the leadership of the hegemon for several reasons. First and foremost, the new economic system of the former hegemon may not fit the economic characteristics of the satellite states. As an illustration, the former system may obligate the states to each other by interdependence, whereas the new system may promote free trade or state autonomy. This could encourage the satellite states to engage in new contacts with third countries, which moves them away from the hegemon in the end. Secondly, as has been stated, a stagnated state becomes incapable of maintaining its leadership due to the economic scarcity. In this case, its foundational values and economic model become irrelevant for the contemporary necessities of the smaller states in the system as well. For example, the Soviet Union's socialist-based isolation policy was vital for the economic development of Eastern Europe in the early 20th century, whereas it became a reason for underdevelopment in the 1970s. As a result, Eastern European states chose to become the part of the liberal system, even before the Soviet retreatment from the region such as in the case of Polish Revolution of 1989. Thirdly, the new elite may reinterpret the threat perceptions of the state as well. In this case, the former hegemon seeks new alliances. This shifts the satellite states' foreign policy orientations as well. As a result of this, the leadership position of the hegemon may become senseless. To illustrate, the Soviet Union made the West their enemy due to their imperialist past in the 19th century, whereas the new Russian government established good relations with the West. In this case, the former Warsaw Pact members either integrated into the Western system¹⁷ or aligned themselves with Russia¹⁸. The reinterpretation of the ideology no longer identified capitalism as imperialist evil, which caused a realignment of some former Soviet

¹⁷ i.e. Poland, Hungary

¹⁸ Belarus

states. As a result, the international balance of power changed at the expense of the former hegemonic power.

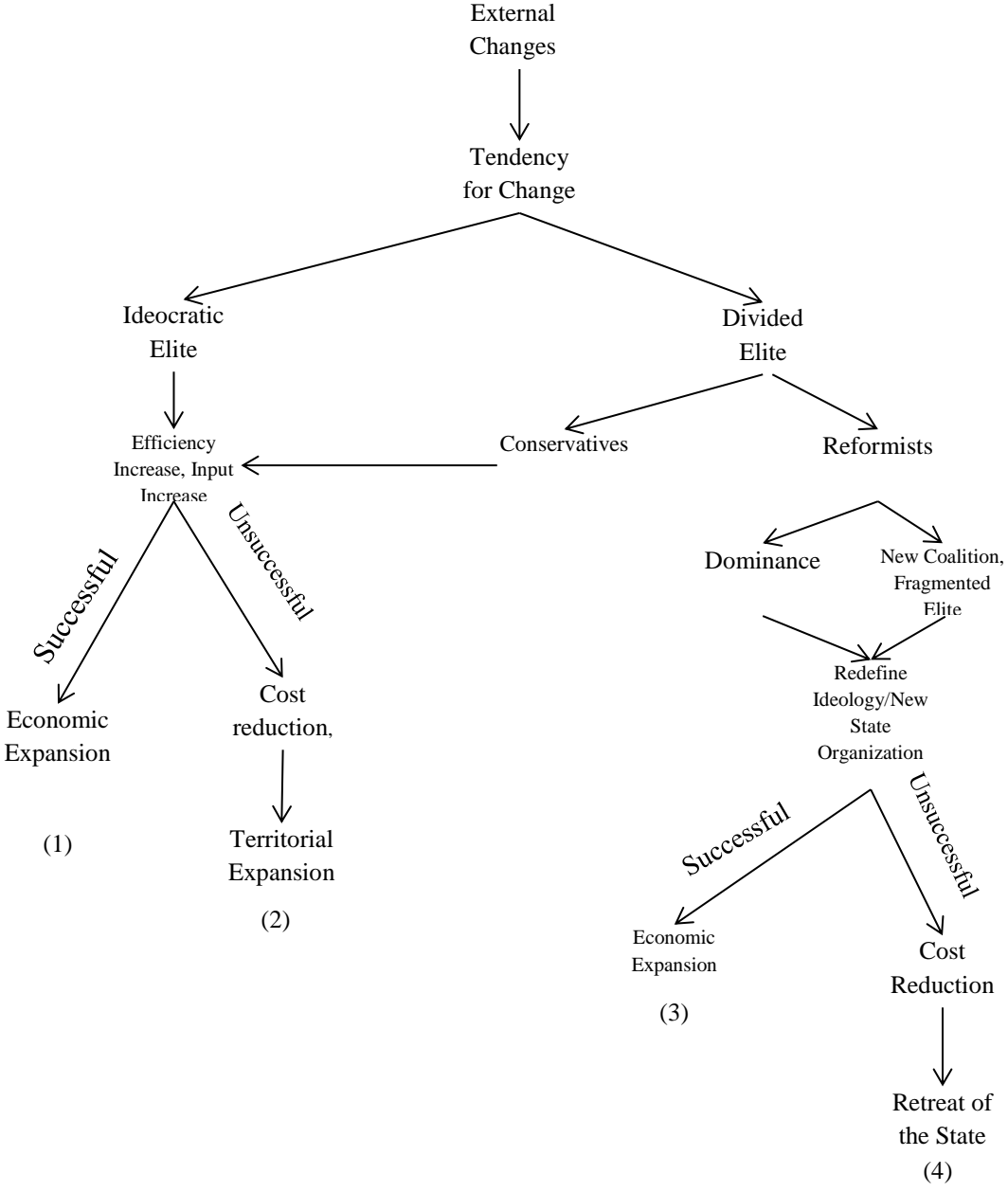


Figure 3.1: Elite Preferences in Neoclassical Realism in Ideological Elite (Source: Prepared by the author)

To sum up; the political elite of a state respond to external changes with two steps. First, when they feel that the state is in relative decline, they seek to increase the wealth generation. Second, if that does not satisfy the needs of the state, then they seek to reduce the costs. The ideocrats and conservatives try to reduce the costs by territorial expansion, whereas the reformists withdraw from international commitments. If all the elites succeed in increasing the generated wealth, they look for economic expansion.

Last but not least, domestic transition of a state is the step where elites redefine the ideology or rearrange the state organization. For that reason, transitions of great powers affect not only themselves but also weaker states. The relative rise or decline of a great power is not a simple power competition between several states. Rather, they are the reasons for the formation or dissolution of alliances or unions. As a result, their expansion or contraction affects the international system. The contraction and expansion of great powers proceed until the system reaches equilibrium.

3.3. RUSSIAN AND CHINESE ELITES

This model leads us to elaborate on the relevance of Russia and China before examining both cases in detail. They have similarities and differences throughout the 20th century.

Both Russian (Soviet) and Chinese elites in the 20th century were founded on an ideological basis. Their ideologies were based on Marxist principles with local characteristics, namely Marxist – Leninist, Stalinist in Russia and Maoist in China. The reason behind this was that both elites had won a victory after a civil war and legitimized themselves as the triumph against chaos. While Bolsheviks became the sole authority of Russia in 1917, the Chinese Civil War ended with the victory of the Communist Party in 1949. As a result, both countries were ruled by single-party regimes with an ideological basis. Thus, the founding elites of both states were a

group of narrowly differentiated people. They were also the guarantors of stability and development thanks to their nourishing ideologies and ideology.

However, these two countries followed different paths from one another throughout the 20th century. This was not only because of their relative position in the international system but also their domestic structures. The domestic balance of power in both cases was distinct. First and foremost, the communist rule in China was founded not only by the Chinese Communist Party (CCP) but also by personal leadership of Mao. That is to say, the country was ruled by the ideocratic elite. In contrast, the Soviet Union was founded by different factions, such as original Bolsheviks or former Mensheviks (e.g., Trotsky). Therefore, the Soviet Union was founded by a divided elite.

Secondly, after Mao's death, the CCP ruled out all conservatives. The party transformed into the divided elite where reformers dominated the party. Thus, the new elite redefined the founding ideology. The Soviet Union, on the other hand, staged elite struggles and changes in elite types. Although the regime was founded as a ruling coalition, it transformed into an ideocracy during the Stalin era. After Stalin's death, there was always a competition between conservatives and reformists until its dissolution in 1991.

Last but not least, the reformist faction of the Soviet Union broke the ideological alliance with conservatives. They formed another alliance with dissidents, which resulted in the transition of the state from socialism to a market economy. The new elite in that sense became fragmented elite. In contrast, the Chinese elite kept the ideological unity with different interpretations. The new Chinese elite reinterpreted socialism by adapting to the market economy. Further analysis on both elites will take place in the relevant chapters of both cases.

The similarities and differences between both elites have some implications on foreign policy and the international system, which generates the intervening variable of the neoclassical realist analysis of this thesis. Accordingly, despite the fact that the ideological elite of the Soviet Union had surpassed the great powers in Europe and

had become the one side of the bipolar world order, the socialist system started to deteriorate in the 1970s. China had already been a relatively weak state, which routed Mao to bandwagon the Soviet Union. The Sino-Soviet split in 1956 worsened the international position of China until Mao's death in 1976. Although the liberal system had also stagnated in the same decade with the Soviet decline because of the collapse of the Bretton Woods system, the West had muddled through the neo-liberal transformation in the 1980s. In contrast, the conservative ideological elites of the Soviet Union and China could not manage to cope with stagnation via socialism.

In this regard, the neoclassical realist approach, which provides an intervening variable for analysis, will help us to explain the role of elites under systemic pressure. The systemic stimulus (independent variable) results in different outcomes owing to these diverse elite structures (intervening variable) of the two aforementioned ideological elites. Accordingly, the gap between the liberal and socialist systems eroded the legitimacy of both elites in the Soviet Union and China, because their relative positions in the international system, which is the independent variable, declined. Thus, the international balance of power changed at the expense of both cases. As a result, the domestic balance of power changed in favor of reformist factions in Russia and China in 1978 and 1982, respectively. Thus, the intervening variables of Russia and China changed.

The Soviet elite, which was dominated by conservatives until 1982, sought to cope with the relative decline via traditional instruments such as re-planning the production processes. In addition to this, the Soviet Union pursued hard offensive politics to restore the disequilibrium in the system through the invasion of Afghanistan in 1979. However, the economic stagnation and relative decline of the Soviet Union discredited the conservative elite structure after the 1980s. When the conservative elite of the Soviet Union was unable to restore the equilibrium in the international system, the reformist elite took control, which resulted in the redefinition of the official state ideology. As a result, the state organization transformed into state-led capitalism after 1991 ruled by a fragmented elite. The new state organization led to the retreat of Russia from international commitments. With

reference to Figure 3.1, the former elite of Soviet Union traced the path (2), which resulted in the replacement of the elite composition, which followed the path (4). Further details with respect to these will be examined in Chapter III and Chapter IV. Chapter III will elaborate on the effects of the liberal system on the Soviet and Russian elites from the 1970s. The formation and dissolution of the ideological elite of the Soviet Union, as well as the tendency for change, will be elaborated. Finally, the formation of the fragmented elite and Putin's leadership will be shown. Chapter IV will demonstrate the indications of the elite changes on Russia and the international system. We will seek to prove how the former Soviet elite sought to keep the bipolar world order, whereas the new fragmented elite under Putin tried to transform the international order into multipolarity for equilibrium.

The Chinese elite, which was characterized by ideocracy during the Mao administration, was completely transformed into a reformist divided elite after 1978. As a result, the official ideology was redefined and the state was reorganized in accordance with the redefined ideology, i.e. the socialist market economy. In contrast to the Soviet Union, the reorganization of the state resulted in the economic growth of China for almost four decades. As a result, it has become capable of pursuing economic expansionist policies. Thus, China has become the challenger of the international system in the 21st century. Referring to Figure 3.1, the post-Mao Chinese elite followed the (3) process. Chapter V and Chapter VI will demonstrate the process. While Chapter V will demonstrate how the Chinese elite was shaped in 1949 and transformed after 1976. Accordingly, the ideocratic elite structure could not manage to generate wealth for China. In contrast, the reformist elite increased economic efficiency and allocated resources in favor of development. The implications of the elite change on the international system will be demonstrated in Chapter VI. China's attempts to soft balance US supremacy, to establish the Sino-centric tribute system in East Asia, and finally to create a multipolar world order will be shown in order to support the main argument of the thesis.

CHAPTER 4

RUSSIA: ELITE AND TENDENCY FOR CHANGE

The Russian transition has been one of the main subject matters of International Political Economy (IPE) after the Cold War, due to the changing character of its political economic structure, as well as its relationship with the West. Accordingly, throughout the Cold War, the Soviet Union separated itself from the West both politically and economically. It formed its own closed system with Eastern Europe and isolated also them from Western Europe and the USA, where the latter sought to isolate the Soviet Union from the international system as well. In contrast, after the Cold War, the characteristic of the East-West relations shifted from isolation to integration (Spero & Hart, 2010). This has led the IPE literature to concern primarily with how to manage the post – Soviet transition in order to integrate itself into the Western system.

Nevertheless, this perspective has shortcomings at some points. Firstly, during the Putin administration, Russia has been as ambitious as it was during the Yeltsin period in terms of being a part of the Western system. Obviously, Russia is neither an isolated part of the international system anymore, nor is it fully integrated in the Western order. Thus, the subject matter is beyond the question of *how* to manage the Russian transition. The question should be instead, *to what extent* Russian transition to the West takes place. Secondly, the Russian transition does not only imply the abandonment of the command system towards the liberal system, but also indicates the end of the bipolar world order. If we presume that the Soviet Union was the leader of the Eastern political economic system, its collapse naturally resulted in a vacuum in the world order and changed it. Finally, the collapse of the Soviet Union is not a suddenly emerging event, but rather it is a result of a process that changes the power distribution in the international system. Thus, further analysis of domestic

politics and political economic debates during the Soviet period is necessary. This will help us to understand the origins and limits of the post-Soviet Russian transition.

If we presume that the international order was like a duopolistic market during the Cold War, the Soviet Union was one of the two principal actors of the international order throughout the 1970s, 1980s, and even 1990s. That is to say, the international order was bipolar during the Cold War and the Soviet Union was the one side of that polarity. When the system became costly for the USSR throughout the 1970s, the ruling elite sought to change it by increasing hard offensive policies, namely invading Afghanistan. On the other hand, it started to withdraw from international commitments in the late 1980s.¹⁹ Finally, in 1991, the bipolar world order collapsed. As a result of this, the dissolution of the USSR caused a vacuum in the international order in the 1990s. Therefore, the transition of Russia directly affected the structure of the international system. The *détente*, *glasnost*, and *perestroika* policies evolved the international order towards loose bipolarity and the collapse of the Soviet Union ended the bipolar world order. Thus, the Russian transition can be considered in the context of hegemonic decline.

This leads us to address the big question of this thesis. Our first task is to understand how the systemic stimulus affected the Soviet Union and its political elite in the 1970s, and how the Soviet elite sought to transform the state organization in accordance with their cost/benefit analysis. To be clearer, this chapter will elaborate on the first step of our model, which is the relationship between the independent variable (Increasing capitalism) and the intervening variable (The Soviet and Russian elites). In this way, the direction from the system to elite preferences will be processed. The main task of this chapter is to illustrate the structure of the Russian elite in order to understand the framework of the political economic outcomes.

This leads us to raise the question of *how the current Russian elite structure has been formed since the Soviet era*. This will help us to understand the motivations of the political economic outcomes of Russia. In this regard, both the domestic and

¹⁹ Ceasing the Afghanistan invasion or retreatment from the Eastern Europe.

international tendencies for a change will be examined as is stated in the theoretical chapter. The main argument of this chapter is that the reformist faction of the Communist Party of the Soviet Union (CPSU) formed a new coalition with dissidents in order both to reduce the maintenance costs of the socialist system and to generate more wealth by adapting the market economy. A transition from socialism to state capitalism is in fact reorganization of the state as a response to economic decline.

We are going to explore the tendencies for a change of Russia since the 1970s in detail. Thus, we will understand how the change in systemic stimuli affects the elite preferences and state organization of a great power. However, we need to understand the elite structure of the Soviet Union first. It will be demonstrated how the elite composition was founded and how their preferences were affected by systemic pressure. Thus, the following section will illustrate the Soviet political elite structure.

4.1. ELITE COMPOSITION OF THE SOVIET UNION

Elite composition and preferences have always been important in Russian politics. The ruling elite has given too much power to the leader, who is, in fact, their representative. “The Muscovite idea is that the ruler, whether he is called grand duke, tsar, vozhd (leader), general secretary, or president, is an autocrat who, de facto or de jure, owns all of the country’s productive assets and governs for himself in the name of the nation” (Rosefielde & Hedlund, 2009, p. 11). For that reason, changes in leadership result in revolutionary effects in Russian politics, especially when the new leader is the representative of a different faction from his predecessor.²⁰ The Soviet period was not an exception in that sense, particularly after 1929. Even when the executive was governed by the divided elite, it was the leader who performed the ultimate decision-making. At the end of the day, the Soviet elite was “monolithic,

²⁰ In that sense, it is not coincidence that the Russian political historiography is mostly examined in accordance with leadership periods i.e. (Kenez, 2006), (Paxton, 2004), (Rosefielde & Hedlund, 2009), (Kotz & Weir, 2007).

who extends across all spheres of party, state and social life” (Kryshtanovskaya & White, 1996, p. 713) in terms of ideological concerns. Thus, the ruling structure was a vertical range from top to bottom. The main task of the technical staff, which constituted the bureaucracy and technocracy, was executing policies as opposed to advising or policy developing. Economic policies were the most important pillar of this political and bureaucratic structure. According to Stalin, economic policy was a matter for political decision-makers, not for economists (Sutela, 1991, p. 17). As such, power was highly concentrated on either the leader or the leadership throughout Soviet history. The leader was the representative of the politburo and central committee of the party, which was the executive body. In other words, the politburo delegated a leader to perform the policy of the dominant faction.

This shifts our attention to the foundation of the political elite of the Soviet Union. As has already been framed, totalitarian and authoritarian elites are ideological elites because the legitimacy of these regimes is gathered from ideology. Since the Soviet Union was founded on Marxist-Leninist single-party system, we can safely claim that it was an ideological elite. It was established in the divided structure in 1917. However, it transformed into an ideocratic one during the Stalin administration. In the post-Stalin period the divided elite structure was also staged. Let us elaborate on it in more detail.

4.1.1. Founding the Ideological Elite

The Soviet elite was founded on the ideological basis after the Bolshevik Revolution in 1917. Having suppressed the various Provisional Governments²¹ and the White Movement, Bolsheviks became the sole authority in Russia after the Civil War.²² The new elite ruled the country as single-party with Marxist-Leninist principles. The

²¹ Such as; Russian Provisional Government (1917), Provisional Siberian Government (1918), Provisional All-Russian Government (1918-1920)

²² Except the Basmachi Revolt in Central Asia which took place until 1934.

Central Committee of the Communist Party constituted the political elite of the new regime²³ (Mosse, 1968, p. 142), (Mawdsley & White, 2000). It was the executive body of the party, which extends its power to all the state institutions. Therefore, the party-state appeared after the Bolshevik revolution. In addition to ideology and party-state, the new regime used personal networks to strengthen its power and to reach local communities (Easter, 2000). With time, these network formations became the feature of the Soviet politics. Personal networks became the main tool for promotion in bureaucracy as well as recruitment for the Central Committee. Thus, the CPSU pursued a patronage system, particularly during the Stalin rule and afterward.

Since the pre-revolution period, the Communist Party consisted of different factions. Mosse divides the founding elite as “Old Bolsheviks” and “New Bolsheviks” (Mosse, 1968). Mosse’s distinction is mostly based on socio-economical differences among the elite members. The factional difference was however beyond the demographical disparity. According to Trotsky, the party had already been divided into factions after the revolution due to the increasing bureaucratization of new guards against old guards (Trotsky, 1923). As an illustration, the Workers’ Opposition, who was the main opposition among Bolsheviks, was advocating that the unions should guide the economic mobilization, whereas Trotsky was trying to organize the proletariat in accordance with martial interests (Allen, 2005, p. 12). Additionally, the Workers’ Opposition proposed “workers centralism” model, where each organization is administrated by its own hierarchy and deputation (Holmes, 1990, p. 7). In other words, the Workers’ Opposition was more in favor of class politics than the CPSU leadership instead of party-state. In the end, realist politics overcame class politics. Yet political economic thoughts were allowed to be discussed. This illustrates that the revolutionists were able to debate on the state organization. In that sense, the distinction between Bolsheviks and Mensheviks was

²³ Although the de facto governing body was the Politburo, the Central Committee of the Communist Party was authorized both to elaborate and channel the decisions of the Politburo. For more details see (CIA, 1976).

also important. While the latter was advocating for the New Economic Policy²⁴ (Brovkin, 1982, p. 350), which was implemented by Lenin, the former was considering it as a betrayal of the Revolution. Thus, regardless of the faction names or political background of the party members, the early Central Committee presented a divided elite structure, where there were opposition groups and cadre competitive between them. The reasons for competition were either democratic concerns or economic plans on the surface. However, the patronage system was the most crucial tool in shaping the factions.

4.1.2. Transition to the Ideocratic Elite

As Europe transformed into the autarchic economy, totalitarian, or authoritarian political regimes²⁵ and the arms race restarted after 1929, the Soviet political elite also shifted their attention to the balance of power, particularly against German aggression. They needed rapid industrialization in order to increase their military capacity. Despite this, the New Economic Policy could not succeed in establishing an industrialized society. As a result, the political economy of Russia, as well as the elite structure, started to shift into a totalitarian mode.

By the time of the death of Lenin, the Central Committee had already divided into the Left Opposition, led by Trotsky and the Right Opposition, led by Nikolai Bukharin. Finally, there was the Central Bloc, led by Stalin and Molotov, who aligned with the Right Opposition against Trotskyists (Trotsky, 1928). Although Stalin was opposed to the New Economic Policy, he pursued that policy when he came to power in 1924 for the sake of the competition between Bukharin and

²⁴ The economic policy of the early Soviet period, theorized by Nicolai Bukharin. It suggested free market, capitalism and private ownership. It was also featured by partial denationalization, the abolition of grain requisition, and a restoration of the market economy. Therefore, it is more market-oriented economy compared to theoretical Marxism.

²⁵ Totalitarian regimes in Third Reich, Italy, Spain and authoritarian regimes in Yugoslavia, Romania, Hungary, Poland.

Trotsky. Stalin took advantage of the factional struggle of Bukharin and Trotsky by standing with the former in order to defeat the latter.

Having pacified Trotsky and Left Opposition, Stalin shifted his attention to the Right Opposition. The competition between the Right and Center turned to conflict after 1929 when Stalin replaced the New Economic Policy²⁶ with collectivization.²⁷ This meant that this time Stalin adopted the Left's policies against Bukharin (Bean, 1997, p. 86). As a result, Bukharin and other Right Opposition members were removed from the Politburo in 1929. Stalin, Molotov, and their faction became the unique faction in the Central Committee.

However, the factional conflict did not only take place among the Central Committee members. There was also a cadre competition between the central authority and regions. The Central Committee was trying to strengthen its power, whereas the regions were demanding more autonomy. For that reason, "there was an ongoing tug of war between the center and the provinces over patronage and fulfillment of decisions" (Getty, 1985, p. 25). In brief, the CPSU staged factional competition both in center and periphery throughout the 1920s.

The conflict between factions and cadres lasted until the Great Purge in 1936. Over time, Stalin consolidated his power by using the patronage system for Politburo and Central Committee recruitments. The old Bolsheviks were replaced by "uneducated but politically loyal cadres of working-class origin recruited into the party on the one hand and members of the new Soviet intelligentsia, the graduates of the technical institutes and colleges established under the first Five-Year Plan, on the other" (Hanley, Yershova, & Anderson, 1995, p. 642). As a result, the elite structure of the Soviet Union transformed from a divided elite into an ideocratic one. All power was concentrated on the leader cult. In other words, Stalin consolidated his personal leadership thanks to the Great Purge and the patronage system. Additionally, he

²⁶ Further analysis must be made in order to understand the correlation between the Great Depression of 1929, where the Western System also shifted into autarchic political economy, and Soviet political economic shift to collectivization.

²⁷ Dekulakization

reinforced his leadership after WWII. Stalin is considered as the name who took Russia out of the jaws of disaster into victory, even by many of those who suffered at his hands in the purges (Nove, 1992a, p. 88). His leadership and authority became unquestionable, even though there were concerns among the Central Committee, particularly about the terror regime. Thus, the country was ruled by totalitarianism for almost 15 years. That is to say, the leader cult and patronage system were the main characteristics of the Central Committee during the Stalin administration.

The effects of Stalinism were not dismissed after his death. The Great Purges of Stalin designated the Soviet political elite and nomenkultura for more than the next four decades. Although Khrushchev implemented de-Stalinization policies, Stalinist political economy had important implications on the Soviet Union. Despite the terror politics, the Stalin era is remembered as high industrialization and promotion into a super power, which consolidated the legitimacy of the ideological elite. This leads us to elaborate on the implications of the Stalinist elite on his successors.

4.1.3. Transition to the Divided Elite

It was already framed in the previous chapter that when the leader of the ideocratic elite leaves the office, on the one hand, its successors seek to maintain the existing order, and on the other hand, the reformist faction starts to raise its voice and challenges conservatives. Stalin's elite, however, was not ideologically different from one other. Despite that, a significant feature the post-Stalin elite was being a divided elite, due to the patronage system. For that reason, after Stalin's death, the Central Committee staged party – elite conflict (Lodge, 1968, p. 839). That conflict was based on personal relations rather than ideological differences. Although Georgy Malenkov was assumed the leadership of the state for a very short period, Nikita Khrushchev and his team deposed Malenkov and expelled him from the party together with Lavrentiy Beria and Molotov. Having deposed Stalin's supporters from the Party, Khrushchev launched the de-Stalinization campaign.

One of the main purposes of de-Stalinization policy pursued by Khrushchev was the replacement of the cult of personality with collective leadership. In this regard, Khrushchev tried to institutionalize elite circulation. Despite that, the general shape of the Central Committee remained the same during the Khrushchev period (Mawdsley & White, 2000, p. 141) in terms of political thought and membership. That is to say, the Committee believed that in contrast to the New Economic Policy, collectivization and a planned economy were the pioneers of the economic growth, development, and industrialization of the Soviet Union. Moreover, the social and political backgrounds of the elite members were narrowly differentiated. Therefore, they had similar characteristics with Stalin's elite. As Sukela argues "The official de-Stalinization of the early sixties was not willing to go that far. The political economy of socialism was there to stay" (Sutela, 1991, p. 21). Therefore, the planned economy was maintained by the political elite. The only difference was the personal networks of the elite members. In addition to that, most of Stalin's elite retained their positions until the 1980s thanks to Brezhnev's "cadre stability" policy. For that reason, the Soviet bureaucracy was unable to adopt economic reforms until the 1980s. The state organization and Stalinist political economy were unquestionable among these elites. In other words, the Soviet elite transformed its structure from ideocratic to divided in terms of personal networks.

This leads us to elaborate on the political economy of the Soviet Union by the 1980s. That is to say, how the politics and economy were interrelated in the Soviet Union will be demonstrated. It will help us to understand the implications of the transition to divided elite structure, because politics and economy were not separate fields in the Soviet Union. Rather, there was a highly ideologically loaded political economy (Sutela & Mau, 1998, p. 35). For that reason, how the resources were allocated by the ideological elite will be shown in order to understand the reasons for a change in economic structure and elite preferences.

4.1.4. Political Economy and the State Organization

The main economic purpose of the Bolsheviks was to increase production. In that sense, there were several political economic thoughts in the Soviet Union since its establishment for this purpose. As has already been stated, the New Economic Policy,²⁸ which was proposed by Bukharin and implemented by Lenin as well as Stalin until 1929, was in favor of a market economy compared to classical Marxism. That is to say, Lenin and the CPSU recognized that nationalizing all industry was a mistake. Instead, trade and private ownership were encouraged by the Right faction of the Party elite, led by Nicolai Bukharin. As a result of this policy, by 1921 “the role of the market, in relations with the peasants and even within the state's own economic sector, was dramatically enhanced” (Nove, 1992b, p. 78). In this regard, small-scale businesses in agriculture and industry were allowed. Thus, the Kulaks²⁹ and the Nepmens³⁰ were promoted by Lenin and Bukharin for the sake of wealth generation for reconstruction. Additionally, Lenin hoped to attract foreign capital in order to restore the economy (Nove, 1992b, p. 84).

However, Lenin and Bukharin were accused of promoting “State Capitalism” rather than establishing a socialist system by the Left Opposition (Lenin, 1919). In response, Lenin claimed that “it is not state capitalism that is at war with socialism, but the petty bourgeoisie plus private capitalism fighting together against both state capitalism and socialism” (Lenin, 1919). At the end of the day, capitalism was seen as a necessary stage for the transition to socialism by Marxist tradition. Therefore, According to Lenin and Bukharinian economy, state capitalism was crucial for production. It was a betrayal neither to the Revolution nor Marxist principles.

²⁸ The economic policy of the Soviet Union was the “War Communism” until 1921 because of the Civil War. Since the war economy is an exceptional case, it won't be considered as a permanent political economic thought for the Soviet intelligentsia.

²⁹ Independent farmers

³⁰ Businesspeople

Such debates on economic thought between the factions of the CPSU were common throughout the 1920s. When the New Economic Policy started to lose its attractiveness in the second half of the 1920s, debates on economic thought arose among the political elite in the Soviet Union. Intellectuals and the party elite were allowed to express their economic model unless it did violate the boundaries of socialism. There was a debate between the two mainstreams at that time. On the one hand, the genetic school advocated the market forces, namely statistical data, market expectations, and economic laws to determine the economic policy (Nove, 1992b, p. 129), (Charemza & Kiraly, 1990, p. 563). In other words, it was highlighting the technical part of the economy. On the other hand, the teleological school advocated maximum growth and transforming the economy, so, past experiences and data sets have secondary importance for economy planning (Nove, 1992b, p. 129), (Charemza & Kiraly, 1990, p. 563). In that sense, the teleological school was promoting the political side of the economy. Thus, according to the teleological school, the economic policy should not be driven by the market, but by the necessities of the state. Regardless of the ontological differentiations, the existence of the two schools indicates that the Soviet elite had an intellectual capacity to have discussions about the economic thought. Additionally, non-party members and Gosplan³¹ technical staff were able to find a place for themselves in discussions.

The grain crisis of 1929 resulted in a shift from the New Economic Policy as well as the elite structure. The supporters of the teleological school increasingly became dominant after the crisis, whereas specialists in Gosplan were under pressure to adopt ambitious growth targets (Nove, 1992b, p. 143). In fact, there was already a tendency to abandon the New Economic Policy among the Central (Stalin and Molotov) and Left Opposition elite. Although Lenin legitimized that capitalism was the necessary stage to transform socialism, promotion of private property was criticized by Central and Left Opposition as being an extension of the petit bourgeoisie. The private property of the kulaks and nepmens was seen as a threat to the Revolution. Therefore, those institutions were always in question according to both the Left

³¹ Gosudarstvenniy Komitet po Planirovaniyu - The State Planning Committee. The agency that was responsible for central planning.

Opposition and the Center. Stalin was also against the market economy and private ownership, in fact. However, at the beginning of his term, he supported Bukharin and his economic model against Trotsky in order to eliminate the Left Opposition, which was the most powerful faction in the CPSU. As the New Economic Policy was implemented, Trotsky and the Left Opposition moved away from the CPSU. After that, when Stalin eliminated the Left Opposition, he broke the alliance with Bukharin. This let him abandon the Bukharinian economy. Instead, he implemented class struggle and collectivization. He targeted Kulaks and Nepmens whose properties were replaced by *Kolkhoz*.³²

As the elite structure transformed into the ideocratic elite, so did the economic thought. That is to say, debates on economic thought were suspended by the dominance of Stalin. The moderate economic advisers were removed from the party in 1928 (Nove, 1992a, p. 28). Bukharin and the New Political Economy were discredited as a result of the factional struggles in the CPSU. Moreover, “the Stalinist revolution both killed the geneticists, who had included the leading planning theorists of the country, and demoted the teleologists” (Sutela, 1991, p. 13). Despite that, the economic thought shifted towards the teleological framework. Thus, Stalin accepted the principles of the teleological school without economists. Finally, “in 1938 Molotov banned any discussion by the economists on prices: that was not their concern” (Sutela, 1991, p. 13). Consequently, the economic debate platform among the Soviet elite disappeared. The genetic school had become only a historical thought. Gosplan technical staffs were considered as only the executor of the policies. The economy was subordinated to politics. Therefore, the economy became the matter of politicians, or more specifically the Central Committee.

As a result of this, the state was organized in socialist form from the Stalin era.³³ This implies central planning economy, strong bureaucracy, and emphasis on

³² Peasantry collectives

³³ 1936 Constitution officially built socialism

agriculture and heavy industry. The highest priority was given to arms production³⁴ (Hanson, 2014, p. 31). Consumer goods also depended on that. As Odom demonstrates, the Soviet industry was established for a dual purpose, prioritizing the military and also supporting civil necessities (Odom, 1998, p. 51). This was supported by technological intelligentsia during the Stalin administration. The economy was administrated by the command system and run by Stalin's successors until 1985 (Gregory, 2004, p. 270). The primary concern became economic growth and gross output for militaristic purposes. Indeed, the employment number had increased to 24 million from 11.5 million and the industrial workforce doubled to six million between 1928 and 1932 (Kenez, 2006, p. 93). Thus, the maintenance of the Communist Party was legitimized.

Despite the interruption of economic growth with WWII, the 1950s marked record ascendancy of the Soviet Union. Its economic growth was almost equal to West Germany, Japan, and France, which was higher than the US and the UK (Khanin, 2003, p. 1191). Owing to the collectivization and industrial transformation, it had already surpassed the European powers by 1940s, which had carried the USSR as the unique balancer against Nazi Germany in Europe. This time, the economic growth lifted it as one of the leading powers of the bipolar world order against the US. Therefore, USSR's relative position in the international system allowed it to posture a socialist political economy.

³⁴ In fact, the allocations of resources are determined in accordance with security in Russian politics since the tsarist period. The priory expectation from the elite has always been the security of the state. In the guns versus butter preference, both the Soviet Union and Russia had decisively been in favor of guns. Soviet foreign policy was determined mainly not by communist ideology but by calculations about relative power (Mearsheimer, 2001, p. 115). In fact, Realpolitik outweighs Socialist ideas (Carr, 2007, pp. 212-213). As has already been stated that the in the early years Soviet political economy was organized in accordance with martial interests by Trotsky (Allen, 2005, p. 12). Indeed, Russia's military expenditure relatively high compared to the US in terms of GDP percentage even after the Cold War. It is twice of the world average and gradually increasing, which is the opposite drift of the world trend (World Bank, 2018). As a result of this, "the direction of the Soviet economy had long been determined by the paramount need to meet the demands of a military industrial complex" (Crump, 2014, p. 88). O'Neill further claims that "The difference between civilian and military production in the Soviet economy was nearly impossible to discern" (O'Neill, 2002, p. 233). As Rosefield and Hedlund claim the Soviet Union can be legitimately classified as a martial state (Rosefield & Hedlund, 2009, p. 81).

For that reason, the Stalinist political economy was maintained by Khrushchev and Brezhnev. Although the Khrushchev administration is associated with de-Stalinization, it does not imply a shift in political economy or state organization. De-Stalinization implies the abandonment of the terror regime and institutionalization of elite structure in order to prevent the rise of leader cults.

Nevertheless, the domestic problems and the international position of the USSR started to change in the 1970s. The following section will demonstrate both the domestic and international changes of the USSR, which provoked a tendency for change among the Russian elite in the 1970s.

4.2. TENDENCIES FOR CHANGE

Russia had a tendency for change starting from the 1970s. As was framed in the theoretical chapter, there are both domestic and international factors that cause a tendency for change. This section will elaborate on them by advocating that Russia has been suffering from economic stagnation as well as the relative decline in the international system since the 1970s.

4.2.1. Domestic Factors to Tendency for a Change

It has already been framed that domestic factors are the departure point to understand the change. Domestic shortages are grouped in three interrelated categories: change in economic efficiency, lack of technological innovation, and corruption. This section will demonstrate how Russia suffered from these shortages throughout the 1970s and 1980s.

The USSR was formed in socialist characteristic, where the primary concern was agricultural and the heavy industrial production for security and military demands

under central planning authority. Throughout the 1930s and 1950s, it had high growth rates. This transformed Russia into one of the two great powers of the international order. It created its own system with satellite states in Eastern Europe under socialist characteristic.

However, the centrally planned economic efficiency became unproductive starting from the 1970s. Economic stagnation was the characteristic of the Soviet economy throughout 1970s and '80s. "The original economic system, which was constructed by Stalin, had become obsolete, nearly incapable of detecting and responding to more subtle qualitative changes, wasteful of resources, and chained to bureaucratic routine" (Prybyla, 1972, p. 176). Soviet studies point out several reasons for productivity decline after 1970. First and foremost, demography had changed unfavorably for Russia. As Russia had industrialized throughout 1930s and 1950s, the urban population had sharply increased by 1970. Thus, the labor input had increased along with industrial production. In contrast to that, the labor input had slowed down after 1970 due to the diminishing immigration to the urban areas. It is identified as the extinction of the rapid growth of the main resource of the Russian economy (Smirnov, 2015, p. 140), because the gap between the industrial input increase and the expected output widened. As a result, the industrial growth slowed down due to the unexpectedly lower labor inputs. Figure 4.1 illustrates the diminishing rate of the urban population of the USSR between 1940 and 1981. As is seen in the graph, the urban population growth rate diminished, particularly in the second half of the 1970s. This meant that labor supply growth also decreased. Nevertheless, Gosplan did not plan labor flows (McCauley, 2008, p. 358). This means that input factor³⁵ declines were out of the agenda, so they were never calculated by central planners. In other words, Gosplan did not have a strategy for unexpected situations such as input decline.

The other side of the coin, which was the rural production, was faced with the same situation. Capital and labor productivity declined due to the decrease in labor supply in the rural sector. Change in the structural character of the economy caused such

³⁵ Labor, Capital, Land, Enterprise

decline. Growing industrialization resulted in migration from rural to urban areas. By WWII, more than half of the population worked in the agricultural sector in contrast to 1960 and 1970, where there was sharp decrease to 39% and 25% respectively (Gosplan, 1986, p. 170).

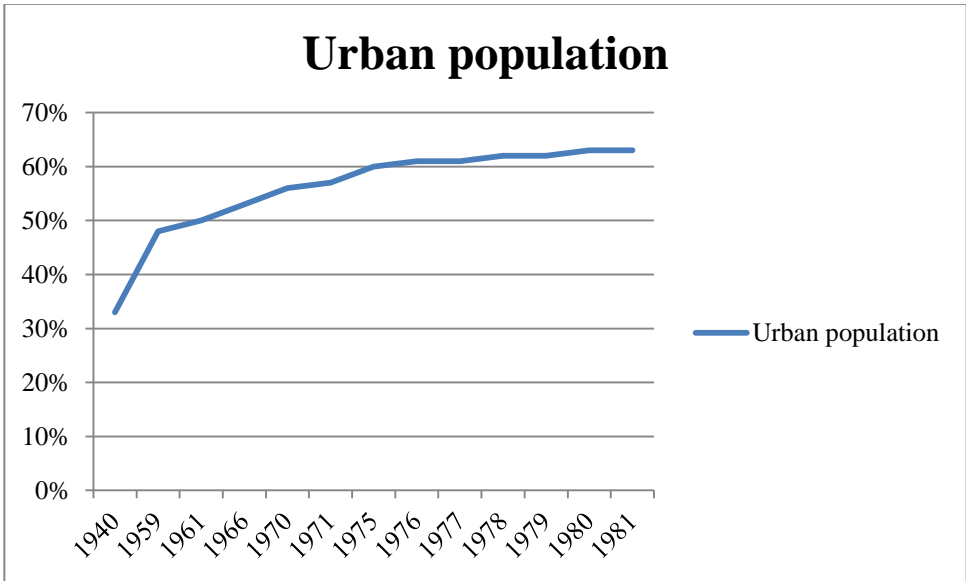


Figure 4.1: Rate of Urban Population (Gosplan, 1981)

The problem with the Soviet economy was that any shortage in one input would lead to a shortage in almost all outputs as well. Since the whole production processes were highly integrated with each other in the Soviet Union, the decline affected the whole industrial production.

Once one sector of the economy failed to meet its targets, other sectors which depended on its output were unable to continue production beyond a certain point, since they lacked the mechanism to transfer between workers or sectors the machinery left idle. (Smith, 2005, p. 14)

As a result, the economy ended up with imbalances due to the disparity between the plan and actual output. That is to say, stagnation was spreading to the whole economy. In brief, the industrial and economic efficiency of Russia started to decrease during the 1970s because of the labor decline.

The second reason for the production decline was increasing land costs. The original industry was established in the European part of Russia due to the proximity to the natural resources in Ural region. However, the depletion of natural resources in Ural forced the Soviet elite to new extraction locations (Hanson, 2014, p. 137). This shifted their attention into Siberia. Indeed, Eastern Russia and Siberia became the primary regions for the development program of the central government in the 1970s and 1980s (Hill & Gaddy, 2003, p. 92). Nevertheless, transportation and infrastructural investments were costly in Siberia, as compared to the European side of Russia. As a result, the industrial efficiency diminished and, the output fell short of plans. This resulted in a capital decline, particularly after 1975 (Ofer, 1987, p. 1784).

The third reason for production decline is taken as the increasing defense burden (Easterly & Fischer, 1994, p. 7). Indeed, as the leader of the Eastern Bloc, Russia was responsible for the security not only of itself but also of Eastern Europe. This let the Soviet elite to prioritize defense spending during the Cold War. The share of defense spending in GDP was lower than 10% during the Stalin administration. However, it increased over time. Finally, it had become three times higher than the US and OECD countries by 1980 (Ofer, 1987, p. 1787). This meant that, while the production was decreasing, the government was forcing the scarce resources to transform into military capacity. Thus, the allocation of resources shifted more and more in favor of guns over butter. For that reason, private consumption and investment in GDP had either remained the same or lowered during the same period. Nevertheless, the declining inputs were not only slowing down consumer goods but also the quality of the military capacity.

In brief, a decline in the labor and land inputs, as well as the rise in defense spending, caused a diminishing rate of return in Russia throughout the 1970s. These problems could be solved by technological development though.

This shifts our attention to the second domestic factor of the tendency for change in this regard. The USSR could neither catch up the technological development nor

invest for new technological innovation. Therefore, input decline could not be compensated with technological development. Despite the Soviet system's ability to organize to meet new and important research objectives, much of the Soviet R&D systems characterized by sluggishness even in the late 1960s (Nelson, 1969, p. 197). Central planning, in fact, was the enemy of technological innovation. The technological innovation needs plenty of time and risk of failure, whereas central planning aims for short-run outcomes. Bureaucratic environment and political pressure created unfavorable conditions for scientists. For that reason, the factory managers were also unwilling to make innovative investments for the sake of fulfilling the current plan that was dictated from the center (Goldman, 1973, p. 170). Because of the high integration of the production process, any initiative would pose a risk of blocking the whole production process. Instead of innovating and increasing efficiency, almost all technological developments were being transferred via borrowing or espionage from the West³⁶, which was not only uncreative but also costly. Additionally, there was a shortage of space, facilities, and equipment for R&D, which makes innovation harder for already isolated scientists (Schweitzer, 1989, p. 77). As a result of this, diminishing marginal return could not be hindered.

This unavoidably affected military technology as well. Although the governing elite prioritized R&D for militaristic purposes, Russia was still far from catching the US military technology. Soviet military R&D was transformed into espionage in the 1970s and 1980s. As an illustration, "over 5000 Soviet military equipment and weapon system research projects per year in the early 1980s benefited from Western hardware and technological documents" (CIA, 1985, p. 6). Thus, Russia started to fall behind the arms race with the US in terms of quality. It became more and more dependent on Western knowledge in that sense. In other words, "the military constantly confronted the more demanding environment of changing technology" (Odom, 1998, p. 54). As a result, not only Russia's industry but also their military technology became inferior to the US and NATO. It was in the area of conventional

³⁶ The CIA document published in 1985 reports that almost all technological projects in the Soviet Union had blueprinted from the West. For more details see (CIA, 1985).

forces, where a significant technological gap opened up in the 1980s, that the Soviet Union had no hope of bridging (Bluth, 2010, p. 305).

Last but not least, corruption became a daily practice in the Soviet Union. In fact, the diminishing economic efficiency triggered corruption. Unsurprisingly, it raised the shadow economy, which decreased efficiency even more. However, the relevance of corruption in the Soviet context was not only its effect on the economic loss but also a bureaucratic fault. Bribery was evident in Gosplan, ministries, the Party apparatus, indeed in every institution across the country (McCauley, 2008, p. 326). Such corruption manifests itself in Soviet production units in two ways: the use of illegal influence³⁷ and false reporting of enterprise data (Kramer, 1977, p. 216). False reporting especially worsened the economic situation. Since the whole system depended on itself, false reporting resulted in a breakdown in production processes. Use of illegal influence was seen among the bureaucratic elite.

Gosplan had no choice but to accept the sectoral and economy-wide growth targets handed down by the political leadership through the Council of Ministers. Even in its capacity as a technical expert on planning, Gosplan was not in a position to resist growth targets that it felt were not achievable. (Gregory, 1990, p. 34)

Rather it had to either follow the plan or deflect the numbers. Most of them had chosen the second option. Gosplan technicians were especially bribed by local planners in order to show them as if they were successful to fulfill the plan. As a result of this, the Soviet economy fell behind the real plans, but officially no one could be held for responsibility.

This leads us to conclude that, unlike the previous decades, the central planning system had become a chain for Russia after the 1970s. It caused stagnation in the Soviet economy for the reasons mentioned. As a result of this, uneven growth between the Soviet Union and its rivals occurred. What are the implications of

³⁷ Production personnel respond to such problems as the erratic flow of supplies through the use of blats (Kramer, 1977, p. 217). Blats: Use of personal networks and informal contacts to obtain goods and services in short supply and to find a way around formal procedures (Ledeneva, 1998, p. 1).

domestic stagnation? This leads us to elaborate on the international factors to a tendency for change for Russia.

4.2.2. International Factors to a Tendency For Change

It was already mentioned that states are motivated by their relative position in the international system. If the dominant state loses its advantage, it seeks either to recover its damages by expansion or to balance the rival forces. In the case of Russia (USSR), it is naïve to claim that the only reason for a tendency to change was domestic stagnation. Stagnation not only slowed down the growth rate of the USSR but also changed its relative position in the international system. In contrast to that, changing characteristics of international political economy around the world after 1980s affected Russia's relative position. In fact, the international factors were more affective in the decline Russia's relative power, because as the West had high growth, the bipolar world order became more costly for Russia, whose growth rate slowed down.

The above mentioned Soviet system was economically supported by the production in Eastern Europe. The puppet states in Eastern Europe also provided a buffer zone for the USSR security via the Warsaw Pact. As Mearsheimer truly points out, Russian foreign policy understanding is based on realist logic since the Tsarist period, due to the vulnerability of the country to foreign invasions, which in the end forces the political elite to territorial expansion as a precaution tool (Mearsheimer, 2001, p. 114). This led the USSR elite to allocate resources in favor of militaristic purposes.

Central planning allowed the leadership to concentrate its best research and development, material, and human resources on the task without worrying that market forces would bid them away, a prioritization that paid conspicuous dividends in terms of military and international political power. (Rosefielde, 2004, p. 33)

That is to say, the USSR constituted a system in Eastern Europe and Central Asia based on the socialist economy to create a secure environment. It was the decisive leader of the Eastern Bloc under bipolar world order. Therefore, it was not only seeking power maximization but also the maintenance of the socialist system. It was providing security to the Eastern European countries in order to not be contained by NATO. It was also arranging the political economy of Eastern Europe. Owing to that, its military power was superior to Western Bloc.³⁸ Until the 1970s, the bipolar world order was affordable and sustainable for Russia.

Nevertheless, its advantage started to diminish after the 1980s not only because of its domestic stagnation, but also its relative position in the international system due to the transformation of the liberal system. Although the Western World suffered from economic turmoil because of the collapse of the Bretton Woods system in the 1970s, the US started to generate more wealth by transforming into neo-liberalism in the 1980s. Figure 4.2 illustrates the widening gap between the USA and USSR, particularly after the 1970s. Although the growth rate of the two countries was parallel until the 1970s, the USA drew away from it, particularly after the neo-liberal transition.

Moreover, it was not only the USSR but also other Eastern European countries who were in stagnation during the 1970s. Thus, the whole Eastern system was in relative decline. In contrast, Western Europe such as West Germany and other NATO states were emerging as rising economies. Complex interdependence, increasing capital flows and technology transfers among the capitalist states, became the feature of the Western Block throughout 1970s and 1980s. Thus, the capitalist world was enjoying the increasing economic activities and free movement of capital and knowledge, whereas the socialist world was stuck in inefficiency and lack of innovation. In other words, while Western Europe and the US were sharply developing their technologies and sharing among themselves, Russia and its allies to be stranded and tried to catch

³⁸ The NATO report indicates that the Warsaw Pact land and air forces had been superior to NATO even still in 1984 in terms of size. For more details see (NATO, 1984).

them only through limited borrowing. Figure 4.3 illustrates the widening gap between the leading Eastern Bloc and Western Bloc countries' GDP rates.

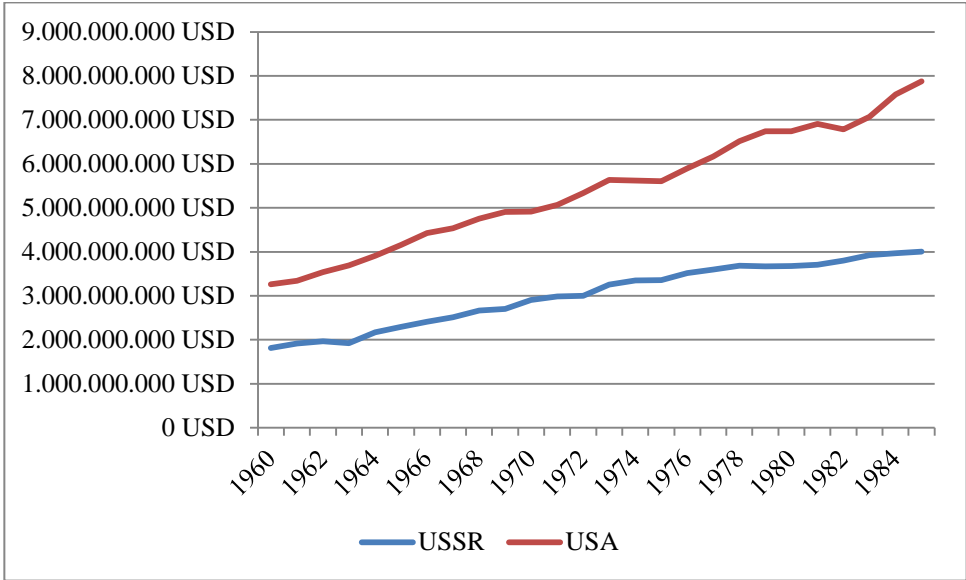


Figure 4.2: GDP of the USSR and USA (Prepared by the author from the data Maddison Project, 2018)

Additionally, its Asian neighbors, particularly Japan and China had high economic growth rates. Japan, which is Russia's historical rival in the Pacific and is part of the US-led order, took advantage of the free market and technological development. By 1980 Japan had become the second largest economy of the world. Similarly, China reorganized its state in favor of a market economy. This pioneered the high economic growth of China since the late 1970s. That is to say, the USSR was not only falling behind the other pole of the world but also surpassed by its Asian neighbors. Thus, there was an uneven growth between Russia and the US, Europe, Japan, and even China. Therefore, apart from the US, East Asia, and Europe were emerging as economic centers.

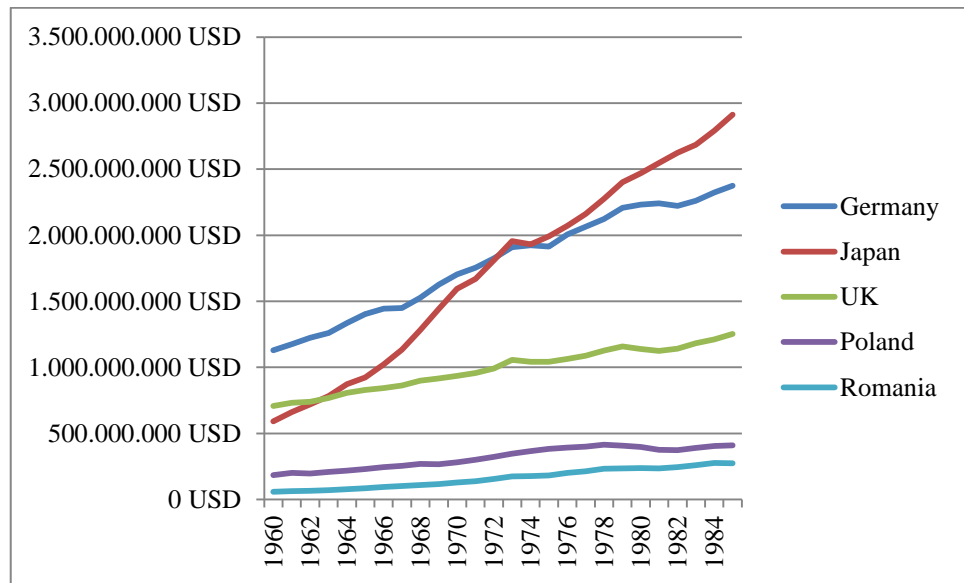


Figure 4.3: GDP Rates of Selected Eastern and Western Bloc Countries (Prepared by the author from the data Maddison Project, 2018)

This meant that the international environment had been becoming more insecure and costly for Russia. It was costly because the economic gap was widening between Russia and the USA as well as the Western Bloc and Eastern Bloc. On the one hand, both Russia's and Eastern Europe's economies were suffering from decline due to lack of input and technological innovation. On the other hand, the Western Bloc overcame the Bretton Woods crisis after 1980. The US and Japan in particular started to generate more wealth compared to Russia. Additionally, Western Europe and the US were transferring capital and technology to each other. The technology was insecure, because thanks to overcoming the crisis after 1980, the Reagan administration was able to launch a war of attrition against Russia, namely the Strategic Defense Initiative. This forced the USSR to spend more for security in contrast to its declining economic output. As a result of this, the maintenance of the socialist system was becoming more and more costly for the USSR.

In conclusion, while the central planning had transformed the agricultural Russia into industrial super power from 1930s to 1950s, it had become obsolete by 1970. Therefore, Russia fell into a relative decline. Thus, it raised a tendency for change

among the Russian elite. The tendencies were examined. The following section will elaborate on the implications on the elite structure. It will help us to understand how the divided elite broke the alliance and formed a new one with dissidents.

4.3. TRANSITION *OF* AND *FROM* THE IDEOLOGICAL ELITE

4.3.1. Transition to Reformist Divided Elite

Domestic stagnation and the relative decline of the Soviet Union hazarded the legitimacy of the CPSU. Therewith, the reform-minded Andropov was selected as the leader of the Soviet Union after Brezhnev's death in 1982. By 1980 the Soviet elite was already divided into two factions³⁹, where the conservative faction dominated until 1982. The major elite revolution started to take place when the KGB chair Andropov assumed the presidency in 1982. In fact, there were already many sub-groups and tectonic changes within the Soviet nomenklatura, which were weakly organized and bounded (Gaman-Golutvina, 2008, p. 1034). Andropov was in the leading position among the reformist faction. He was the best-informed official in the Politburo about the Soviet society, and the declining rates of economic growth, which were giving cause for alarm (Smith, 2005, p. 20). Thus, the Soviet Union was unable to generate wealth, and only Andropov was aware of the depth of problems. In that sense, Andropov believed that change was essential for the state. According to him, Marxism did not give answers in ideology once and for all (Sakwa, 1999, p. 407). It had to be reinterpreted in accordance with contemporary necessities. Such change should not have been limited to economics, but rather it had to contain promotion of democracy. Andropov stressed that he was looking for learning from different perspectives at the office about economic development rather than easy and ready-made solutions (Service, 2005, p. 430). Thus, there was a necessity of change

³⁹ The conservative faction was led by Kirilenko and Suslov, Ponomarev, Solomentsev were part of the group. The other was Chernenko's faction which included Gorbachev, Pelshe and Kunaev. For more details see (Zemtsov, 1983).

in the state organization. In order to realize it, he replaced the old members of the Central Committee with younger and reformist members such as Gorbachev, Aliyev, Chebrikov. He also dealt with corruption and other national problems in his short period. Although he could not implement revolutionary reforms, Andropov succeeded a more reformist elite, owing to Gorbachev, who was assumed to office in 1985 after Andropov's successor Chernenko's short-term presidency.

Gorbachev's leadership was the ultimate victory of reformists against conservatives. In fact, even conservatives such as Ligachev were also aware of the necessity of independent and creative members for the party (Tessendorf, 1987, p. 35). Thus, there was an intention in the leadership to democratize the party (Mawdsley & White, 2000, p. 219). Nevertheless, it was only Gorbachev, who tempted to work together with the non-party members⁴⁰ and recognized the technical staff personally. Meanwhile, Gorbachev found an opportunity to appoint new members for the politburo due to the continual deaths of old politicians. In contrast to the policy of cadre stability, Gorbachev was able to appoint three members each year for the politburo. Unlike the Khrushchev period, the new Central Committee was occupied by young, educated, and urban-grown members. They also became party member during de-Stalinization process. This meant that they were more familiar with transition rather than status quo. Thus, they were tempted to be reformist. Gorbachev and these new elite were aware of the need for change not only among the elite membership but also in the state organization.

As a result, the new members of the Central Committee were not bureaucrats, but rather they were young local governors or deputies of the state enterprises. There was in fact, taking place a "revolution of deputies" (Hanley, Yershova, & Anderson, 1995, p. 658). These cadres were demanding more autonomy for their institutions. Thus, the new Politburo and Central Committee consisted of people who were in favor of decentralization. Moreover, decentralization was advocated not only by the Central Committee but also by the local governors. In contrast to their predecessors, the local governors advocated a bottom-up process in decision-making. In this

⁴⁰ Dissidents

regard, the new elite sought to rearrange the state organization in order to empower the local governments. As a result of this, *Perestroika* considered these changing characteristics of the bureaucracy and nomenklatura. Economic and managerial decentralization were the feature of the change.

This also meant the reviving of discussions of economic thought. The New Economic Policy came up to the agenda again in the early years of the perestroika. The Soviet press rehabilitated Bukharin and published articles about his political economy (Bean, 1997, p. 89). Pro-market political thought was developed soon though. The leading Soviet economists started to attack the existing political economic system, such as the lack of private ownership or price policies, and this was followed by the suggestion of an alternative political economy in top journals (Zweynert, 2006, pp. 179-182). The alternative proposals were all capitalist-oriented political economic models, such as the US market model or Japanese state-led capitalist model (Moltz, 1993, pp. 311-312). Regardless of the origin, the reformist faction of the Soviet elite was intended to adopt capitalist political economy in order to generate more wealth than the central planning in addition to keeping the legitimacy of the Communist Party. In the end, perestroika was unable to adopt any external system. Yet they succeeded to bring back the genetic school of economy. In other words, the new elite tried to reinterpret Marxism in accordance with market economy. As a result, the state organization transformed once again into state capitalism after almost six decades.

Nevertheless, both rejuvenation of the Central Committee and economic decentralization eroded the power of the central government. As the local governments were empowered, the members of the Central Committee, who were mostly the leaders of the republics⁴¹, serially resigned. They rather chose to be the president of their own republic. Additionally, conservative faction members, such as Ukrainian President Volodymyr Shcherbytsky or Kazakhstan President Dinmukahmed Kunayev, were forced to resign, which caused anti-government

⁴¹ i.e Russian President Boris Yeltsin, resigned from Politburo in 1988, Georgian President Eduard Shevardnadze in 1990.

protests in Almaty. As a result, the relation between the center and locals were deteriorated. As Lane and Ross demonstrate, the Central Committee substantially lost the control on local politics and it became dependent on locals for membership recruitments (Lane & Ross, 1999, p. 36). By 1990, the Central Committee lost its cohesion, so the division of the party widened and deepened (Mawdsley & White, 2000, p. 227).

The Central Committee lost also its economic power. The perestroika allowed private entrepreneurship in the country. Thanks to that, both non-aligned groups (dissidents)⁴² and some members of the nomenklatura started to accumulate capital by taking advantage of the new economic structure of the country. A group of people in nomenklatura converted their political power into private property and economic power. As a result, a new capitalist class started to emerge. For that reason, the party bifurcated due to the emerging economic elite thanks to the perestroika (Kryshtanovskaya & White, 1996, p. 722).

4.3.2. Transition to the Fragmented Elite

The division in the party came to light by the coup attempt in August 1991. On one side the conservatives demanded the termination of the perestroika. On the other side, the reformists demanded a more free society. Although the coup attempt was against Gorbachev and his policies, Yeltsin became the de facto leader of the reformists. The reformists consisted of mostly the party members, who never took a seat in the Soviet government but rather they were officials in federative states. More importantly, these elites aligned with dissidents by 1991 (Kotz & Weir, 2007, p. 121). Therefore, Yeltsin was the head not only of the local leaders and deputies but also of non-party members. These people were in favor of capitalism rather than a

⁴² Newly emerging capitalist class who were not the member of the Communist Party. This class had emerged owing to the limited allowance on private business after the perestroika. They had developed personal connection with foreigners, which ended up with enrichment of them owing to raw material exports. For more details see (Kotz & Weir, 2007, p. 90).

socialist state organization, because they experienced the free market's contribution to wealth generation. Therefore, they were demanding something more than the reinterpretation of socialism. They were against the founding ideology of the state. Thus, the state organization must have been transformed. This unavoidably resulted in the transition from the ideological elite into the fragmented elite by the victory of reformists and dissidents, who were in favor of capitalism and decentralization. In other words, a new elite coalition was formed between CPSU's reformist faction and dissidents, who were not the party member. Finally, the ideological elite broke down.

As a result of this, after the dissolution of the Soviet Union, the new regime consisted of two fragmented factions. The first cadre is the capitalists. The newly emerging capitalist group, who later transformed into oligarchs, generates the new elite cadre. By 1996, this newly emerging group became a relevant factor in Russian politics (Schroder, 1999, p. 966). This group supports privatization and autonomy for regional policies. The second cadre is the *siloviki*, which refers to the security intelligentsia of Russia. Siloviki consists of former Soviet bureaucrats, military men, KGB agents. They support a strong and centralized state structure. They seek to establish a militocratic regime (Kryshtanovskaya & White, 2003), (Rivera & Rivera, 2006). This new coalition unavoidably shifted the state organization towards the capitalist side. As a result, the state has reorganized itself in state-led capitalist⁴³ form.

Yeltsin's presidency staged political struggle between these two cadres, where he aligned himself with oligarchs (Gaman-Golutvina, 2008, p. 1035). As a result, the power distribution changed in favor of oligarchs throughout the 1990s. As will be analyzed in detail in the following section, Russia experienced decentralization and rapid privatization during Yeltsin's leadership thanks to the domination of the liberal cadre. However, this period was associated with chaos and corruption. This forced

⁴³ State-led capitalism is originated from East Asia. Accordingly, state has the decisive role on intervention, planning and regulation, even though the economy functions in market conditions. The main difference between state capitalism and state-led capitalism is that, the latter limits the state ownership only in strategic sectors, whereas the former allows private ownership only small-sized business.

the siloviki cadre to replace Yeltsin with Putin, who was trained by KGB (Kryshtanovskaya & White, 2003, p. 289). Siloviki group was supported by the group called “Petersburgers”, who were the colleagues of Putin since the Soviet period. They also had personal contact with Putin. This cadre represented the hawk lobby of Russia in a sense. This group deteriorated the power of the oligarchs under Putin’s leadership. As a result, the military-industrial complex elite dominated Russian government instead of the capitalist oligarchic elite. Nevertheless, Putin did not eliminate the capitalists at all. Instead, he subordinated oligarchs but at the same time he included business representatives into his court (i.e., Gasprom governors Dimitri Medvedev, Aleksey Miller, banker Valdimir Kogan) as the liberal cadre. Yet he empowered the siloviki cadre. Thus, post – Soviet Russian elite consists of liberals and siloviki, where the former dominated during the Yeltsin administration, the latter dominates during the Putin administration.

It should be noted that these two cadres do not compete in state organization but in their views about the economy (Kryshtanovskaya & White, 2005, p. 1071). While the siloviki advocates that the state must hold every economic means, liberals advocate to promote private entrepreneurship in non-strategic sectors. Both cadres, however, convened in the sense that the government must be the sole authority to regulate the economy. Thus, both of the cadres promote strong leadership, where Putin carries out this duty. From this perspective, the dominance of the siloviki in Russian politics is the natural reflection of the state organization. While the market economy is managed by the liberal cadre, siloviki commands the allocation of resources and wealth generation.

To sum up, the Soviet elite consisted of divided elite after Stalin’s death, where conservatives dominated until Gorbachev. Gorbachev, on the other hand, changed the structure of the Soviet elite in favor of reformists. The reformist faction, however, formed a new coalition with dissidents in 1991. As a result, the ideological regime was replaced by illiberal democracy, where the fragmented elite has been ruling the state since the dissolution of the Soviet Union. These elite consist of

siloviki and liberals. While Yeltsin was the representative of the liberals, Putin is the representative of siloviki.

4.4. CONCLUSION

This chapter had two purposes. The first purpose was to demonstrate the intervening variable of Russia since the Soviet period. Table 4.1 summarizes the characteristics of Russian elites since 1917. It was shown that the Russian elite was an ideological elite during the Soviet period. It was founded by a divided elite in 1917 in accordance with Marxist ideology. In this regard, the political economic discussions within the Marxist principles took place in the early years of the Soviet Union and in fact, there was a pro-market stream among Bolsheviks. Indeed, Bolsheviks generated wealth by a pro-market economy, which was called New Economic Policy. As a result, the Soviet Union was organized in accordance with state capitalism.

Nevertheless, it was the ideocratic elite who lifted the Soviet Union one of the superpowers of the world and created the socialist system in Eastern hemisphere under the leadership of Stalin. Thus, the Marxist elite ensured their legitimacy. For that reason, the elite remained the Stalinist ideology after Stalin, despite the elite structure transformed into the divided one. General characteristics of the ideocratic elite and conservative divided elite were similar in this respect. Both elites pursued central planning political economy under socialist state organization. Socialism and central planning were seen as the key political economy for wealth generation and for the maintenance of the socialist system.

In contrast, the central planning political economy and its executors lost their legitimacy after the 1970s. Central planning was unable to generate sufficient wealth in order to maintain the socialist system, due to the lack of technological development and economic scarcity. In this case, the Soviet elite had no choice but to reinterpret Marxism. In this regard, Andropov and Gorbachev tried to revive the New Economic Policy and Bukharinist framework, even though they did not name it as

like that. They promoted a market economy and private ownership. Thus, the state organization retransformed into state capitalism.

Table 4.1

Summary of the Russian Elite

	1917-1929	1929-1953	1953-1985	1985-1991	1991-
Elite Structure	Divided Elite	Ideocratic Elite	Divided Elite	Divided Elite	Fragmented Elite
Dominant Faction	Balanced	Personal power	Conservative	Reformist	Liberals (until 2000) Siloviki (after 2000)
Leader	Lenin (until 1924) Stalin (after 1924)	Stalin	Khrushchev, Brezhnev, Andropov, Cherenkov	Gorbachev	Yeltsin (until 2000) Putin (after 2000)
State Organization	State Capitalism	Socialism	Socialism	State Capitalism	State-led Capitalism
Political Economy	New Economic Policy	Central Planning	Central Planning	New Economic Policy like	Capitalism with state ownership in strategic sectors

(Source: Prepared by the author)

Reviving of the pro-market economy created a new capitalist class in the Soviet Union owing to the export abilities of the new class, who were using their personal contacts. Even if some party members also involved with economic activities via personal connections, capitalist class mostly consisted of the dissidents. The new capitalist class was able to generate more wealth compared to central planners. This

forced the new capitalist class and the security intelligentsia to form a new coalition, which resulted in the collapse of the ideological elite and formation of a fragmented elite. The new elite consists of the former security intelligentsia and the newly emerging capitalist class. The new elite transformed the state into state-led capitalism. That is to say, they formed the state organization in accordance with market rules where the state undertakes the development and strategic sectors.

In that sense, the fragmented elite can be considered as the follow-up of the reformist divided elite with slight differences. First and foremost, while the latter was bounded by Marxist principles, the former located itself in the liberal spectrum due to the new alliance between the nomenklatura and dissidents. As a result of this, state capitalism maintains primarily state ownership, but rather state-led capitalism allows the state to hold only strategic sectors. Secondly, development and security are coherent for the divided elite. On the other hand, the fragmented elite has a tendency to subordinate one another. The liberal cadre overweight during the Yeltsin administration. In contrast, siloviki, which is formed by former nomenklatura members, becomes prominent during the Putin administration.

The need for elite transition shifted our attention to the tendency for change, which was the second purpose of the chapter. When the central planning caused economic stagnation after the 1970s and it could not be compensated by technological development, the legitimacy of the ideological elite came into question. The central planning not only diminished the life conditions of the Soviet people but also declined the relative position of the Soviet Union as opposed to the previous decades.

It was illustrated how the reformist faction of the Soviet elite formed a new coalition with dissidents and transformed the state organization from socialist to state-led capitalism as a result of domestic and international reasons for a change. Systemic implications of the elite structures will be elaborated on in the following chapter.

CHAPTER 5

RUSSIA: SYSTEMIC TRANSITION

This chapter will elaborate on the implications of the different elite structures (intervening variable) of Russian politics since the 1970s. It has already been framed in the theoretical chapter that neoclassical realism provides a “transmission belt” into structuralism and policies of the states. The previous chapter put forward the differences of the three transmission belts of Russia from one another since the Soviet Union. That is to say, there was a conservative divided elite in Russia between 1953 and 1982. This was succeeded by the reformist divided elite in 1982, and finally it replaced by the fragmented elite in 1991. In this regard, this chapter will elaborate on the implications of these elite changes.

These three different elites differently interpreted the systemic disequilibrium that arose in the 1970s. Thus, the main purpose of this chapter is to examine these differences and their reflections both on Russian politics and on international order. In this regard, two main implications of elite changes will be shown. First, each elite structure implemented different policies to generate more wealth, which resulted in the transition of the state organization. Second, each elite structure had different tools to reduce the maintenance cost of the system, which changed not only the foreign policy of Russia but also the international order. Thus, referring to the big question of the thesis, this chapter will seek to answer the question of “*How the Russian elite transformed the bipolar world order into multipolarity?*” From this perspective, it is argued that since the maintenance cost of the socialist system increased in the 1970s, the reformist Russian elite withdrew from international commitments and finally transformed the world order into multipolarity in order to restore the disequilibrium in the international system.

The first section will demonstrate the responses of each elite to tendency for the change in order to prove the argument. Their attempts to wealth generation and cost reduction will be examined. Having discussed their attitudes, their attempts on seeking equilibrium will be analyzed. It will be demonstrated how Russia has been seeking to change the international system into multipolar world order.

5.1. RESPONSE TO DECLINE

5.1.1. Reflections of the Conservative Divided Elite against the Decline

5.1.1.1. *Wealth Generation*

Although the conservative faction was aware of the relative decline due to the economic inefficiency throughout the 1970s, they had no real plan to restore it. It is also important to remind that the Soviet economy was determined by the military-industrial complex. “Exports of armaments, as much as the technology transfers that made them possible were always crucial to the Soviet economy” (Crump, 2014, p. 90). In this regard, “the key economic issue for the Politburo in the 1980s was whether or not a permanent wartime mobilization economic system could continue to meet their aims” (Odom, 1998, p. 64). Obviously, it could not continue. The economic structure and old fashioned technology were far from fulfilling the demands not only of the army but also of the civil economy. For that reason, the conservative elite looked for a remedy for the economic decline. However, they were all shaped by teleological economic thought, which forced the elite to restore the economy under central planning. Thus, they sought a solution within the existing state organization.

In that sense, the decrease in the economy of scale caused certain micro institutional reforms in the Soviet Union even during the Brezhnev era. The factory managers

were empowered by authorization in order to determine the factory's own production process. This was the first decentralization policy in Russia since the Stalin era. Despite this, the central planning was still dominant in the end. As Harrison truly points out, the reform packets of the conservative elite designed to reinforce the "state ownership and control, the system of central planning and ministerial guidance and the dominant role of the communist party. Thus side by side with elements of decentralization, the reform restored traditional instruments of centralization" (Harrison, 2002, p. 57). The main economic idea was still not market-oriented but the central plan, which was supposed to be fulfilled. For that reason, most of the factory managers were reluctant to digress from the central plan.

Yet the limited decentralization encouraged some managers to make their own ways. As a result, bifurcated production came forward. On the one hand, the Western-oriented economic concepts were applied by some economists; on the other hand, traditionalist economists stuck strictly to the Marxist principles of political economy (Cooper, 1989, p. 118). In the end, the state organization was still socialist, and thus not all the planners took the risk of overproduction. As a result, the production process resulted in incompatibility. On the one hand, pro-market economists planned their institutions in accordance with market conditions. On the other hand, traditional economists could not provide sufficient input for them because of the incompatible plans between the two frameworks. As a result, neither Marxists nor pro-market economists were able to achieve their targets. Therefore, the economic inefficiency could not be restored by such a limited decentralization, due to the highly integrated economic structure. Thus, the outcome of the social institutional change fell short from expectations.

This meant that the Soviet Union needed deeper and structural economic reform. The Soviet economist Aganbegyan pointed out the situation not only of the Soviet Union but also of the Eastern Bloc as:

The rate of growth of industrial resources in all countries, including our own, had started to decline and it became necessary to change economic policy, to go over to intensive methods of economic management, to speed up the rate

of renovation, to make a priority of scientific and technological progress and to alter investment and structural policy (Aganbegyan, 1988a, p. 178).

However, such rejuvenation was almost impossible with the central planning political economic model.

Therefore, the conservative faction became unable to generate more wealth even though they had an attempt to decentralize the production. Although they supported some revisions, they also blocked revolutionary policies in the end. They neither adapted the changing market condition around the world, nor found a solution for the lack of technological innovation. The Marxist method of economic policy became far from generating wealth against the liberal West. As a result, the expected economic growth could not be caught under a socialist state organization which promoted central planning instead of free market.

5.1.1.2. *Cost Reduction*

As was already framed in the theoretical chapter, conservative ideological elites of declining powers are tempted to implement aggressive foreign policy compared to reformists in order to reduce the maintenance costs. In that sense, territorial expansion towards small states in the periphery is a frequent attitude of the conservative faction of the ideological elite against relative decline. Thus, the first attempt to reduce the cost is further territorial expansion in order to build a secure environment.

The Soviet Union performed such a policy by combats, proxy wars and military interventions in the late 1970s. As the maintainer of the socialist system, it needed to move its defensive perimeter further in order to sustain the defense cost. The invasion of Afghanistan in 1979 was the most prominent example of this. It was an attempt beyond the Cold War conflicts and proxy wars such as the Nicaraguan Civil War, Cambodian – Vietnamese War, and Ethiopian – Somali War, because the invasion of Afghanistan was directly seeking territorial expansion to create a more

secure and less costly defensive perimeter. The Soviet documents prove that the invasion of Afghanistan was motivated by defensive purposes rather than offensive (Gibbs, 2006), (Crump, 2014, p. 193). The Politburo meeting in March 1979 indicates that the Soviet Union was, in fact, apprehensive of intervening to Afghanistan. Andrey Gromyko addressed the problems of a possible military intervention towards Afghanistan and pointed out:

...our army, when it arrives in Afghanistan, will be the aggressor...Comrade Andropov correctly noted that indeed the situation in Afghanistan is not ripe for a revolution. And all that we have done in recent years with such effort in terms of detente, arms reduction, and much more - all that would be thrown back...One must ask, and what would we gain? This is its internal affair, a revolutionary internal conflict, a battle of one group of the population against another. Incidentally, the Afghans haven't officially addressed us on bringing in troops. (USSR Government, 1979a)

Therefore, the Soviet Politburo was not venturing any cost of war or arms race in 1979. However, by the end of the same year, the Politburo highlighted the changing direction of Afghanistan's policy to in favor of Washington's pleasure (USSR Government, 1979b). Finally, Brezhnev and Andropov agreed that the revolutionist Afghan leader Hafizullah Amin shifted his political orientation to the West (Personal memorandum Andropov to Brezhnev, 1979). This was considered as hostile attitudes of the USA and China, which in the end would change the balance of power at the expense of the Soviet Union (USSR Government, 1980). This meant that, the invasion aimed to secure the position of the pro-Soviet government of Afghanistan against the US-backed mujahedeen and China-backed Maoist groups. Thus, it sought to eliminate potential challenge of China and the US. The opportunity cost would be a border dispute with one of them unless the challengers' attempts were precluded. In other words, the maintenance of the socialist system would be more and more costly in the case of the US troops were deployed in Afghanistan. In short, the Afghan invasion was motivated by the concerns for a defensive perimeter in order to reduce the defense costs.

Nevertheless, seeking for territorial expansion did not reduce the costs of Soviet Union, but rather they became more and more costly. In contrast to 1950s and 60s,

the Red Army faced serious challenges in the invasion of Afghanistan. Since the military technology was not as superior as it had been two decades ago compared to the West, war costs became unsustainable for the USSR. Moreover, the invasion of Afghanistan was the first military defeat of the USSR since its foundation in 1917⁴⁴. As a result, the legitimacy of the conservative faction eroded both politically and militarily.

5.1.2. Reflections of the Reformist Divided Elite against the Decline

The previous chapter asserted that, as the conservative faction lost their legitimacy, the reformists became the dominant faction in the Politburo and Central Committee throughout the 1980s. The reformist elite redefined the official socialist ideology. Thus, both the wealth generation and cost reduction policies were reversed. That is to say, the new elite did not keep implementing territorial expansion, but rather they withdrew the state from international commitments. Additionally, they shifted the state organization towards state capitalism by decentralization and promoting private entrepreneurship to generate more wealth as a result of ideological redefinition. This section will elaborate on these changes in detail.

5.1.2.1. Wealth Generation

The previous chapter demonstrated how the reformist elite revived the pro-market economic thought, namely New Economic Policy. In that sense, the reformist elite sought to redefine the Marxist ideology in favor of pro-market conditions, particularly after Gorbachev took power. Accordingly, the market economy had to be adapted under single-party authority, which was called state capitalism, rather than

⁴⁴ This implies the wars, where the Soviet Union had direct involvement. It does not include the Soviet sponsored or supported wars such as Spanish Civil War, Eritrean War of Independence or Arab-Israeli Wars.

orthodox Marxism and socialist state organization. In that sense, Perestroika was the major step to change the Stalinist political economy. The Perestroika objected to abandon the central planning step by step. Economic and managerial decentralization took place instead of central planning. In other words, the socialist economic model was replaced by a limited market economy similar to the New Economic Policy.

Aganbegyan groups the economic reforms in three categories:

The first was the strengthening of the orientation of the economy towards social needs; the second main element was the transfer from extensive growth⁴⁵ to intensive growth⁴⁶ and finally the reform of management, which meant moving from administrative methods to economic measures (Aganbegyan, 1988b).

The final reform was addressing a theoretical shift from teleological to genetic school after six decades. Thus, the economy was ought to be determined in accordance with market conditions rather than political expectations.

In this regard, the state enterprises were freed to determine their own production process, based on market conditions rather than central planning. Formation of a private business was also freed for collectives. These new collectives were allowed to determine their own production goods and prices. As the private ownership was allowed, so did foreign ownership on state enterprises. The new Joint Venture Law, which was the most significant reform of Gorbachev, permitted foreign capital to share state enterprises up to 49%. In brief, the principles of the market economy were internalized by the reformist elite in order to increase the wealth generation. Thus, the state organization transformed into state capitalism once again since the early Stalin administration.

However, decentralization took place not only in the economy but also in politics. Since the politics and economy were an inseparable whole in the Soviet political economic thought, economic decentralization incorporated administrative

⁴⁵ Growth in quantity of a single product.

⁴⁶ Product differentiation

decentralization. Although the political decentralization was not on the agenda of the top elite, the lower cadres in titular nations came up with the idea of administrative autonomy via *glasnost*. For that reason, as Kenez argues, the most revolutionary attempt of transformation of the Soviet system was not the attempt to reform the economy but the introduction of a more open society (Kenez, 2006, p. 253). Nevertheless, the country was in a sensitive situation at this juncture, simply for two reasons. Firstly, the new elite consisted of local governors. Thus they were advocating decentralization and more autonomy not only for economic enterprises but also for federative republics. Secondly, an open society triggered ethnic tensions. Beissinger truly points out that:

In multiethnic societies, sudden increases in level of political participation have a disintegrated effect on politics and in the Soviet context, glasnost had encouraged the growth of nationalist sentiments among Russians and non-Russians brought about the rise of extremist nationalist groups, and contributed to the outbreak of nationalist demonstrations in nearly all union republics (Beissinger, 1988, p. 320).

As a result, the ideological redefinition changed the power distribution in favor of federative republics. This led to trigger the dissolution of the Soviet Union. The August coup attempt legitimized the local leadership and the decentralization policies. At this juncture, the decentralization policy was implemented not only at the domestic level but also at the international level. In fact, as an extension of the perestroika, the Soviet Union freed its satellite states as well. This shifts our attention to cost reduction policies, because the dissolution of the Soviet Union is coherent with the cost reduction policies.

5.1.2.2. Cost Reduction

As has already been framed, if the maintenance of a system becomes costly, the great power withdraws from international commitments in order to reduce the costs. By the mid-1980s the maintenance of the socialist system in Eastern Europe and Central Asia became unaffordable for Russia. The Western system was recovering its

damages from the collapse of the Bretton Woods system by transforming into neoliberalism. Owing to this, the Western World was enjoying the free movement of goods and services as well as technology transfer among each other. In contrast, the Soviet Union and its puppet states in Eastern Europe were suffering from shortages of labor, input, economic stagnation, and lack of technological innovation. By the mid-1980s, the Soviet economy was surpassed not only by the USA but also by emerging economies that are part of the Western system, namely Japan and Germany (Maddison Project, 2018).

This was a threat against the Soviet Union's economy and security. The Soviet army had already spread over Eastern Europe via Warsaw Pact. In this regard, Warsaw Pact was not only a military alliance but also the security pillar of the Soviet-led system. This meant that the Soviet Union was responsible for the security of the whole socialist world. In other words, it was protecting not only itself but also the other states in Eastern Europe, from a possible NATO invasion. Moreover, it was responsible for assisting the development of Warsaw Pact members. Therefore, as the leader of the Eastern Bloc, Soviet Union was the maintainer of the socialist system's security and development. However, both the Soviet Union and the whole Eastern Bloc members were suffering from economic stagnation.

In this regard, both the stagnation of the Soviet economy and the rise new economic powers among NATO members made the maintenance of the socialist system more affordable against the Western Bloc. As a stagnated economy, it could compete with the West neither economically nor militarily. The economic growth of NATO members or NATO-allied neighbors such as Japan compelled the Soviet Union to engage more intensive arms race. Although Warsaw Pact's both conventional⁴⁷ and nuclear military capacities were still quantitatively superior to NATO, the technological capacity lag behind. Moreover, the US-proposed program, The Strategic Defense Initiative (Star Wars), triggered the arms race between the US and the Soviet Union. The Soviet side was affected economically rather than technologically by such an intensive arms race against the USA and its allies in

⁴⁷ Non-nuclear military capacity

Western Europe. Therefore, the maintenance of the system in a vast land from Leipzig to Dushanbe became more and more costly. In this regard,

The Soviets had little need to question their Cold War foreign-policy commitment to central Europe as long as there was no reason to think that maintaining these commitments was unbearably costly. (G.Brooks & C.Wohlforth, 2005, p. 81)

As a result, the reformist elite started to withdraw from international commitments step by step. Gorbachev suddenly declared unilateral retreatment of the military forces and equipment from the Eastern Europe and allowance of the freedom of choice in the Soviet Union's allies in 1988 (Evangelista, 2005, p. 105). Therefore, the Soviet Union retreated to its own frontier. This meant that it abdicated the leadership of Eastern Europe practically. More importantly, in 1989, the Soviet Union left the Brezhnev Doctrine towards Eastern Europe. This indicated that the hegemonic relationship between the Soviet Union and East Europe was replaced by interstate relations of equal states (Skak, 1990, p. 2).

The traditional Soviet policy towards Eastern Europe was institutionalized by the balance between cohesion (policy of dominance and suppress of East European interest) and viability (consideration of East European interest). However, the shift in the structural character of the Soviet economy from extensive to intensive growth needed to change in the policy in favor of cooperation. (Skak, 1989, pp. 3-5)

Thus, the leadership of the Socialist Bloc ended. It took the responsibility for its own security and economic development rather than the whole of Eastern Europe. Hence, the Soviet Union was no longer the official responsible for the development of Eastern Europe and Central Asia. The new state organization, instead, sought to perform in the region without taking the costs, which will be elaborated on in the following section.

5.1.3. Reflections of the Fragmented Elite against the Decline

5.1.3.1. Transition to the Fragmented Elite

It was already framed in Chapter III that the Soviet elite was founded on an ideological basis. For that reason, the dissolution of the Soviet Union is associated with the breakdown of the ideological elite. The reformist faction first dominated the government during the Soviet rule. They redefined the official state ideology in favor of market conditions in 1985. The redefinition of the ideology led to change in state organization, which emerged a new capitalist class. The new capitalist class took advantage of their position and accumulated personal capital. As a result of this, a need for a pro-market state organization arose. This newly emerging class and the reformist faction formed a new alliance instead of the existing ideological alliance between the reformists and conservatives. As a result, the Soviet Union was dissolved, and its core state Russia transformed into a new state organization with the alliance of the liberals and reformists, who are mostly siloviki. Therefore, the new elite was founded on a non-ideological basis. This is why the new elite is considered a fragmented elite. The fragmented elite is the main reason for Russia's transformation into the state-led capitalism. The following section will demonstrate their attempts on wealth generation.

5.1.3.2. Wealth Generation

Since one party of the new fragmented elite was formed by capitalists, they preferred to utilize from market economy in order to increase the wealth of the nation. For that reason, the new elite needed to reorganize the economic relations of the state in accordance with market rules in order to create favorable conditions for capital inflow. To do this, Russia ratified the new constitution in 1993, which regulates the private property and other economic activities such as free trade and foreign

ownership. As a result, the state transformed from state capitalism into the new state organization, which was state-led capitalism even if the new elite sought to transform the state organization into market capitalism (Lane, 2000)⁴⁸. This has occurred in two stages. In the first stage, the liberal cadre, which was led by Yeltsin, dominated Russian politics. In contrast, the second stage is dominated by the siloviki, which is associated with the strong leadership of Putin. Let us elaborate on this process in detail.

The first stage was the Yeltsin era, where the so-called shock therapy was the economic policy of the state. The liberal cadre dominated during this period in order to recover the ‘damages’ of the socialist legacy. The Russian elite, particularly President Boris Yeltsin and Prime Minister Yegor Gaidar, believed that a complete neo-liberal transformation was beneficial for Russia. Although they never mentioned any victory or defeat against the West, in the end they wanted Russia to join the ‘civilized world’ (Service, 2005, p. 511). As a result, the new government implemented the shock therapy suggested by Gaidar.

It was designed to boost economic performance in the shortest possible time through stabilization of the money supply, privatization of property and enterprises, and liberalization of the laws governing economic activity. (Dawisha & Parrott, 1994, p. 163).

Russia also joined to Bretton Woods institutions, namely IMF and World Bank, in this manner.

Nevertheless, the liberalization program during the Yeltsin administration had two major deficiencies. Firstly, the privatization was not supported by foreign direct investment.⁴⁹ Throughout the 1990s, the foreign capital flowed to Russia only for bond market but not for real investment (Pirani, 2010, p. 30). As an illustration, while FDI in the world increased ten times from 1992 to 2000, it only doubled in

⁴⁸ The literature proposes alternative names to describe the state organization of post-Soviet Russia such as “criminal oligarchy supported by a monopolistic state” (Ryvkina, 1998), “patrimonial capitalism” (Robinson, 2011), “crony capitalism” (The Economist, 2014).

⁴⁹ Corruption, oligarchs and protectionist policies in strategic sectors are considered as the main reason for this in literature (Kuznetsov, 2012).

Russia within the same period (World Bank, 2018). Thus, due to the lack of foreign capital, Russia could catch neither sustainable growth nor development with its own resources. Secondly, the transition to liberalism was mismanaged. This created an uneven distribution of wealth, which resulted in the emergence of oligarchs⁵⁰. Since Yeltsin aligned himself with this class, the new state organization functioned only in favor of oligarchs rather than the whole society or the security of the state. Schroder claims that in this regard “by 1995 – 96 the newly emerged business and financial groups had grown strong enough to become an economically and politically relevant factor in Russia” (Schroder, 1999, p. 966). By 1998 Yeltsin appointed oligarchs to the key administrative positions. In other words, the allocation of resources shifted from martial demands to the business elite.

Additionally, the Asian Financial Crisis of 1997 spread to Russia in the following year. A sharp decrease in oil prices along with the extended war on Chechnya caused debt in the Russian economy. As a result, GDP growth rate dropped to -5.3% in 1998, which already ascended to positive rate only in 1997. Additionally, the inflation rate jumped to 85%. Thus, the economy suffered from macroeconomic indicators. Despite this, oligarchs took advantage of holding state assets and a huge amount of currency. They sought to change the power in favor of themselves. There were a clear corruption and theft of state assets, which forced Yeltsin to pursue them (Kotz & Weir, 2007, p. 267). As a result, the neo-liberal order was associated with chaos among Russians. In this respect, oligarchs were associated with selfishness and corruption. Consequently, instead of development, Russia faced high inflation and unemployment.

This prompted not only the siloviki group but also Yeltsin himself to replace the leadership. As the tension between the siloviki and oligarchs accelerated, Yeltsin nominated Putin as his successor. Putin was appointed to the key posts by siloviki and he had the full support of Yeltsin’s cronies (Pirani, 2010, p. 66). Putin was the rational choice in this juncture. He was not the enemy of oligarchs, but rather he had connections with them without any alignment (Kotz & Weir, 2007, pp. 268-269).

⁵⁰ Business people who rapidly accumulated their wealth owing to privatization.

Thus, he was a suitable leader to restore the state authority without seriously damaging the interests of liberals. Yet he was in favor of security interests of the state rather than oligarchs. As a result, he became the prime minister in 1999. During his term, he suppressed the second Chechen uprising. Thanks to that, he became a popular figure in Russia.

In this regard, the second stage of the creation of state-led capitalism was the Putin administration. Putin sought to restrain the oligarchs and to re-control the strategic industries. According to Putin, the “oligarchic” form of the state-led chaos in Russia, so it had to be reorganized. In the early months of his presidency Putin interviewed that:

Take the situation we had in the mid-1990s, for example. At that time oligarchic groups had supplanted the state, ensured their presence in parliament and pushed through laws that were not for the general benefit of society but were in the interests of individual financial-industrial groups. They also influenced the enforcement of these laws through their representatives in the bodies of power. All of this was probably not in the general interests of society. When we talk about strengthening the state, it is not strengthening the state’s repressive functions that I have in mind. What I am talking about is reinforcing the state’s ability to pass the laws that society and people need and to implement these laws in practice. If we take this to mean reinforcement of the state, then this kind of reinforcement will not lead to increased corruption but on the contrary will help suppress corruption (Interview to the Spanish Media, President of Russia, 7th February 2006).

However, Putin was also aware of the necessity of them for economic growth and production. Hence, he did not eliminate the oligarchs as a class. Instead, Putin suppressed only a selected group of oligarchs, who were dominating the media and exploiting tax codes in the most provocative way by taking their advantage on siding with the central government, in order to set the rules of politics and disciplining the rest of the oligarchs (Sakwa, 2008, p. 187). Therefore, with some exceptions, oligarchs were freed to operate unless they violate the state authority or challenge the president.

Yet the strategic sectors were re-nationalized. The strategic sector refers not only to the military industry but also the energy sector, where Russia has a comparative

advantage. Thus, the state itself became able to generate wealth. As a result, the gas and energy sectors were dominated by federally owned monopolies, machinery was controlled by oligarchs and automotive was controlled by non-oligarch private domestic owners (Guriev & Rachinsky, 2005, p. 136). Therefore, the state became the sole dominant economic actor again by directing the organization in capitalist form and oligarchs and private businesses are allowed to operate in non-strategic sectors.

As a result, Russia was reorganized in the state-led capitalist mode in order to increase its wealth and to reduce the cost after Putin. While its wealth was generated more compared to the previous period owing to capitalist principles, its cost to maintain the system reduced. This reorganization led Russia to set its own system in the neighborhood. The following section will discuss how Russia tried to equilibrate the international system after it reduced its costs and started to regenerate wealth.

5.2. SEEKING EQUILIBRIUM

The international order was based on bipolarity after WWII and the Soviet Union was the one pole of the order. It was the maintainer of the socialist system. There was a balance of power between the US and itself. Nevertheless, the bipolar world order became unaffordable for the Soviet Union starting from the 1970s due to the increasing cost of maintenance. Thus, the international system fell into disequilibrium. The balance of power changed in favor of the US. The conservative elite tried to maintain the struggle for balance of power under bipolar world order. Since neither the wealth generation attempts nor the cost reduction policies of the conservative faction could rejuvenate the Soviet Union, the reformist faction withdrew from international commitments. The reformist elite sought to counter-balance the US hegemony in a consolidated territory. In the end, the Soviet Union was dissolved in 1991 and the new Russia emerged in a lesser territory and sphere of influence compared to the Soviet Union. Therefore, the new Russia is unable to

maintain the international system alone. This means that Russia needs an alternative policy to balance US dominance. The fragmented elite resorted to create a multipolar world order in that sense.

Despite the contraction, new elite considers Russia still as a great power. Unlike the conservative faction of the Soviet Union however, the new fragmented elite does not treat Russia as a superpower under the bipolar world order in this regard. Instead, Russia is one of the great powers in the world among China, EU, and even India according to the new elite. Thus, it expects to be treated in this manner (Rubinstein, 1997, p. 36). This was emphasized by Putin, when he acceded in 2000;

“Russia's national interests in the international sphere lie in upholding its sovereignty and strengthening its positions as a great power and as one of the influential centers of a multipolar world, in development of equal and mutually advantageous relations with all countries and integrative associations and primarily with the members of the Commonwealth of Independent States and Russia's traditional partners.” (National Security Concept of the Russian Federation, The Ministry of Foreign Affairs of Russian Federation, 10th January 2000).

This implies that post-Soviet frontiers, if not the whole Warsaw Pact, are still the area of interest of Russia, which is the leader of the region. As was asserted in the previous section, the Soviet Union gave up its hegemony over non-Soviet communist states, so it retreated to its own frontier in Eastern Europe after 1989. This frontier was acknowledged as the natural *hinterland* of Russia by the fragmented elite. In this regard, neither the new liberal cadre nor siloviki furthered the retreatment up to the borders of Russia. On the contrary, the new state organization declared that “the post-Soviet republics to be an area of vital interest as far as Russia are concerned” (Litera, 1995, p. 45). Thus, the former Soviet sphere is still on the top of the foreign policy agenda. As an expression of this, the Russian troops are being kept in CIS countries.

Yeltsin himself called upon the United Nations to make Russia the “guarantor of peace and stability in regions of the former USSR” and also Moscow provided support for South Ossetian and Abkhazian separatists to push the Georgian government into the Russian-led Commonwealth of Independent States; it intervened on behalf of the Transnistrians in Moldova for similar

purposes; and it staged a major military intervention in Tajikistan to pacify the country and install a client regime in the heart of Central Asia (Götz, 2015, p. 7).

Thus, Russia still pursues leadership in post-Soviet space. This foreign policy understanding is not abandoned by Putin, whereas Putin's Russia implements more aggressive foreign policy towards its hinterland. It pursues "an assertive anti-Western policy based on the combined strategic culture of its Monroe⁵¹ and Terminator⁵² doctrines" (Skak, 2010, p. 149). In this regard, Russia is not apprehensive of implementing hard offensive policies in the case its sphere of influence is "violated" by the third parties, namely the US. Its involvement in the Georgian War in 2008 and annexation of Crimea are the most eye-fel examples of such a policy. The colored revolutions⁵³ in post-Soviet space are also part of this policy. The revolutions are perceived as the replacement of the pro-Russian governments with the pro-Western ones in post-Soviet states. For that reason, Russia intervenes to the states that pursue pro-Western policies, such as Georgia and Ukraine, whereas it freezes the conflicts among more pro-Russian states, such as the Nagorno-Karabakh conflict between Armenia and Azerbaijan or between Moldova and Transnistria.

Therefore, on the one hand, Russia seeks to maintain its military existence in post-Soviet space. On the other hand, it does not function in the region economically in a developmentalist manner. This means that, while the post-Soviet space is considered as the buffer zone for Russia's security, the economic development of the region is not seen as important as the security. Thus, the new elite keeps seeing Soviet geography as its sphere without taking their economic responsibility. Instead, it lets former Soviet states to develop their own development programs, because the maintenance cost of a Russia-led system has already become more and more

⁵¹ Acknowledgment of the former Soviet states as the Russia's sphere of influence. That is to say, any attempts towards the region will be perceived as an aggressiveness against Russia.

⁵² Statement to indication of coming back with reference to the movie Terminator. For more details of the concept see (Skak, 2010).

⁵³ 2003 Rose Revolution in Georgia, 2005 Orange Revolution in Ukraine and Tulip Revolution in Kyrgyzstan.

unaffordable. Despite that, almost all post-Soviet states⁵⁴ pursue Russian type state organization, which is featured by illiberal democracy and state-led capitalism. In this regard, there is a consensus among the post-Soviet states particularly by Central Asian states, on the leadership of Russia, despite Russia's lack of economic and technical support.

Still, Russia strengthens its economic relations with the post-Soviet space in order to generate more wealth under free trade regime as the liberal cadre advocates. Not surprisingly, these institutions do not serve for the interests of the member states but Russia. Since the dissolution of the Soviet Union, Russia has been initiating economic cooperation in its sphere. The economic cooperation attempts of Russia are demanded by the post-Soviet states, even if they come out an economic loser. As an illustration, the Eurasian Union idea was proposed by Kazakhstan. Despite this, the Eurasian Economic Union (EEU), which was founded in 2015, provides an uneven trade advantage to Russia against Kazakhstan, which resulted in diminishing trade turnover for the latter (Sergi, 2018, p. 59). However, the post-Soviet states are able to come under Russia's security umbrella by joining its institutions. This means that, although the EEU aims to create economic space and customs union among post-Soviet states, Central Asian states possess Russia as the main security protector against extremism rather than economic assistance. For that reason, Russia is able to implement its own policy on post-Soviet states by taking advantage of power asymmetry without laying a burden on leadership responsibility. Therefore, the Russian influence in the region is legitimized by smaller states for the sake of security concerns. Yet many of the post-Soviet states pursue Russian state organization model, which implies state-led capitalism under dominant party rule rather than single-party.

This comes into existence in dual characteristics in political economic relations. More clearly, Russia's policy in the post-Cold War era is featured by a tentative, ad hoc fashion that would reflect the logic of power more than anything else (Skak, 1996, p. 174) as the siloviki cadre tries to implement. On the one hand, Russia

⁵⁴ Except Baltic states and states that changed their regimes as a result of colored revolution

promotes bilateral relations with big powers in political economic issues. According to the Russian perspective, shared values may restrict state sovereignty. For that reason, the Russian diplomacy focuses on bilateral relations with other states, especially large states, such as the U.S., China, and India, rather than multilateral pacts based on commitments to shared values (Mankoff, 2009, p. 14). On the other hand, it pursues great power multilateralism⁵⁵ to post-Soviet states. That is to say, it has been forming multilateral initiatives or institutions since the dissolution of the Soviet Union, such as Commonwealth of Independent States, Eurasian Economic Community and finally Eurasian Economic Union in order to pursue its hegemony in post-Soviet space.

With regard to security issues however, it seeks to form multilateral platforms in security issues even with great powers, particularly with China, in order to counterbalance the US hegemony. The Sino-Russian cooperation was already proposed by former Minister of Foreign Affairs Yevgeny Primakov in 1998 and continued by Putin. The Shanghai Cooperation Organization (SCO) has become the main expression of Primakov's proposal. Despite, there is a deep divergence between Russia and China⁵⁶ regarding the role of the SCO (Lanteigne, 2018, p. 132), Russia attaches importance to the SCO. In the end, Russia seeks to use the SCO as leverage for counterhegemonic balancer against the US (Mankoff, 2009, p. 173). Thus, Russia is looking for cooperation with the challenger of the international system in order to limit the US influence, at least in Asia. Yet it does not want to allow transforming the SCO into an economic organization in order to limit China's economic influence in Central Asia.

Therefore, Russia's deepening relations to the post-Soviet sphere aims to create a secure environment in the region. It should be noticed that military partnerships are more important than economic partnerships for Russia. Although most Russia-led

⁵⁵ While the horizontal multilateralism refers to the multilateral platform that gives voice to smaller states, great power multilateralism refers to the hegemony of the leader state in multilateral platforms (Lee H. , 2010, p. 46).

⁵⁶ While Russia considers the SCO as a military pact against NATO, China sees the organization as a first step for regional integration in Asia.

political economic international organizations are ineffective due to their great power multilateralism characteristics, the military Collective Security Treaty Organization (CSTO) and the Shanghai Cooperation Organization (SCO) are useful (Oldberg, 2010, p. 39). Therefore, military alliances are still the most prominent foreign policy objectives of Russia. Not surprisingly, post-Soviet states are the natural allies, but rather Russia is unwilling to form alliances in alternative regions.

In short, Russia, on the one hand, seeks to increase its influence in post-Soviet space by implementing political economic multilateralism. On the other hand, it seeks to counterbalance the US hegemony via military organizations with great powers, particularly with China. Yet it does not allow China to form political economic multilateral initiative in the region. In this regard, the security concerns of the siloviki cadre overweight Russian foreign in the post-Cold War era.

This shifts our attention to Russia's perception on world order. Most important pillar in Russian foreign policy is emphasizing the objections of a unipolar world order. In this regards, the main difference between the ideological elite and fragmented elite is their perceptions on world order. Unlike the Soviet elite, who sought to balance the US under the bipolar world order, multipolarity is the key element to secure state sovereignty according to the new Russian elite. This is advocated particularly by the siloviki. In 2000, Kremlin issued the Foreign Policy Conception of the Russian Federation and highlighted the problem of unipolar world order:

There is a growing trend towards the establishment of a unipolar world order, with economic and power domination by the United States...The strategy of unilateral action could destabilize the international situation, provoke tension and an arms race, and aggravate interstate disagreements, national and religious strife. Russia will promote a multipolar system of international relations that will genuinely reflect the diversity of the contemporary world and its great variety of interests (Melville & Shackleina, 2005, p. 91).⁵⁷

Not surprisingly, Russia has to be one of the poles in multipolar world order along with China, EU, USA, and even India. As Mankoff raises, "the language of the

⁵⁷ Chairman of the Council of Federation Sergey Mironov echoed Russia's inconvenience of unipolarity on the public speech in Ankara in 2007.

Foreign Policy Concept is that of geopolitics subject to a balance of power among great powers, where Russia is one of the leading centers of the contemporary world” (Mankoff, 2009, p. 13). In this regard, the balance of power politics is in the center of the Russian political framework. Thus, the international competition exists among the great powers, which are in fact the leaders of different political economic systems from one another. Accordingly, the world has to be divided into multipolar regions and each great power should lead its own region. Therefore, the balance of power would occur only among great powers. In that sense, it presupposes hierarchical systems. With regard to this, Kremlin insists on its vision of ‘sovereign democracy’⁵⁸ rather than the liberal democracy (Kurowska, 2014, p. 491). The idea of multi regionalism rests on the plurality of “regional orders,” or “a system of international order built around regional spheres of responsibility” (Makarychev & Morozov, 2011, p. 366).

From this perspective, post-Soviet space is the buffer zone for Russia. In a sense it is the Monroe Doctrine of Russia. While Russia does not seek to intervene to the outside of the post-Soviet space, it also does not accept any foreign intervention to its hinterland. Thus, as a declining hegemon, it postures hard offensive policies in order to maintain its leadership in post-Soviet space. Additionally, it does not engage with exterritorial organizations. Instead, it forms regional organizations in post-Soviet space for the purpose of establish its own system. Additionally, it seeks to play the stabilizer role in regional conflicts in post-Soviet space.

However, it is also important to note that the actual policy indicates that the borders of the Monroe Doctrine of Russia are different from the rhetoric. The Russian intervention in the Syrian Civil War in 2015 or Russia’s hostile attitude to the NATO operation to Kosovo in 1999 indicates that the geography of Russia’s Monroe Doctrine is flexible. Hence, Russia is trying to balance the US hegemony not only in

⁵⁸ The idea of democracy with national characteristics rather than universal conceptualization, which was coined by Kremlin in 2006. Accordingly, the democracy should not be conceptualized in accordance with Western terminology. Instead, all societies’ political power should be arranged by people’s own demand. That is to say, the democracy will not have universal understanding but will be shaped upon the requests of each nation.

post-Soviet space but also in the regions where it is capable of doing this. In this context, preventing the US to create a unipolar world order is as important as to create a multipolar world order for Russia.

Still, multipolarity is the most profitable solution for Russia, which is not capable of balancing the US supremacy alone, to reach equilibrium in the international system. As Ambrosio asserts, “NATO expansion and interventions, increasing influence in the southern tier of the former Soviet Union and American plans for a missile defense system are the main reasons why multipolarity is a necessity for Russian policy makers” (Ambrosio, 2001, p. 46). In Russian foreign policy discourse, unipolarity serves only for American interests. Henceforth, it provokes radicalism and creates destabilization. In contrast, balancing mechanism and consensual decision-making among great powers provide more stability and freedom not only for great powers but also for smaller states. In this regard, Russia, China, and other great powers, such as the EU or India ought to cooperate to appease the US unipolarity.

This leads us to conclude that the equilibrium in the new international system could be settled by a multipolar world order according to the new Russian elite, particularly to the siloviki cadre. While the conservative faction of the Soviet Union tried to balance the US via arms race under bipolar world order, the reformist elite sought to consolidate Russia’s power in a confined space. In other words, both of them sought to maintain the bipolar world order. In contrast to them, the new fragmented elite seeks to transform the international order to multipolarity. Accordingly, the poles should be governed by great powers, namely Russia, China or EU. This will be the balancing mechanism against American aggression⁵⁹ towards Eastern Europe and Caucasians. Unipolar world order, on the other hand, violates Russian hinterland, where it has tight economic and security ties. Bipolar world order is unaffordable for Russia anymore. For that reason, according to the fragmented elite of Russia, the

⁵⁹ The colored revolutions in post-Soviet space are perceived as American aggression against Russia by Kremlin.

international system will be in disequilibrium unless it transforms into a multipolar world order.

5.3. CONCLUSION

The ideological elite formed the socialist state organization in 1917, which was able to generate wealth under central planning in Russia. Socialist state organization not only transformed the peasant society into the industrial society but also lifted Russia to an industrial power. Thanks to that, having consolidated its power, the state caught a high growth rate. Thus, it generated more wealth, which was transformed into military capacity. This capacity not only defeated Nazi Germany in WWII but also became one of the two great powers of the bipolar world order. Thus, it established a system in Eastern Europe and Central Asia, which competed with the US supremacy. The Soviet Union was able to maintain the system until the 1970s. It created a safe perimeter by either annexing or subordinating Eastern European states. The system was in equilibrium with the competition of two great powers. They balanced each other by equal military capability, which was maintained by their own economic systems.

However, the international system fell into disequilibrium the 1970s. Bipolarity started to erode throughout those years. On the one hand, Russian economic capacity declined. On the other hand, new economic powers in Europe and East Asia arose. This meant that the balance of power was changing in favor of the USA and at the expense of Russia. In other words, the international order changed at the expense of the socialist system. The maintenance of the socialist system became more and more costly for Russia, who was the leader of the system under the bipolar world order.

The main externality was the increasing economic activities in market conditions. It was obvious that the liberal capitalist international economic model surpassed the socialist model in 1980s in contrast to 1930s. The socialist system was no longer a development model for smaller states, nor for Russia. Thus, the systemic pressure on

Russia arose. The importance of this externality lies in its effect on reformist faction among the Soviet elite. It awakened the reformist faction in order to take precautions. Nevertheless, they took the charge only after the second half of the 1980s, when the conservative faction could not recover the decline.

The conservative elite transformed this externality into aggressive foreign policy. They presupposed the Cold War paradigm, which was based on the bipolar world order and competition between the socialist and capitalist systems. For that reason, they sought territorial expansion in order to keep a secure defensive perimeter. Thus, the Soviet Union endeavored to balance the US itself. The Soviet elite also tried to revise the domestic arrangements. This was a limited revision though. They did not challenge the central planning, but rather they tried to find a solution within that political economy. As a result, they were not able to generate more wealth, nor they reduced the costs for maintenance of the system. This resulted in the erosion of their legitimacy, and finally replacement of them with reformists in 1982.

In contrast, the reformist elite, whose legitimacy came into existence, interpreted the externality different than the conservative elite. Firstly, they admitted the superiority of the market economy by referring to the Leninist and Bukharinian past of the state. They sought to internalize the externality (market economy) rather than competing with it. Central planning was abandoned and economic decentralization took place. In this regard, state enterprises were allowed to determine their own output levels, product differentiation was encouraged, and foreign capital was permitted after the Perestroika. Moreover, private ownership was legalized for collectives. Thus, the reformist elite tried to be adapted into the changing international system, where newly economic cores were emerging unlike the Soviet Union. As a result, state capitalism was the only option for the Soviet Union in a sense.

Secondly, the reformist elite reinterpreted the international order. Accordingly, the bipolar world order became unsustainable for Russia unless the increasing US supremacy balanced. Since the capacity of the Soviet Union within the existing borders of the socialist system was no longer able to balance US dominance, it

needed alternative powers for this. Thus, the reformist elite had no option but to withdraw from international commitments. In a sense, they sought to balance the US in a more consolidated territory. For that reason, the reformist elite's reinterpretation of the international system was not only more radical but also more influential than the conservatives. However, as the balancer of the bipolar world order, the retreat of the state meant the disruption of the balance of power.

Transition to state capitalism meant withdrawal from international commitments for two reasons. Firstly, capitalism needs sovereign states to create a market economy instead of central planning. Thus, the Soviet Union could be able to transfer the wealth in Eastern Europe to the country via market channels. Secondly, which is more important, Russia had to reduce its costs. Since the Socialist system no longer exists, the security leadership of Russia was not necessary anymore. Therefore, the transition towards state capitalism and withdrawal from international commitments were in fact mutually inclusive policies.

The internalization of the externality, which was the transition to the market economy, resulted in a new elite coalition. The reformist elite reinterpreted the ideology and rearranged the domestic institutions due to the economic stagnation. This led them to break the coalition with conservatives. They formed a new coalition with dissidents. Therefore, the state organization also had to be transformed in order to recruit the dissidents for government. As a result, the siloviki and capitalists formed a new coalition. At this point, a dichotomy emerged. On the one hand, the market economy had to be absorbed for wealth generation, which was advocated by capitalists (former dissidents). The new elite managed to transform the assets of the country into wealth by free market methods. On the other hand, the state authority had to be preserved, which was advocated by siloviki. The dichotomy was solved by a hybrid regime, which is called state-led capitalism. Accordingly, state is the decisive organizer of the economic relations, where the economy functions in market conditions. The state also allows private ownership, but at the same time it holds the strategic and most profitable sectors, namely defense and energy.

The collapse of the Soviet Union sharpened the disequilibrium in the international system. It raised the risk of US-dominated unipolar world order. In order to reduce this risk, Russia declared its own Monroe doctrine. Since the collapse of the bipolar world order, Russia has been suggesting this to the rest of the world in order to create a multipolar world order. By multipolar world order, the Russian authorities imply regional systems that are directed by great powers such as, Russia, China, EU, and the USA. Accordingly, these great powers would be responsible for providing security in their own domains, without interfering to other spheres. Russia seeks to expel the US hegemony from its own sphere of influence, which is the post-Soviet space by this was. Whenever it perceives an exact opposite policy, it pursues hard offensiveness as in the cases of Georgian War of 2008, and annexation of Crimea in 2014. Moreover, it will share the responsibility for counterbalancing the US hegemony by seeking to create a multipolar world order. Thus, the maintenance of its hegemony will become less costly against US dominance. As a result, Russia ended up with a regional power in Eastern Europe and Central Asia. Indeed, it is the decisive leader of the referred region. However, its economic capacity is limited to its hinterland.

It is important to notice that Russia has not been seeking a permanent alliance with China or other parties. Rather, it seeks to counterbalance US dominance and promote the idea of multipolar world order among great powers. Under the multipolar world order, Russia will have two advantageous. Firstly, its balancing costs will be reduced. The multipolar order will be profitable for Russia, because it will share the security costs with China and other emerging powers by this way. Secondly, it will legitimize its Monroe doctrine. In other words, the hierarchical structure of the post-Soviet space will be confirmed under a multipolar world order.

Figure 5.1 summarizes the process of Russia's path of transition since the 1970s. Accordingly, Russia was influenced by external changes, namely the increasing influence of capitalism. It was the systemic pressure for Russia. The conservative elite tried to resist it, whereas the reformists absorbed that pressure. This forced them to rearrange the domestic institutions and international relations of Russia. They also

transformed this situation into the new world order paradigm. As a result, they considered that the bipolar world order was no longer profitable. It was sought to be replaced by multipolar world order.

Yet it is worth noting that this Ph.D. thesis does not assert that Russia established a multipolar world order. Instead, it argues that Russia has been trying to transform the international order into multipolarity, because it would be less costly for Russia. The multipolar world order will serve both for Russia's power consolidation in post-Soviet space and for decreasing the cost of counterbalancing the US hegemony today, or a possible Chinese hegemony in the future.

This leads us to conclude that the international system was no longer profitable for Russia. With regard to this, the reformist Russian elite took two actions to make it more profitable. First, they rearranged the state organization in order to generate more wealth. Therefore, the increasing effect of capitalism transformed socialist Russia into capitalism. As a result, the international system collapsed the socialist system. This forced Russia to take the second action, which was transforming the international system into multipolarity, in order to reduce the cost. Despite the socialist system does not exist anymore and Russia lessened both its frontiers and responsibilities, it still considers itself as the leader of the post-Soviet space. What does the post-Soviet Russia differs from the Soviet Union is the perception of the international order. Accordingly, Russia is not one of the poles of bipolarity but multipolarity. Therefore, the international system transformed Russia into state-led capitalism and Russia tries to transform the international system into multipolarity.

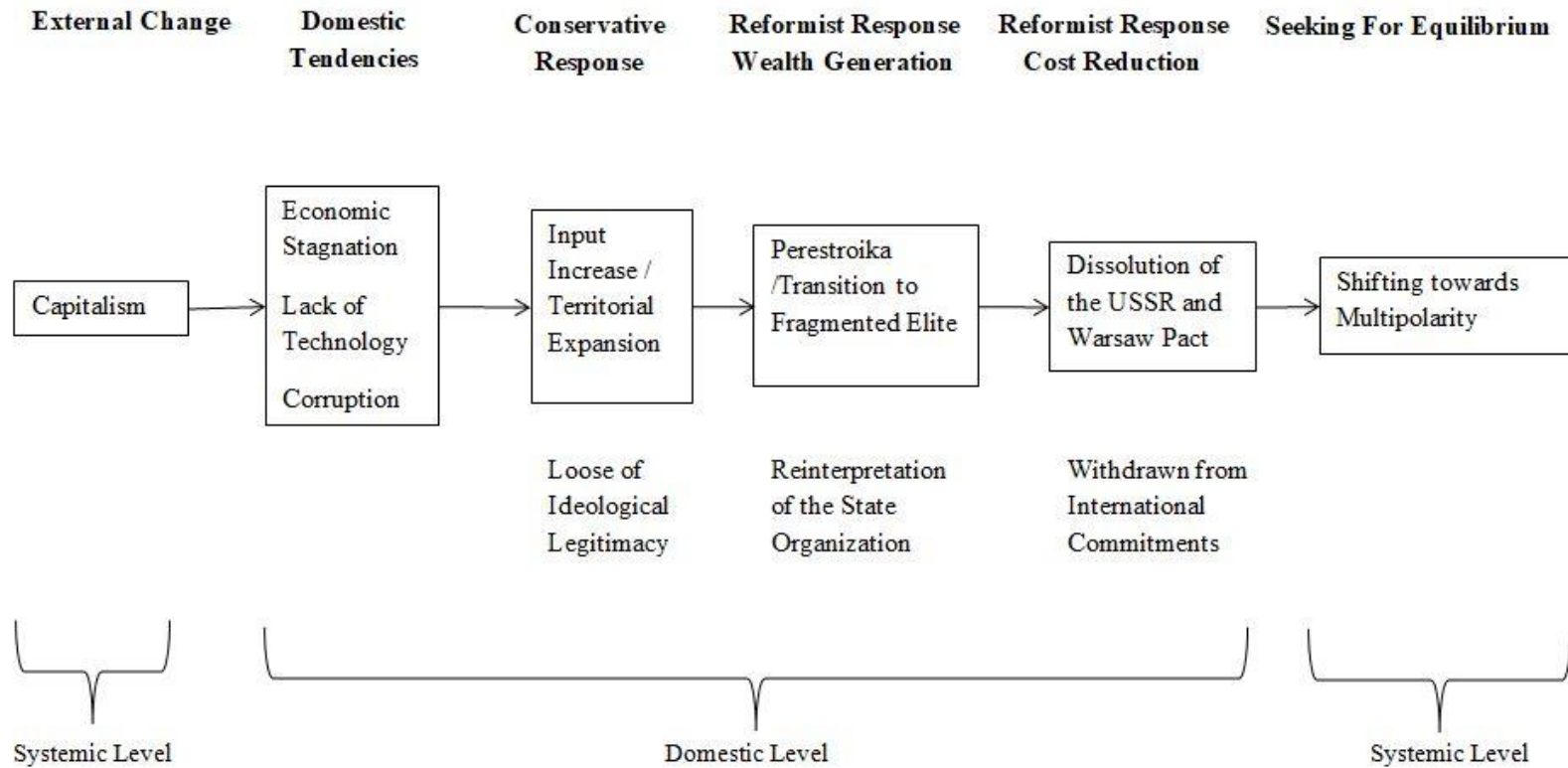


Figure 5.1: Interpretation of Russian Transition

CHAPTER 6

CHINA: ELITE AND TENDENCY FOR CHANGE

It is obvious that the transition of China is not only a subject matter of domestic change but also an inquiry about the change in international power distribution. China is considered as the most important rising power both in academia and in international politics. It becomes more important in IPE studies in the 21st century. American-dominated realists emphasize the competitive rise of China. According to Mearsheimer “China is likely to try to dominate Asia and will seek to maximize the power gap between itself and its neighbors until nobody can threaten it” (Mearsheimer, 2006, p. 162). From an American perspective, the concern is not only realists’ subject matter but also liberals’, who highlight the economic rise of China. Robert Keohane raised this issue in his article *The old IPE and new* by pointing out the new big questions of the field. Accordingly, one of the major changes in world politics that led to raise the new big question in IPE is that “China, in particular, has become a huge player in international trade and finance, as the manufacturing center of the world for a huge number of products in ordinary life” (Keohane, 2009, p. 41). Keohane is not alone in that sense. Krugman claims that the United States should pay its attention to China rather than Iraq or North Korea in order to provide the economic security of the country (Krugman, 2005). At this point, the literature highlights the soft balancing policy of China rather than arms race or containment policies. Regardless of the analytical point, China is one of the main subject matters of IPE in the early 21st century, because China is perceived as the only challenger of the current US hegemony.

Chinese politicians, on the other hand, respond such claimants by referring to the political economical heritage of Chinese history. They highlight the conception of

“Peaceful Rise”. This concept is suggested by Zheng Bijian, a longtime advisor to the leadership of China.

“China has blazed a new strategic path that suits its national conditions while conforming to the tides of history. This path toward modernization can be called “the development path to a peaceful rise”. Some emerging powers in modern history have plundered other countries' resources through invasion, colonization, expansion, or even large-scale wars of aggression. China's emergence thus far has been driven by capital, technology, and resources acquired through peaceful means” (Bijian, 2005, p. 20).

Historical sociologists support this claim. They point out the statecraft process of China in that sense. According to Arrighi, China's main challenge is the concept of “Peaceful Ascent”. Due to the lack of knowledge about the Chinese history, “the United States has the capacity to unleash the Armageddon that the most fanatic groups among backlash conservatives are gleefully waiting for” (Arrighi, 2007, p. 307). In contrast to the apocalyptic war argument of the US, China's history suggests peaceful coexistence with neighbors. It also does not contain territorial expansion. In that sense, China's rise will be an exception. The international power will not be distributed after a global war.

As has already been pointed out, understanding the domestic changes needs a historical record, which leads us to understand the Chinese political economic thought. This will serve us to understand the state organization of China. The state has always been a vital part of Chinese history because of its organizer role on economic relations of the society and daily activities of human life. This makes the state the primary actor in China's political economy. Moreover, China seeks to promote itself to the organizer role in international production. Therefore, the role of the state in Chinese politics cannot be neglected.

This shifts our attention to the intervening variable of China. How does the Chinese elite interpret China's relative rise and decline? More specifically, how did the Chinese respond to the relative decline and how did they reorganize the state during the Mao rule? As will be discussed in this chapter, the state is the dominant actor in China's political economy. For that reason, the state organization of China is vital to

understand the transition since the Mao administration. In this regard, “*How did the Chinese elite transform the state organization from socialism to the market economy?*” is the research question of the chapter. It will be argued that the main pillar of the Chinese elite transition is institutionalism of the techno-authoritarian leadership in the post-Mao period. Owing to that, the state organization transformed from command to market economy based on pragmatism. Additionally, it will be shown that the ideocratic elite structure hindered development during the Mao era.

In the first section of this chapter, the ideocratic elite structure of Mao will be demonstrated. This will be followed by the demonstrations of state organization and political economy of China in order to understand the tendency for change among the reformist faction, which is the subject matter of the third section. Finally, the post-Mao transition towards techno-authoritarian leadership, which lifted China to the world’s largest economy, will be analyzed.

6.1. ELITE COMPOSITION AND STATE ORGANIZATION

Elite composition and preferences have always been important not only in Chinese history but also in the history of humanity according to the Chinese school of political thought. Since the ancient times, Chinese political thought is shaped by highlighting the political power, which is the capability to integrate economic and military factors into the political agenda (Xuetong, 2011, p. 53). Thus, in the guns versus butter preference, no party overweight. In fact, they have secondary importance. Rather, economic and military capacities are useful only if they are transmitted into political power. Thus, China always seeks to balance each other in order to transform them into political power.

This school of thought also ascribes the leader of a state as the transmitter belt of the material capabilities. For that reason, China suffered from political struggles for centuries. As a result of this, it can also be asserted that the 20th century of China is associated with a century of change. The downfall of the Qing dynasty, The Chinese

Civil War, and the Communist Revolution were the major events that took place in China in the first half of the 20th century. Considering the underdevelopment and ongoing struggles, none of the warring factions legitimized themselves. Instead, they sought to increase their political power.

The political power depends on the ability of the political leader due to the un-institutionalized leadership. As a result, the political power of a state may change under different leadership (Xuetong, 2011, p. 66). For that reason, the leadership is reinforced by strong political power. The communist era under Mao was not an exception in this sense. As a result of this, “the Communist Party has consistently monopolized political power since 1949, so major policy issues have often played out as internal power struggles dividing the party” (Naughton, 2007, p. 63).⁶⁰ While it was formed as ideocratic elite, post-Mao period staged transition to the divided elite structure.

6.1.1. Founding the Ideocratic Elite

The Chinese Communist Party (CCP) was founded during the Republican era (1912-1949). It was the unified formation of various Marxists groups in Shanghai, Beijing and separate organizations, such as Marxist Study Group, Socialist League, Bolsheviks and Anarchists (Yoshihiro, 2013, pp. 150-157). Due to this fragmentation among socialists, there were many disagreements and disputes inside the party. However, the party had no effective means to solve internal disagreements, which resulted in disintegration of the leadership (Van De Ven, 1991, pp. 199-200). This forced Chinese communists to form a strong center and the organizational structure in 1927, where the Politburo Central Committee was the top leadership of the party. Although the leadership conflicts kept for a while, Mao consolidated his power after

⁶⁰ These principles are suitable for East Asian developmental state model. Accordingly, in contrast to European developmentalism, where bourgeoisie plays vital role in economic development, East Asian developmental state promotes high skilled elite and bureaucracy to arrange domestic structures for wealth generation.

1935 (North, 1951, p. 68). Thus, when the CCP took control of China as a result of the Civil War in 1949, Mao had already been the decisive leader of the party.

The organizational structure of the CCP had some characteristics during the Mao administration. Firstly, it was based on a strong patronage system. The roots of the patronage system can be found in the Civil War years. Accordingly, strong personal bonds were established between the leaders and their forces as well as among the cadres during the Civil War (Huang J. , 2000, pp. 8-9). This means that the patronage system was based on soldier fellowship. The cadres were shaped in accordance with paramilitary backgrounds of the groups. Secondly, Mao established a “Two-front arrangement system” between himself and the cadres (Huang J. , 2000), (Zang, 2004). That is to say, while Mao was responsible for determining the issues of principles at the second front, the first front was occupied by other leaders, who were responsible for managing daily policy affairs (Huang J. , 2000, p. 13). Therefore, while Mao was determining the principles, the party cadres and the bureaucracy were exercising the policies. In case there were conflicts among the cadres or locals, the disputes were resolved by the higher authority. In that sense, there was both a top-down and bottom-up bureaucratic processes (Bachman, 1991, p. 45). Third, one-quarter of the government jobs consisted of non-party members in the initial years. Thus, Mao promoted strong bureaucracy and division of labor between the government institutions, where he and CCP were taking the hand of guiding principles. Finally, there was a high cohesion among the party elite. Although there were disputes among the elite from time to time, they were never discussed in the public sphere. Instead, they were discussed among the party elite, where Mao was the ultimate decision-maker.⁶¹ Mao also recruited the cadres in accordance with people’s class background, seniority in the party, and political loyalty (Cheng & White, 1990, p. 11) instead of their technical capabilities. As a result, Mao not only became popular among peasants but also strengthened his unchallenged leadership. This is why Mao’s popularity in public opinion never diminished, even though the

⁶¹ It should be noted that, the political discussions in China were not based ideological differentiations but personal linkages. That is to say, the personal linkages determined the political shifts of the cadres and factions.

country was dealing with serious domestic and international turmoil throughout the 1970s. This leads us to conclude that, PRC was founded by the ideocratic elite.

The most important implication of these four characteristics is that CCP can easily change its ideology in favor of pragmatic solutions.⁶² As the bottom cadres compete or cooperate with each other, upper-level officials dissolve or form new coalitions based on their personal linkages. The new coalitions or competitions manipulate the leadership of the CCP. As a result, either the new party policy can easily be reinterpreted and new principles can be determined thanks to elite cohesion or the newly emerging cadres can be deposed for the sake of party coherence. The latter was the more common case during Mao rule.

However, the bottom-up process was interrupted at some point due to Mao's personal power. The Great Leap Forward⁶³ and particularly the Cultural Revolution⁶⁴ resulted in the strengthening of Mao's personal power. In fact, these were considered as an attempt to strengthen the ideocratic elite structure, or more specifically, to consolidate Mao's personal power, because the increasing bureaucratization and functional differentiation of institutions reduced Mao's political power (Zang, 2004, p. 54). The "Two-front arrangement system" caused knowledge asymmetry between Mao and the first front cadres, because the first front cadres tempted to hide the local news from Mao. This led Mao to form a new coalition between locals and him. As a result, even if the Great Leap Forward aimed to catch economic development, it turned into an anti-rightist political campaign. Huang claims that

The Great Leap Forward was transformed from an economic policy into a political line that supported the legitimacy of the Party's rule as well as Mao's

⁶² This is why the policies could be easily shifted throughout the communist regime. At that point Pye claims that it is because the Chinese culture is strongly situation oriented, so they can easily change policies. For more details see. (Pye, 2015)

⁶³ The social and economic campaign that was launched by Mao between 1958-1961 in order to transform the agrarian society into industrial one by collectivization. The struggle sessions took place between the Party and opposition groups all around the country.

⁶⁴ The sociopolitical campaign, which was launched by Mao between 1966 and 1976 in order to infuse the party ideology into the society. The campaign ended up with the purge of notable party members including Deng Xiaoping and consolidation of Mao's personal cult.

leadership. This change enabled Mao to resume his absolute authority in policy making. (Huang J. , 2000, p. 227)

The absolute authority of Mao became unquestionable after the Cultural Revolution, which had destructive effects. It guaranteed Mao's leadership, because it promoted party loyalty and disregarded technical sufficiency. University professors, scholars and high ranking technical were portrayed as target. Moreover, important party officials, such as Deng Xiaoping, Zhou Enlai were purged during the Cultural Revolution. Thus, the technical capability was replaced by party loyalty. Party membership became a unique coin in the political realm.

As a result of this, China was far from generating economic wealth. Without economic wealth, China was unable to create a strong military power, nor could it transmit its capabilities into political power. Considering this situation, Zhou Enlai proposed the Four Modernization (to strength agriculture, industry, national defense, science, and technology) program in 1963. However, it could not be launched due to the disagreement between Zhou Enlai and Mao. While Mao was advocating rapid change, Zhou Enlai was in favor of incremental and pragmatist solutions. For that reason, Zhou was marginalized by Mao. This meant that, although lower cadres demanded political economic reforms, Mao's absolute authority and unrealistic desires were hindering them. For that reason, Mao's death and replacement of new elite structure caused a revolutionary effect on Chinese history. In order to understand the change, let us elaborate on the political economy and state organization of China.

6.1.2. Political Economy and the State Organization

Mao organized the state in the socialist structure under Marxist-Leninist principles, strongly influenced by Stalinist politics.⁶⁵ In this sense, he was inspired by the Soviet

⁶⁵ Strong leadership, collectivization

model and asked for both technical and political assistance⁶⁶ of the Soviet Union until 1956. As a matter of fact, China had very limited Marxist intellectuals in the early years of the Revolution.⁶⁷ For that reason, China adopted the Soviet model and asked for intellectual support of the Soviet Union.

However, roads of the Soviet Union and China split after 1956. In the Soviet Union, Khrushchev tried to normalize the relations with the West rather than China. He also launched de-Stalinization campaign. In contrast to this, Mao implemented Stalinist policies, namely strong leadership and dekulakization type attempts. At this point, Mao asserted that the differences between the CCP and CPSU began in 1956, when the Soviet leadership neglected Stalin and implemented a peaceful transition to socialism (Mao, 1963). In contrast to CPSU, Mao advocated that transition to socialism had to be forced by the Party. In fact, it was neither Moscow nor the Chinese Communist Politburo but only Mao was in favor of peasant revolution (North, 1951, p. 68). Mao also aimed for rapid industrialization.

In this regard, the state organization shifted towards socialism after 1957. In the initial period of the People's Republic, private ownership was allowed in order to prepare the society for transition to socialism. However, Mao decided that the transitional period of class collaboration had concluded, so suppression of the Chinese bourgeoisie should have begun (Gregor, 2014, p. 129) after 1957.⁶⁸

These struggle sessions served to humiliate all the members of the rural upper classes and to destroy the prestige they had enjoyed in the past and gradually, from 1949 to 1957, all the land in China was "collectivized," or put under the supervision of cooperatives called "production teams" (Ropp, 2010, p. 135).

⁶⁶ As an illustration, "between 1949 and 1958, Russia and its East European allies made available 12,300 technical experts to work on a number of projects, the costs of which were advanced by Moscow and repaid out of China's agricultural exports to Russia. In addition, Russia took some 14,000 Chinese students and 38,000 apprentices for training. By early 1960, there were still some 7,500 Russian experts in China before the unilateral withdrawal of Soviet aid." (Harris, 1978, p. 45)

⁶⁷ Even the limited scholars had been former liberals. For more details see (Chongyi, 2004, p. 226)

⁶⁸ In fact, Mao was significantly differentiating from the theoretical Marxism. Mao regards politics as guiding and shaping the economic basis, so it is the revolutionary consciousness produces society's economic sub-structure (Gregor, 2014, p. 153), (Schram, 1989, p. 205), (Pfeffer, 1976).

Thus, the People's Republic of China was formed in revolutionary characteristic, which was based on class struggle, particularly between peasants, and landowners during the Mao era. The class struggle resulted in the downfall of the upper class and collectivization of lands. Hence, the labor-intensive production was organized in accordance with Marxist principles under state control. As a result, Chinese agriculture was collectivized as the first step to socialism. This should have been complemented by further reforms to catch rapid industrialization.

However, collectivization could not help to develop agricultural production. In fact, although the agricultural output grew, it was slower than expectations. This was mainly due to the fact that agricultural production was not industrialized in China because of the lack of technology. Therefore, capital accumulation was not sufficient to transform society into socialism unlike theoretical Marxism suggests. As an agrarian society, China needed to make its own way rather than Europe's way, which was featured by industrialization and capital accumulation (Pfeffer, 1976). Thus, application of the theoretical Marxism was not effectual, because there was neither a working class nor heavy industrial production in China. Despite this, unrealistic production targets were set for rapid industrialization. As an illustration, according to the First Five Year Plan in 1957, China would surpass the UK by 15 years in terms of industrial output.

Mao launched the Great Leap Forward (1958-1961) under these unrealistic circumstances in order to transform the agrarian society into an industrial society. He attached importance to steel and grain productions. He constructed factories and relocated labors around the country for this purpose. As the labors in farming decreased, so did the grain production. Nevertheless, Mao insisted on prioritizing the grain export quotas. Therefore, the manufactured agricultural products, which already decreased, were exported before introducing to the domestic market. As a result, The Great Leap Forward resulted not only in significant economic decline but also in famine. As is stated in the previous section, the Great Leap Forward instead, turned into a political campaign which resulted in power consolidation of the CCP.

Similarly, the Cultural Revolution reinforced Mao's personal power within the CCP. Although the first front cadres, namely Liu Shaoqi and Deng Xiaoping, demanded to reorganize the state in favor of market economy, "Mao and his followers pressed for revolution within the revolution" (Kraus, 2012, pp. 9-10). This led Mao to purge "bourgeoisie elements" not only in the CCP but also in the whole country. Reform-minded party officials including Deng Xiaoping, non-left academicians, and artists were purged during the Cultural Revolution. As a result of this, the Cultural Revolution could not create a socialist society. It only strengthened Mao's personal power in CCP.

Consequently, China's state organization was revolutionary based which was governed by ideocratic elite during Mao rule. In the initial years of the Communist Revolution, Maoism had huge popular support due to the fact that it restored the country after the Civil War and it caught satisfactory growth rates. In this regard, "the official Chinese view is that his leadership was basically correct until the summer of 1957, but from then on mixed at best, and frequently quite wrong" (Schram, 1989, p. 195). Although there was a demand for pro-market reform from the first front cadres, Mao's personal authority inhibited such reforms. Instead, the ideocratic elite structure devoted its time and power to assure Mao's personal position as well as his uncontested and unrealistic development plans. This leads us to conclude that the ideocratic elite structure in China was far from generating wealth. Instead, it staged power struggles among party members. Moreover, the ideocratic elite structure in China caused mass deportations and purges of the intellectuals. Thus, Mao was unable to transform the agrarian society into an industrial society. As a result, China suffered from a huge economic decline and international isolation. This shifts our attention to the implications of the ideocracy in China, which is the tendency for change among the Chinese elite.

6.2. TENDENCIES FOR CHANGE

This section will elaborate on the domestic and international tendencies for change by advocating that China was suffering from economic stagnation as well as relative decline during the Mao administration. Let us start with the domestic challenges of China throughout the 1970s, which were economic inefficiency and lack of technological innovation. How ideocracy led economic decline of China will be demonstrated.

6.2.1. Domestic Factors to a Tendency for Change

When the Communist Revolution took place in 1949, the Chinese economy was already inefficient due to the long lasting wars⁶⁹ and underdevelopment. Thus, the new regime had to cope with post-war reconstruction. It is worth highlighting that China was already far from being a great economic power. It was an agrarian economy with a lack of industrialization. Its economic scale was smaller than the middle powers in Europe, such as Italy or France throughout the 1960s. In this sense, rapid industrialization of Stalinist Russia was a model for China. For that reason, China was formed in Marxist-Leninist ideology with Stalinist style under Mao's leadership. Mao formed the party in revolutionary character, which was based on class struggle between peasants and landowners, in order to get high agricultural output rates and rapid industrialization. Bearing this in mind, struggle sessions took place in the country. Thus, wealth generation was aimed by collectivization.

However, subsequent reforms of Mao, particularly post-1957 reforms, were considered as social and economic catastrophes by the Chinese Communist Party elite. The Great Leap Forward (1958-1961) resulted not only in significant economic

⁶⁹ Civil War (1927-1936, 1946-1950) and WWII

decline but also in famine. Although the health and education services became more accessible, the Great Leap Forward resulted in poverty⁷⁰ and urban-rural gap.

The literature suggests several reasons for the decrease in agricultural production and poverty. First and foremost, there is an inverse relationship between industrialization and land use, which determines agricultural production (Zhang, Mount, & Boisvert, 2004, p. 220). As an agrarian economy, rural population constituted 80% of the total population of China. The Great Leap Forward aimed to change this structure. Its purpose was industrialization by intensified steel production. Nevertheless, as iron and steel productions were increased, productions of other necessities were pushed away, which resulted in shortages in other sectors (Chan, 2001, p. 196). Additionally, the costs of production increased, whereas the qualities of the products were lowered (Chan, 2001, p. 196). Secondly, the new state organization was, in fact, not encouraging agricultural production. Lin argues that since the collectivization was a compulsory movement, self-discipline could not be ensured due to the lack of exit right⁷¹ (Lin, 1990, p. 1249). Thus, the incentives of workers lessened which resulted in inefficiency. Thirdly, since Marxism does not encourage overproduction, local leaders sought self-sufficiency rather than surplus. Self-sufficiency was not only encouraged but also regulated by the central government via taxes, prohibition, and distribution by the central government (Lardy, 1983, p. 50). Therefore, the local governments targeted only a self-sufficient amount of grain productions, which could be barely achieved. As a result, the agricultural production declined overall China. Last but not least, industrialization efforts led to famine. While the central planning targeted increasing amounts of agricultural production, the rural population declined both proportionally and quantitatively due to the intense production of steel. Additionally, industrial workers were the talented workers compared to the workers in agriculture, so both quantity and quality of the agricultural workers declined (Lin

⁷⁰ Mao mistakenly analyzed that landownership had been the reason for poverty. However, it was not a unidirectional relationship but “poverty and inequality influence and reinforce each other” (Tang, 2006, p. 573). For more details see (Tang, 2006).

⁷¹ According to Lin, the exit right is the “safety valve” of the collectivization because disintegration of a collective would have self-enforcement effect on honoring the agreement is to their advantageous (Lin, 1990, p. 1249).

& Yang, 1998, p. 129). As a result, food shortage took place, which resulted in famine. While the birth rate fell by half in 1960 compared to 1957, the death rate doubled in the same period (Ashton, Hill, Piazza, & Zeitz, 1984, p. 615). Although the country built up again after the Great Leap Forward, economic recovery was not accomplished. As a result, the Great Leap Forward neither industrialized the country nor increased the economic scale of agriculture. As an illustration, the value-added industry rates were -41,9% and -10,6% in 1960 and 1961, respectively (World Bank, 2018a). That is to say, the Great Leap Forward reduced agricultural production. As is shown in Figure 6.1, the total grain production sharply decreased after the Great Leap Forward.

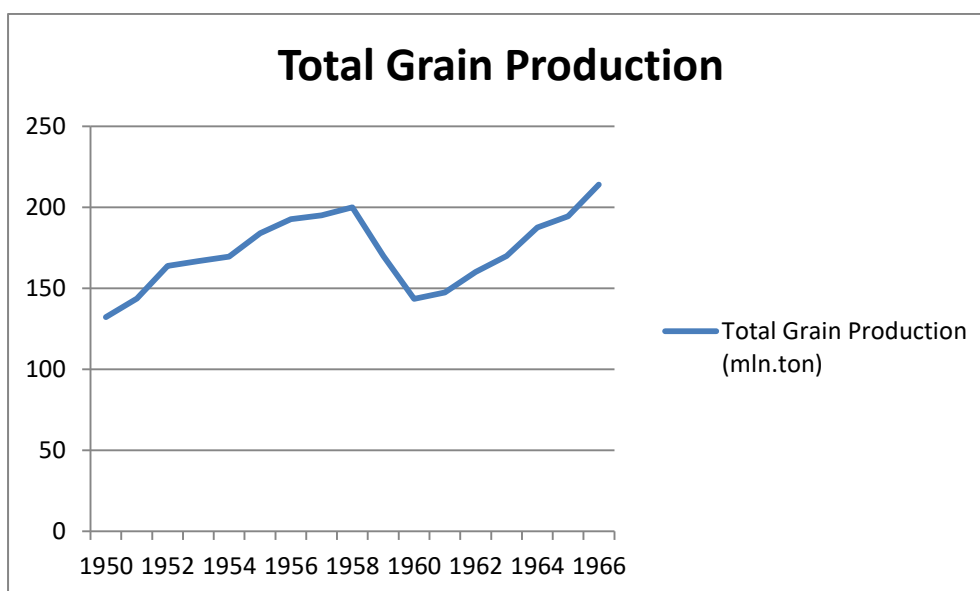


Figure 6.1: Total Grain Production of China between 1950 and 1966 (Prepared by the author by using data Ashton, Hill, Piazza, & Zeitz, 1984, p. 621)

Cultural Revolution (1966-1976) did not change the situation. The Cultural Revolution also damaged the economy due to its anti-developmental nature. That is to say, the main purpose of the Cultural Revolution was to indoctrinate the ideological principles. As a natural result of this, it was featured by political, bureaucratic, and academic deportations. In that sense, it was a counter-intellectual campaign, which could not be compensated by Marxist or Maoist intellectuals and technicians. Therefore, the Cultural Revolution was the consolidation of the

ideocratic elite structure in nature rather than a development thrust. Thus, the Great Leap Forward and Cultural Revolution unavoidably caused large poverty and economic decline. In a sense, economic development was sacrificed for the sake of Mao's personal authority. The growth rate of China surpassed only India among Asian countries during that period.

Not surprisingly, the economic inefficiency was mainly because of the lack of technological innovation. According to Chinese scientists, two problems existed in the 1970s. Firstly, "resources and techniques were behind world level"; secondly, "international contacts were limited" (Sigurdson, 1980, p. 19). The ideocratic elite structure caused this situation for two main reasons. Firstly, the ideological concerns hindered development due to its anti-rationalist nature. Secondly, the ideocratic elite structure purged many homegrown intellectuals and scholars.

In the beginning of the Communist Regime, the Party encouraged intellectual freedom by hoping that the intellectuals would participate in socialist construction (Cao, 1999, p. 309). Nevertheless, the science and technology policies of China were highly influenced by ideocratic elite structure, particularly after 1956. Although there was an intensive desire for scientific research among the ruling elite, the ideocratic structure did not allow pursuing scientific road. As an illustration, while Liu Shaoqi and his followers were advocating theoretical research, Mao and Maoists were advocating that theoretical researches were not aligned with the country's needs (Brock, 2013, p. 46). Instead, rationalist planning and technological revolution were considered as bourgeois superstitions that belong to rightist ideology (Walder, 2015, p. 155). Moreover, Mao and conservative party elite distrusted scientists, who studied in the West (Wang Z. , 2015, p. 182). For that reason, China sought to transfer Soviet technology until the Sino-Soviet split. However, the Soviet technology also became obsolete after the 1970s. Besides, Soviet technology and central planning were based on industrialization, whereas China was an agrarian society. Therefore, it was not only obsolete but also irrelevant to the Chinese economy.

More importantly, China was unable to raise homegrown scientists, particularly after the 1960s. Both the Great Leap Forward and Cultural Revolution damaged the scientific community in China. Science and technology were ostracized during the Cultural Revolution, where intellectuals were attacked for being bourgeois and capitalist roader (Cao, 2013, p. 119). Since the Chinese economy was based on agricultural production, Mao sought to shift scientific attention into agro-industry. For that reason, students, teachers, and professionals were relocated to the countryside by 1968 (Brock, 2013, p. 42). Thereby, most scientists moved away from their profession. The education system shifted its attention to ideological education. In this sense, Mao closed the schools and universities in order to reschedule their curriculum in 1966, but they were not reopened for three years (Oldham, 1969, p. 83). As a result, neither science nor a scientific community found an opportunity to grow up. Therefore, the technologic gap between China and the rest of the world widened.

Military technology was not an exception in this regard. It was also sponsored by the Soviet Union until the Sino-Soviet split. After the Sino-Soviet split, Mao sought to build more defense factories, which were shifted to inner places after the Third Front⁷² initiative in 1966. However, the Third Front resulted in “the squandering of incalculable resources”⁷³ (Shambaugh, 2002, p. 227). The scarcity was not compensated by foreign assistance due to the isolationism policy of Mao. Isolation from the West in the 1960s, and much of the 1970s had seriously retarded national and defense technological development (Cheung, 2016, p. 738). It should be noted that, although China joined the nuclear club in 1964, the scientific progress decelerated after the Cultural Revolution. As an illustration, scientific publication on nuclear research dropped to zero by 1970 and scientists in the nuclear program were attacked by Maoists (Brock, 2013, p. 72).

⁷² The policy which seeks both to military-industrial development and relocation the industry in the interior geography for security.

⁷³ The industry instead should be built on eastern coast due to the comparative advantage.

As has been framed, the third domestic reason for a tendency for change is corruption. However, Chinese domestic policy was not featured by corruption. The economic structure of China did not lead to corruption during Mao's reign. The main reason for this was the agrarian intensive economy of the country. As has been stated, China's economy was based on agricultural production with a lack of technological innovation. Thus, the scale of the economy was already very low, which resulted in a low amount of capital accumulation. The poor economic performance did not cause corrupted bureaucracy in the end. The closed market and unproductive economy under ultra-revolutionary policies created absolute poverty but not corruption (Li S. , 2004, p. 1). As a result of this, China did not face any serious challenges during its take-off period, which will be examined in the following section.

Although China had no corruption problem, it had serious economic and technological problems, which were already discussed. However, China's major problem was its international status, which was reasoned by the domestic factors discussed above, in the 1970s. The following section will examine the implications of the economic problems and ideocracy on the foreign policy of China, which presents the international factors to the tendency for the politics of China.

6.2.2. International Factors to the Tendency for Change

Since the ancient times, China has been looking for a political power in the region. Chinese thinkers and politicians see the political power as the core of hegemony (Bell, 2011, p. 7). The main political economic purpose of the hegemony is to create a tribute trade system (Arrighi, 2009, p. 167). This means that the purpose of the political and military power is not only to generate wealth but also to control the economic relations. However, China was featured by serious domestic challenges, namely lack of economic and technological developments, during the Mao administration. Additionally, China was suffering from isolation from international

community. Both the political power and the traditional tribute state⁷⁴ disappeared in 20th century. Thus, it was suffering from international isolation and relative decline throughout 1960s and early 70s.

Mao's foreign policy understanding, which was based on Lenin's imperialism theory, influenced the isolation from the global system. Accordingly, international organizations were perceived as threat to national security. Mao was suspicious of international treaties and organizations by referring to the Century of Humiliation⁷⁵. In this regard, the West and Japan were always perceived as imperialist evils that have an agenda over China. The isolation from the West was not compensated by the good relations with Eastern Bloc. Although China was a socialist state influenced by the Soviet Union, the relationship between even the two states deteriorated after the Sino-Soviet split in 1956. Unlike his predecessor, the Soviet leader Khrushchev focused more on issues about Eastern Europe rather than China. The Soviet Union withdrew its technical assistance from China. Thus, international economic relations of China, which were already relatively limited, also destroyed. In 1960, China's total imports were either equal to or less than small European states such as Denmark or Sweden (World Bank, 2018a). Imports from the USSR still accounted for half of it in the same year, but the proportion of the USSR fell to 30% and 25% in 1961 and 1962, respectively (Polaris, 1964, p. 649). There was a similar decline in imports from the other countries of the Communist Bloc (Polaris, 1964, p. 649). As a result, China's long lasting relative decline triggered throughout 1960s and 1970s due to isolation.

Additionally, Sino-centric tribute system in East Asia was replaced by US hegemony particularly after 1960. This was reasoned not only by the bipolar world order but also by the mutually exclusive natures of the tributary system and Mao's socialist

⁷⁴ Traditional Chinese tribute system was based on a hierarchical order. Accordingly, all political entities were allowed to carry on their economic activities in China in exchange for accepting the Chinese supremacy. Despite the modern China has not established such a relationship between the mainland and other entities, nor it institutionalized such a foreign policy, revive of the tribute system is discussed in intellectual level. For more details see (Zhao, 2006), (Tingyang, 2009).

⁷⁵ The period between 1839 and 1949 which China was intervened by imperialist powers such as Great Britain or Japan.

system, which was featured by collectivization and closed economy. In the case of China, peripheral Chinese entities, such as Hong Kong or Macau, minimized their trade and investment with mainland China. Instead, Chinese diaspora's attention shifted to Japan and peripheral Asian countries owing to US dominance in East Asia. US military deployment on the capitalist countries in Asia, such as Japan and South Korea, caused China's containment after the Korean War, which resulted in its exclusion from the international system. (Cumings, 1997, pp. 154-155). As a result of this, economic connections between the Chinese diaspora and mainland China were replaced by the US-led economic relations in the region. Arrighi points out that, "the US supremacy in East Asia after the Second World War was realized through the transformation of the periphery of the former China-centered tribute trade system into the periphery of a US-centered tribute trade system" (Arrighi, 2007, p. 345). In that sense, Japan became the unique hub in East Asia of the US-centered tribute trade and financial system rather than the Chinese tribute system. Accordingly, the capital accumulation in Japan was spreading towards the states and political entities in East Asia, particularly to South Korea, Hong Kong and Taiwan.

The continuing expansion of East Asian capitalism had already gone far toward setting itself free from dependence on US political and economic power and in 1980, trans-Pacific trade began to surpass in value trans-Atlantic trade. (Arrighi, 1996, p. 13)

In contrast, China was not utilizing from this wealth generation in the region, but rather it was suffering from famine and underdevelopment. As a result of this, Chinese economy fell behind many countries around the world. Figure 6.2 illustrates China's relative economic position between 1960 and 1976. While its economy was almost equal with France and ahead of Japan in 1960, it was far from them in 1976 (World Bank, 2017).

Additionally, the long lasting Civil War, the Korean War, the Taiwan Issue, and other similar disputes worn out the Chinese army. Thus, on the one hand, China had disagreements and disputes with neighbor countries, such as South Korea, Taiwan, and India; on the other hand, its economic and military power was incapable of maintaining the balance of power struggle because of the wars. Additionally, the

defense doctrine of China redefined in 1971, which indicated that a possible Soviet invasion was the primary threat rather than the US attack (Blasko, 2012, p. 250), (Shambaugh, 2002, p. 229). Notwithstanding, as has already been mentioned, the People's Liberation Army was far from competing in the region due to lack of technological development and economic scarcity. Throughout the 1950s, the Chinese military industry was vertically integrated to the Soviet Union (Shambaugh, 2002, p. 226). As a result, there was a military technology transfer from the Soviet Union to China. However, as the Soviet Union withdrew its assistance after 1956, China sought more self-reliance. Nevertheless, due to both the Great Leap Forward and organizational failures, the military resources were wasted.

It is important to note that Sino-Soviet split changed the balance of power against the Soviet Union and socialist system at some points. China's marginal contribution to the Eastern System for the balance of power was limited in 1950s, but it performed still as an outpost in Asia for Soviet Union as in case of the Korean War. It was providing a buffer zone for the Soviet Union. Therefore, the Sino-Soviet split not only isolated China from the global affairs but also changed the balance of power at the expense of the socialist states in the international system. Thus, the two major socialist states not only broke up their alliance but also they get up against each other. China's isolationist policies continued until the US President Nixon's visit to China 1972. The US President Nixon and the National Security Advisor Henry Kissinger sought to integrate China into the international system by taking the advantage of the Sino-Soviet split. Although Mao's Western-skepticism restricted the relations, the Sino-US rapprochement disturbed adequately the Soviet Union.

This leads us to conclude that China was suffering from economic scarcity and technological underdevelopment during the Mao administration. In addition to the scientific backwardness, China had limited engagement with the international system. These domestic and international tendencies for change forced Chinese elite to take revolutionary steps in domestic policies. This could happen only after the ideocratic elite structure transformed to divided elite structure, where Maoism was

replaced by Xiaoping’s reformist policies in 1976. The following section will elaborate on the elite transition.

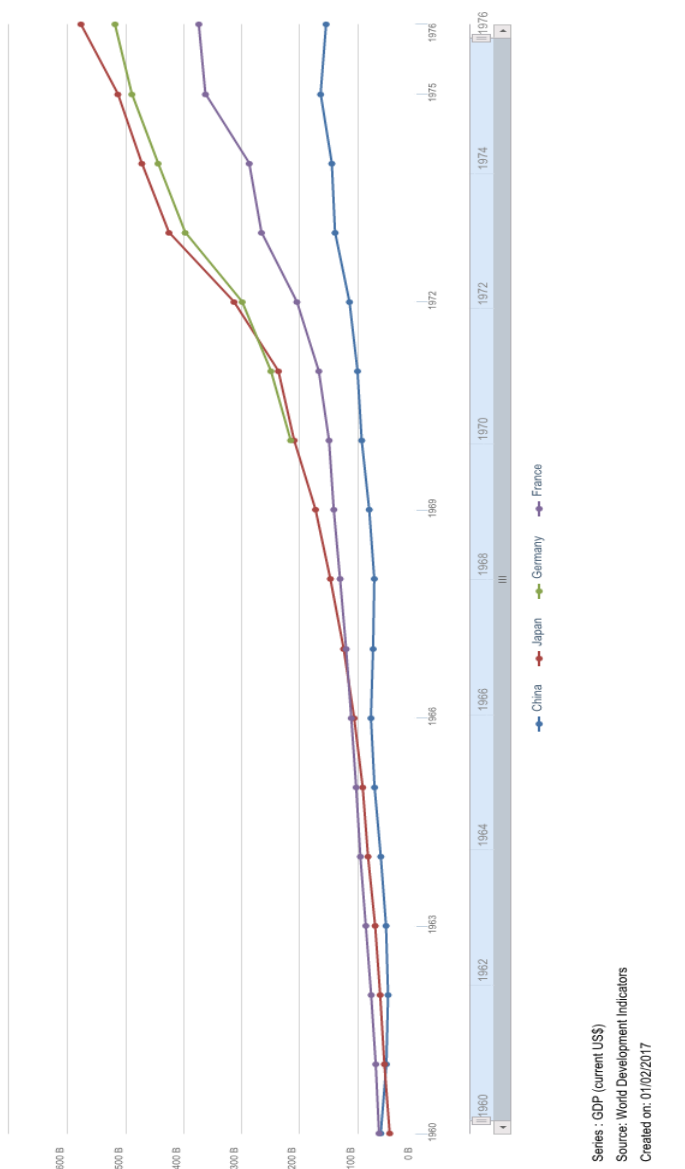


Figure 6.2: GDP of selected countries between 1960-1976 (World Bank, 2017)

6.3. TRANSITION TO DIVIDED ELITE

6.3.1. Transition to the Reformist Divided Elite

It was already mentioned in Chapter II that an ideocratic elite structure may transform into divided elite after the strong leader. The post-Mao era of China was characterized by the breakdown of the ideocratic elite and replacement with the reformist faction. Since the Chinese Communist Party institutionalized neither balance of power in politburo nor succession mechanism, the faction competition turned into a matter of life and death after Mao. The competition took place between the reformists and the conservatives (followers of Mao), particularly the Gang of Four. The Gang of Four was the prominent members of Cultural Revolution. Nevertheless, by the death of Mao, they lost their power. In contrast to them, the reformists consist of Zhou Enlai, Deng Xiaoping and even Hua Guofeng, who was later dismissed by the reformists due to his Maoist ideas. The competition between the two groups did not long last. Gang of Four was eliminated and Deng Xiaoping took the office in 1978. As a result, both institutional and political economic transition took place.

The new elite incrementally changed two fundamental aspects of the party institution. Firstly, unlike Mao, Xiaoping sought technical advice in the decision-making process. Mao openly decided preference for the ideologically pure over the technically competent (Li & Bachman, 1989, p. 88), whereas Xiaoping promoted technical capabilities and educational proficiencies. The Four Modernizations⁷⁶ program was in need of more revolutionary, younger, more knowledgeable, and more professional cadres (Zeng, 2016, p. 158). As a result, top of the power structure was replaced by educated and technical staff rather than class and ideology. By 2002 the technocrats in the Central Committee increased dramatically, particularly during

⁷⁶ The reform program that was proposed by Zhou Enlai in 1963. It was suggesting reform on agriculture, industry, national defense, science and technology. However, it could not be accomplished under Mao. When Deng Xiaoping assumed the office in 1978, the program could be pursued.

the Jiang Zemin era (Cheng & White, 1998), (Cheng & White, 2003). Although it has been slightly decreasing since 2002, still the dominant group in Chinese politics is the technocrats in the post-Mao era.

Secondly, the new elite institutionalized the power succession system, even though Xiaoping's power came from personal authority (Zeng, 2014, p. 299). However, Xiaoping's himself introduced institutionalized power distribution and succession systems. Term and age limits enforced in 1982. Representativeness was regulated. The importance of personal networks was replaced by institutional meritocracy (Zeng, 2016, p. 165). As a result, less political and more bureaucratic leaders were appointed as the party chair after Xiaoping. In this regard, leaders, who had capacity to build consensus among cadres, became more prominent. Thus, the leader cult was replaced by collective leadership among technical staff and different factions.⁷⁷ Indeed, Xiaoping's successors served maximum for two terms in the presidential office until 2017.

The technocratic elite was capable of implementing revolutionary policies for political economic transition. As has been stated, the reformist faction of the Party, such as Zhou Enlai and Deng Xiaoping, had already a tendency for change since the 1960s. However, their intentions were suppressed by Mao. The purge of the Gang of Four raised the opportunity for debates on political economic reform in that sense. The new elite addressed the tension between market forces and institutional imperatives of the ideology (Suttmeier & Cao, 2004, p. 140). In contrast to Mao, the new elite advocated that ideology should meet social reality. With regard to this, the market should not be determined by ideology, but rather economic necessity should guide the party politics.⁷⁸

⁷⁷ Post-Mao elite consists of four different groups namely, Shanghai Gang, Qinghua Clique, Princlings, The Chinese Communist Youth League Group. For more details see. Zhiyue (2004) and (2010). Nevertheless, the identifying the factions is unclear in Chinese politics due to the complex patronage system (Breslin, 2008, p. 221).

⁷⁸ The main expression of this idea is the "Practice is the Sole Criterion for Testing Truth", which has become a motto in Chinese politics.

In that sense, the economic reform debates began after 1978. Having officially launched the Four Modernizations, “intensive debates between the more orthodox older generation of economists and the less dogmatic second-generation economists, who were influenced by the reformist ideas of East European economist” took place (Sung & Chan, 1987). The second-generation economists paid attention to Yugoslavian and Hungarian models. Yet those models were not deemed compatible for China. At this point, the reformist scholars, such as Yu Guangyuan⁷⁹ and Su Shaozhi⁸⁰ began to investigate the New Economic Policy of the Soviet Union and the Bukharinian tradition after 1980⁸¹ (Pantsov & Levine, 2015, p. 370). Bukharin and market economy in socialism became popular among the Chinese elite in this era due to their compatible characteristics between socialism and market economy. Owing to this, the Chinese elite recognized that socialist state organization and market economy were not necessarily mutually exclusive. Finally, Deng Xiaoping acknowledged the “Lenin’s good idea of New Economic Policy” in 1985, because of its promotion on the market economy to institute a socialist society (Xiaoping, 1985).

Since the legitimacy of the Chinese Communist Party is based on the ideology and performance, Xiaoping and the reformist elite have not overthrown Marxism from the party identity. Despite the economic scarcity was obvious, Marxist ideology was the main tool for party cohesion in the end. On the other hand,

After the end of the Cultural Revolution and the death of Mao, ideology and politicization became the problem rather than the solution, because people were reluctant to participate in mass campaigns. (Zeng, 2016, p. 33)

For that reason, the new elite reasserted Marxism instead of replacing it with a new ideology. The reformer statesman Su Shaozi argued that “when Marxism stops developing, it becomes lifeless and sanctifying Soviet experiences and the

⁷⁹ Head of Chinese Academy of Social Sciences

⁸⁰ CCP Theoretician

⁸¹ Since Bukharin and his theory was prohibited by Stalin, so did by Mao. The New Economic Policy and Bukharin were learned by Chinese elite only after 1980, when Su Shaozhi went to Italy to participate on a conference about Bukharin (Rozman, 1987, p. 316) and (Pantsov & Levine, 2015, p. 370).

personality cult, and closing the door to ideas from outside, impeded the development of Marxism” (Rozman, 1987, p. 318). In this regard, Xiaoping clearly indicated that “China cannot rebuild itself behind closed doors and that it cannot develop in isolation from the rest of the world” (Xiaoping, 1984). Xiaoping instead, promoted Bukharinian economy and implemented the Open Door policy. In that sense, the new party elite sought to legitimize its existence with three changes:

The first is ideology. It is certainly true that with the de-radicalisation of the revolution and a rejection of the Maoist past, the nature of this ideology has changed. The second is legitimacy through performance, with performance largely defined in terms of economic success. The third basis of legitimacy is stability. The party presents continued CCP rule as the only way of providing the political stability and personal safety that disappeared in other communist party states (Breslin, 2007, pp. 43-44).

As a result of this, the reformist elite rearranged the state organization in order to secure economic stability and maintain high performance. Although the economy was growing, the new hybrid system had its own contradictions. On the one hand, state planning did still exist; on the other hand, decentralization was taking place. Unless these contradictions were removed, the economy would suffer from disharmony in the future. The problem was taken into consideration after Xiaoping’s famous Southern Tour in 1992. The Southern Tour was followed by the official announcement of the new state organization by party congress, which was named as “socialist market economy”. The fundamental policy framework of a socialist market economy was as follows:

(1) construction of a modern enterprise system; (2) reform of the foodstuff distribution system and liberalized foodstuff prices; (3) reform of the financial system; (4) unification of the corporate tax system; and (5) reform of the social security system (Chen, 2009, p. 70).

To realize these aims, Xiaoping called everyone in the country to engage with business and get rich. This meant that the Party’s interest shifted to developmentalism from class struggle (Seckington, 2005, p. 25). Hence, the state was reorganized officially in favor of the free market. Thus, China loosened the strict Maoist framework for the first time. Instead, the “party changed from revolutionary

based on class struggle and mass mobilization to a ruling party based on stability and order” (Breslin, 2007, p. 42).

6.3.2. Towards Ideocracy Again?

Socialist Market Economy derived high growth rates to China, particularly after the Southern Tour. China’s growth rate fluctuated between 9% and 14% between 1992 and 2011 (World Bank, 2018a). As a result of this, China lifted from a poor country to an upper middle income country in three decades (World Bank, 2018b). However, it is argued that China either already faced or may face middle income trap problem in the future (Glawe & Wagner, 2017, p. 31). Regardless of the predictions, China’s growth slowed down after 2012, which runs around 6% (World Bank, 2018a).

In this regard, the economy literature suggests various solutions including more emphasize on demand-side⁸² economy (Xu Q. , 2016, p. 60) or financial system reform (Huang Y. , 2016, p. 17) in order to transform the structural character of the economy. The Chinese leadership is not indifferent to need for reform either. Premier Li Keqiang called for more reforms in 2013 for economic development (PRC State Council, 2013). Regardless of the economic theoretical approach, the Chinese elite has a reform agenda in order to revive the high growth rates.

“This is an approach that the policy circle in China calls ‘top-level design’. The two documents unveiled at the Third and Fourth Plenums of the new central committee represent two such ‘top-level designs’ that the Party has offered for further reforming China’s economic as well as social, political and government systems. The two plans lay out more than 500 measures of institutional reform and institution building” (Wang & Zeng, 2016, p. 477).

This means that China needs further and deep reforms. In this regard, Xi Jinping, who was assumed to office in 2012, consolidated his power in 2017 for the sake of creating more stable and powerful China by taking quick adjustments.

⁸² Domestic demand oriented rather than export-oriented and consumption driven rather than investment driven

This raises the question of whether Jinping's power consolidation is an institutional decision of the Party or Jinping's precaution against power struggle within the party. Speaking quite frankly, it is too early to answer the question as of 2019. Obviously, Chinese authorities already considered "a high-powered reform commission" essential even before Xi Jinping took the office in 2012 (Lee S. , 2017, p. 328). Thus, the Chinese leadership has already a tendency to consolidate the power of the leader. From this perspective, Wand and Zeng argue that Xi Jinping's source of the power is his institutional post in contrast to Mao or Xiaoping, whose power came from personal authority (Wang & Zeng, 2016, p. 479). In this regard, it is too assertive to claim that China transformed into ideocratic elite structure under Xi Jinping. Instead, the main purpose of the power consolidation of the leader is to create a functioning leadership of technocracy. The essential point is that the party again organized itself in accordance with domestic and international political economic practice. Thus, the elite structure may have transformed into deliberative authoritarianism as was mentioned in Chapter II rather than an ideocratic elite.

6.4. CONCLUSION

Chinese elite during the Mao era and post-Mao era are in sharp contrast to each other. The former was formed by ideocratic structure, whereas the latter consisted of technocrats. Thus, the state was organized in accordance with Marxist principles under Mao's leadership, where ideological loyalty was the main concern. For that reason, ideology and loyalty to the leader were the main sources for recruitment both for the party and governing body. However, the ideocratic structure raised a tendency for change among the party elite, because the ideocracy served for Mao's strong leadership rather than political and economic development.

The ideocratic elite structure caused both domestic and international shortcomings. Firstly, Mao's power consolidation attempts resulted in famine as in the case of The Great Leap Forward. Poverty became the characteristic of Chinese society. Secondly,

the Cultural Revolution and oppression on scientific community led technological inferiority. Finally, the domestic shortcomings depreciated China's political power in international system. Mao's politics not only removed the Sino-centric system but also weakened the socialist system against the Western system. Despite these problems, reformist faction of the Chinese elite could not impose their agenda until Mao's death.

Table 6.1 summarizes the elite structure of China since 1949. The ideocratic elite structure broke down after Mao's death in 1976. Reformist faction took the rule in China in 1978 under Deng Xiaoping's leadership. Xiaoping and the reformist faction redefined socialism in favor of market economy. After an incremental transition period between 1978 and 1992, the reformist elite transformed the state organization into socialist market economy from a revolutionary state. In addition to this, Xiaoping institutionalized the elite structure. In that sense, the political framework was reversed. That is to say, the politics was determined by social conditions rather than ideology. The governing body was occupied by technocrats rather than ideologically loyal cadres. Thus, ideological concerns were replaced by technocratic calculations.

This leads us to interpret the change in elite structure with a neoclassical realist approach. Accordingly, in the initial years of the Communist era, China was tended to bandwagon with the USSR. The international system enabled China to behave in this way. However, the Sino-Soviet split in 1956 shifted the ideocratic elite's attention to domestic power consolidation. That is to say, the ideocratic elite, or more specifically Mao, isolated China from the international system. The isolationist policies, lack of technological development and ideological indoctrination increased the tendency for change among the Chinese elite. Despite, both the systemic stimuli and domestic problems raised a tendency for change among the silent reformist faction in the Party, the ideocratic elite under Mao's leadership resisted to opening and change at least until Nixon's visit to China in 1972. Yet Nixon's visit had limited capacity to pass beyond the ideocratic elite structure. Major restoration attempts were suppressed by Mao, particularly via Cultural Revolution.

Table 6.1

Summary of Chinese Elite

	1949-1956	1956-1978	1978-1992	1992-2017
Elite Structure	Ideocratic Elite	Ideocratic Elite	Divided Elite	Divided Elite
Dominant Faction	Personal power	Personal power	Reformist/Tech nocracy	Reformist/Tech nocracy
Leader	Mao	Mao	Deng Xiaoping	Jiang Zemin, Hu Jintao, Xi Jinping
State Organization	Revolutionary	Revolutionary	Transition period	Socialist Market Economy
Political Economy	Mixed Economy	Central Planning	Mixed Economy	Market Economy

Source: Prepared by the author

The increasing liberal capitalism was able to transform the Chinese elite only after the ideocratic elite was replaced by the reformist divided elite in 1978. The reformist elite highlighted the importance of market economy, which could be managed by technocrats rather than ideological crusaders or Marxism. As a result, the Chinese transition was associated with the change in the state organization from socialism to socialist market economy. The new state organization is governed by technocratic bureaucracy under single-party rule. The new state organization devoted itself to increase wealth generation, which has become successful in 21st century. In other words, the intervening variable of China sharply changed after 1978. The implications of the sharp contrast between the two elites will be examined in the next chapter.

CHAPTER 7

CHINA: SYSTEMIC TRANSITION

China's rise has been one of the main subject matters of both IR and IPE studies for at least two decades. There are mainly two competing ideas in the literature in that sense. On the one hand, as is asserted in the previous chapter, China will possess an offensive policy in order to change the international system for creating a Sino-centric world order. American realists highlight this offensive side of rising powers, so China will not be an exception in that sense.

On the other hand, according to defensive realists, ascending powers do not necessarily implement revisionist policies. In this regard, defensive realist scholars such as Layne (2008) or Medeiros (2009) define China as a status quo power. Wang bridges the gap between the two competing ideas and claims that during weak times China adapts defensive policies, whereas it postures offensive policy when it is relatively strong (Wang Y. , 2011, p. 181). For this reason, it is necessary to examine whether the expansion of a rising state or the challenger of the system is a revisionist or a status quo power.

No matter how it will be, China's rise has a tendency to create power competition both economically and militarily, which will cause tension in trans-Pacific relations. According to the American School, the rise of a new big power unavoidably leads to conflict and war because it would be erected as a countervailing force against American hegemony, particularly in Asia. This raises the question of whether it challenges the international system as well or not. There has been a big debate on China's rise between the American IPE and historical sociologists in the intellectual level.

Yet defensive realists take the issue from the security perspective. The economic pillar may not be the same. We already mentioned in Chapter I that rising powers impose less aggressive foreign policy. Instead, they implement aggressive economic policy, which was described as “soft offensiveness”. This means that a rising state seeks to revise the international system through economic expansion. This analysis will demonstrate that China keeps being passive in terms of territorial and military expansions. That is to say, it implements the peaceful ascendancy policy. Nevertheless, it implements “soft offensiveness”, which means aggressive economic expansionist policies. Hence, it seeks to soft balance the US and to change the system through economic expansion. China is trying to establish a multipolar world order in this way.

In this context, as has already been discussed, the departure point of the tendency for a change of China is the last quarter of the 20th century. Having examined the structure and changing patterns of the Chinese elite, let us elaborate on their responses to the relative decline after the 1970s. This will help us to answer our main question of how international power distribution has changed over time. More specifically, it will be sought to answer the question; “*How do the Chinese elite transform the generated wealth into political power?*” In that sense, it is argued that China seeks to create a multipolar world order via Sino-centric tribute state by pursuing soft offensive policies particularly in East Asia and Third World. The first section will demonstrate how the techno-authoritarian elite increased wealth generation. This will be followed by the analysis of how China seeks to balance the US-supremacy both by economic expansion and establishing its own system in East Asia by reviving the traditional Sino-centric tribute system.

7.1. RESPONSE TO DECLINE

7.1.1. Reflections of the Reformist Elite against the Decline

7.1.1.1. Wealth Generation

The change in state organization of China in the post-Mao period was the most crucial tool to increase wealth generation. The reformist faction redefined Marxism in accordance with the market perspective, so they abandoned the Stalinist leadership and revolutionary state organization. Instead, the Soviet Union's New Economic Policy type of political economy came into the agenda. As a result of this, the state started to retreat from ownership of economic resources step by step after 1978. Major steps for institutional changes meant the redefinition of private property and the transformation of production factors into real products (Zhou, 2010, p. 28). Accordingly, new contracts made between the state and individuals for the management of state-owned resources in order to redefine the private property. Transformation of factor products into real product decreased the organizational costs. Thus, the competitiveness of the Chinese product scaled up, because China already had comparative advantages in many sectors before collectivization. The traditional Sino-centric tribute state improved a variety of agricultural products and crafts in China. The tribute state also improved the capability to internalize newly emerging techniques in engineering and technology around the world. However, under the closed economy of communism, these advantages dropped back and they could not be transformed into wealth. Open Door policy and privatization turned the tables on.

Thus, the new elite sought to revive the Sino-centric tribute state in order to increase the wealth generation along with protecting the state authority. The traditional Sino-centric tribute system was featured by free trade with Chinese characteristics, which promoted the state as the regulator of economic relations, in contrast to the Western-

oriented liberalization, which promotes free-market and discourages state intervention to the market. Therefore, the Western-oriented liberalization was not a suitable model for China in that sense. In the end, political power is seen above all powers in Chinese politics as is emphasized in the previous chapter. The political power has to be incorporated with the economy, technology, resources, and influence, which constitutes the Comprehensive National Power⁸³ of a state (Angang & Honghua, 2004). Thus, the economic power is not only a transmission belt of the military power but also the main component of political power. In that sense, the Chinese elite looked for a hybrid regime that bridges the market economy and state authority. Therefore, they needed to mix the state authority and market economy, which was supposed to be a unique model for China rather than internalizing an external model.⁸⁴

As a result, the state relocated itself in a regulatory position. The state also became the main actor of the market instead of abandoning the economy to the pure market rules. Unlike the Eastern European transition, Chinese privatization took place in the bottom-up process. That is to say, the small entrepreneurship was encouraged instead of transferring the state assets into cronies. Additionally, the government created opportunities for selected sectors. “It robustly intervenes in the economy through developmental planning, deficit investment, export promotion, and strategic industrialization” (So, 2016, p. 181). Hence, economic growth cohered with sociopolitical stability. Thus, a possible income inequality problem was preempted. Needless to say, the degree of intervention gradually changed throughout the transition period. Guo groups the process in six phases;

1. a centrally planned economy (before 1978);
2. an economy regulated mainly by planning and supplementation by the market (1978–84);
3. a commodity economy with a plan (1985–87);
4. a combination of planned and market economies (1988–91);

⁸³ The measurement of power used by Chinese authorities.

⁸⁴ The old Chinese expression “Crossing the river by feeling the stones” describes the situation. Although the expression is attributed to Xiaoping, none of the resources shows any statement from him. Yet his administration is associated with that expression because of the accuracy.

5. a socialist market economy with state ownership as the main form (1992–97);
6. a socialist market economy with public ownership as the main form of ownership (from 1998 onwards). (Guo, 2010, p. 86)

In other words, the state was gradually reorganized. The factories were decentralized and they were allowed to exceed the necessary amount rather than the centrally planned amounts. Prices were freed from the central determination as well. Thus, the firms started to consider profit maximization instead of fulfilling the directions of central planning. Xu indicates these reforms as “regionally decentralized authoritarian system” which was characterized by political centralization and economic regional decentralization (Xu, 2011, p. 1078). In a sense, the East Asian way of developmental state model was implemented. According to Knight, such an incentive for officials solved the principal-agent problem, which underpinned the developmental state of China (Knight, 2014, p. 1338). Accordingly, the state remained the sole authority for development strategy which at the same time ensured a functioning free market.

As a result of this, the structural character of the economy transformed. In contrast to the Mao period, the agrarian society has transformed into an industrial society. The industrial proportion in the economy started to increase in 1992 and by 1997 it exceeded 50%. Internalization of technological development supported this trend. The technology-intensive industry became the pioneer sector in rapid economic growth. In other words, technological development resulted in an increase in economic scale. Figure 7.1 indicates the rapid growth of the Chinese economy as a result of the increase in economies of scale and internalization of technological externalities.

The growth was pioneered primarily by Chinese entities in the region, namely Hong Kong and Macau, which were former Western colonies but became part of China with special status after 1997 and 1999 respectively, as well as the de facto state Taiwan. During this period, Hong Kong constituted one-third of the total exports of mainland China. Similarly, exports to China accounted for less than 1% of Hong

Kong's total exports before the Open Policy, where it rose to 26% by 1986 (Ash & Kueh, 1993, p. 713). Therefore, a strong bilateral economic relationship was established between the mainland and Hong Kong. This was supported by FDI as well. Figure 7.2 indicates the change in FDI amounts of mainland China, Hong Kong, and Taiwan throughout the 1970s and 80s. Accordingly, as China allowed to inwards FDI, overseas Chinese entities increased their capital transfer to the mainland. By 2016, China receipted half of the FDI from Hong Kong and Macau, which made it third largest FDI recipient around the world (Morrison, 2018, p. 17). Manufacturing formed the biggest share in FDI, where foreign enterprises⁸⁵ account half of China's trade (World Bank, 2010). Thus, the FDI from the Chinese entities transformed into export.

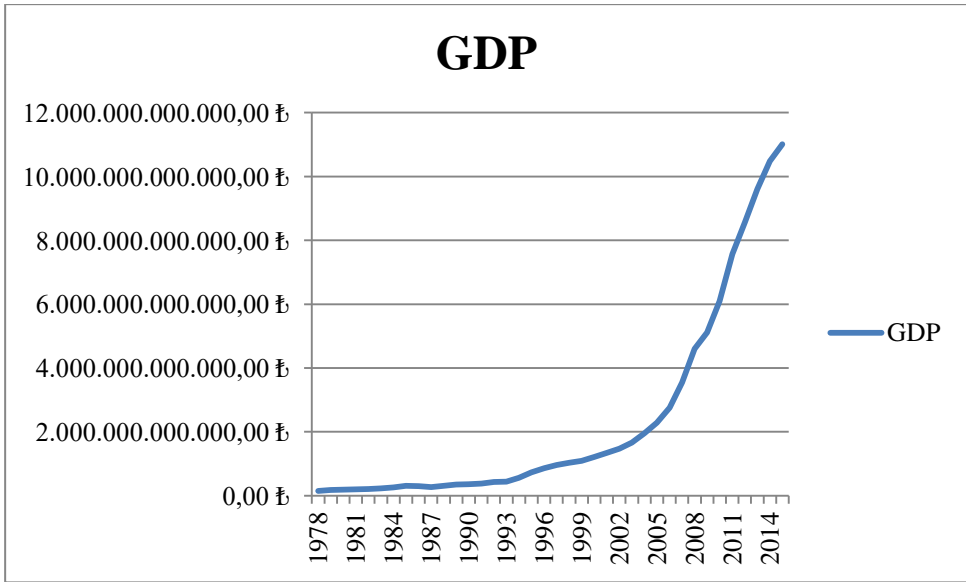


Figure 7.1: Chinese GDP after 1978 (World Bank, 2016)

In this regard, it can be asserted that one of the two important tools for Chinese development under the new state organization was the state-driven FDI rather than creating a national bourgeoisie in order to revive the Sino-centric system. This meant that Beijing sought to regulate not only the domestic economic relations but also the international trade in East Asia. The FDI-driven and export-oriented growth lead us

⁸⁵ Hong Kong, Singapore, Taiwan, Japan. For more details see (Koopman, Wang, & Wei, 2008)

to understand the new political economy of China in the post-Mao period. More specifically, it brings us to understand the Sino-centric tribute state. Since China had a weak economy and isolated from international trade before 1978, there was no serious capital accumulation. The privatization process was not substantiated via shock therapy or transferring of state assets to selected groups. Instead, development was compensated by foreign investment. As a result of this, a dominated business elite did not emerge in China. China's capitalists instead, had different social identities, resources, networks and relations with the government elite, which prevented a class formation among them (Tsai, 2005, p. 1135).

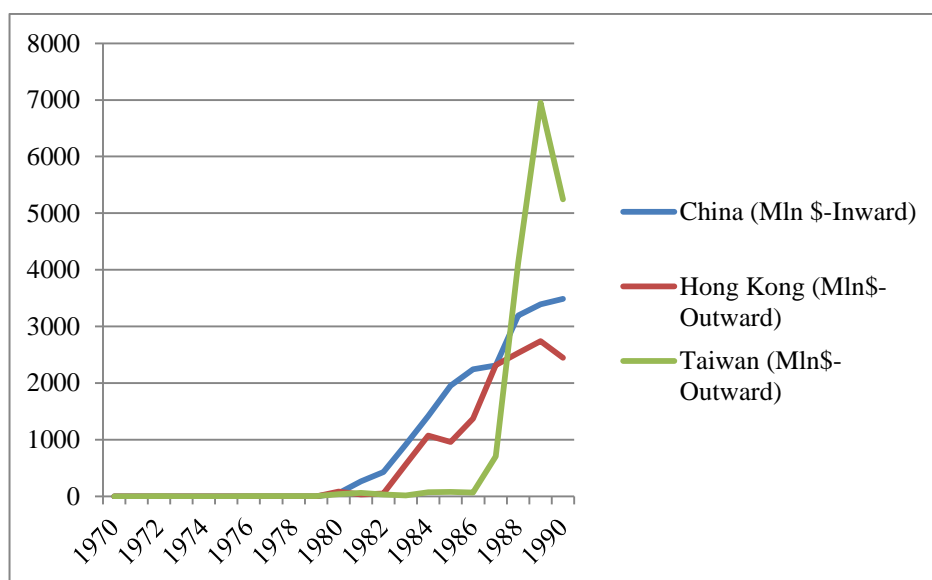


Figure 7.2: FDI fluctuation among Chinese entities between 1970-1990 (Prepared by the author by using data from UNCTAD, 2015)

The state – business relations evolved into a dominion, where the practical ideology of foreign sector managers translates into a freedom not to be involved in politics but focus on their business. (Pearson, 1997, pp. 140-141).

In this regard, the state was capable of incorporating the state-business relations, where its strategy served for national interest rather than individual corporate actions (Jonathan, 2006, p. 165). This means that the state played a vital role for capital accumulation rather than a bourgeoisie class. In brief, having reorganized the state in

accordance with market conditions, China caught high and sustainable growth rate throughout the 1980s and 90s thanks to FDI and export orientation. Data analysis indicates that the growth of China is correlated with the growth of physical capital, infrastructure, labor productivity, human capital, and foreign investment (Wu, 2004, p. 31).

FDI-driven development was important not only for economic growth but also for technological development. FDI contributed more and more to China's export growth, particularly after China's accession to the WTO and the inflows of FDI also improved the technological upgrading of China's trade (Li & Wang, 2009, p. 24). At the beginning of the 21st century, low technological manufactured export constituted more than 40% of Chinese exports in contrast to 17% high technology. In 2005, those items were equalized by 32%.

The importance of FDI for China is not only its contribution to technological development but also its leading role in shaping export-oriented trade patterns, which is the second most important pillar of Chinese development. Growing FDI and a huge amount of labor supply are the main driving forces for the trade surplus of China. Foreign investment in China unavoidably creates demand for mechanical equipment and intermediate goods, which are already being produced in East Asian countries since the 1970s. 60% of Chinese imports are constituted either by semi-finished goods or mechanical equipment that are already produced in ASEAN countries. Similarly, 60% of Chinese exports consist of consumer goods, which are attained to the global market. Thus, China imports intermediate goods from East Asia, processes them and finally exports to the whole world. Li and Wang summarize this trade pattern:

A triangular trade pattern has emerged. That is, China is used as an export base for the advanced Asian economies, which instead of exporting finished goods to the US and European markets, now export intermediate goods to China. (Li & Wang, 2009, p. 28)

Therefore, China found a position in the global production network assembling industry, where FDI and the export-oriented growth are the main driving forces. As Figure 7.3 indicates, Chinese exports sharply increased after the Open Policy.

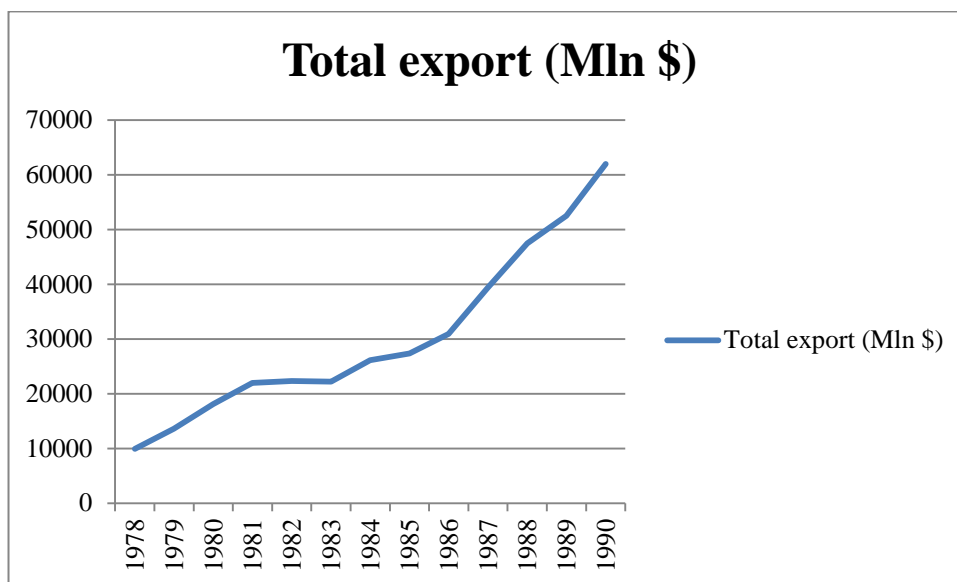


Figure 7.3: Chinese exports after Open Policy (Prepared by the author by using data from UNCTAD, 2015)

In conclusion, China kept its single-party socialist structure with strong authority in the decision-making process under deliberative authoritarianism. In the economic level however, it implements a functioning market economy. For that reason, both the literature and official Chinese statements call it socialist market economy. Owing to the new state organization, China caught skyrocketed economic growth throughout four decades. It becomes successful to generate wealth. It is already mentioned that the growing economy leads states to impose economic expansionist policies. The following section will elaborate on the economic expansion of China by asserting that China is implementing neo-mercantilism, which is featured by the encouragement of excessive trade surplus, strict capital controls and centralized currency under central government (Okeke, Cilliers, & Schoeman, 2018, p. 40) and soft balancing political economy against the US-supremacy. In other words, China's soft offensiveness will be elaborated on.

7.2. RESPONSE TO RISE

7.2.1. Economic Expansion

As China redefined the state organization, it embraced an increase in wealth generation. As a result, it became the most prominent rising power of international politics. As has already been asserted, states seek to expand territorially (hard offensiveness) or economically (soft offensiveness) when their economies of scale change. In this regard, our analysis also claims that states pursue soft offensive policies when they are ascending. This expansion starts under existing international political economic systems. For that reason, ascending powers tempted to behave as status quo power during the expansion phase. They rather seek minor revisions in favor of their political economy. Economic expansion refers to a relative increase in trade and foreign investment of the rising power. The first measurement of relative economic increase is the proportional increase in the world trade and investment. The second measurement of expansion is the monetarization of the rising power. This is followed or cohered by the increase in influence in international institutions and finally implementing its own rules on other states, which can be associated with the seeking equilibrium.

China has been trying to follow such a pattern particularly after 1992. China implements soft offensive policies, which can be qualified as neo-mercantilism. The main purpose of this is not only grabbing a high growth rate but also soft balancing US dominance. This section will try to prove this argument. Thereby, redistribution of power in the international system will be demonstrated. The most important pillars of Chinese growth are; export orientation, FDI, which run together, Chinese entities in East Asia and aggressive currency policy which could be classified as the neo-mercantilist political economy. All of these constitute the Sino-centric tribute state in the 21st century.

7.2.1.1. Expansion of Trade and Investment

As China grows thanks to a huge trade surplus, it becomes the main actor in the global trade network. In that sense, the WTO membership, which meant connecting China to the Western system, became another milestone in Chinese history. Politically, China accepted the liberal rules of the international system, namely the free trade regime. Economically, WTO membership contributed to China's export and FDI oriented growth not only vertically⁸⁶ but also horizontally⁸⁷. WTO membership in 2001 contributed to China's export and FDI oriented growth because of the promotion of the free market. Its total export doubled in 3 years. By 2013, China became the world's largest exporting country. Figure 7.4 demonstrates the gradual increase of Chinese trade after the accession to WTO.

Owing to this, Chinese trade transcended the region. Africa and South America became the main targets of Chinese exports and investments. As an illustration, the rapid growth of trade links increased China's involvement in South America (Jenkins, 2010, p. 834). China's trade share in South America arose from 0.8% to 2.5% a decade after the WTO accession, where South America became the leading regional partner of China (Ray & Gallagher, 2015, p. 3). Similarly, for the sake of resource security, development cooperation, and market expansion, China improved its economic relations with Africa (Alden, 2005, p. 148). Additionally, the African market attracts Chinese low-cost exports (Biggeri & Sanfilippo, 2009, p. 45). Similarly, Africa is the main raw material provider for China. This let China become the leading trading partner of Africa after 2010. As a result of this, its share of global trade sharply increased. By 2015, China holds one-quarter of the total world trade. More importantly, throughout the 2000s China become the leading country that created a huge amount of surplus around the world.

⁸⁶ Quantitative growth of export

⁸⁷ Geographical expansion

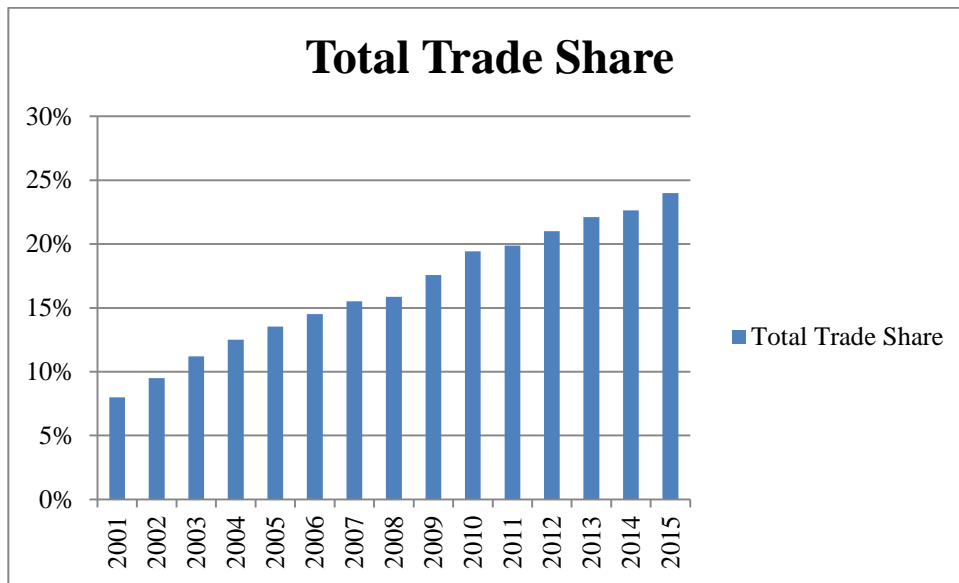


Figure 7.4: China’s World Trade Share after 2001 (Prepared by the author by using data from WTO, 2017).

Nevertheless, its economic expansion, particularly to Africa is perceived as aggressiveness. China’s production mainly depends on natural resources. However, it suffers from the shortages of them. In this regard,

A major structural requirement for China’s continuous industrialization drive is to enter Africa aggressively and extract energy and resources, very much along the lines of what it has been doing at home for decades. (Jiang, 2009, p. 588)

This leads China to invest resource extraction projects in Africa in exchange for their supports in international arena. However, Chinese investments are far from assisting local development abroad, because Chinese firms neither transfer the technology to the region nor utilize from local workforce but carry Chinese workers. Thus, they act like a Chinese entity in Africa rather than a multinational firm. It is estimated that the number of Chinese citizens engaging in business or labor activities in African countries exceeds one million (Zhu, 2013, p. 30). Thus, the overseas Chinese population plays a vital role for the growth of China, particularly in East Asia and Africa. Yet, it creates asymmetrical growth between China and African states.

With regard to this, Chinese economic policy is considered as an expression of neo-mercantilism, because the export orientation and seeking huge trade surplus policies are supported by the currency policy. Accordingly;

The Chinese government has pegged the yuan to the dollar. When China exports more to the USA than it imports, there is an imbalance in the balance of payments. The imbalance is counterbalanced by a flow of dollars into China. The dollars are then held by the Chinese Central Bank and converted into yuan. So for every dollar flowing into China, approximately 6.5 yuan are created and injected into the Chinese economy. (Cwik, 2011, p. 10)

This means that the export-oriented growth is accomplished with a highly centralized currency regulation.

Therefore, the state is not only playing a vital role for the economic growth of China but also directing it. This direction is featured by export-orientation and FDI. Owing to them, the Chinese economy has been growing faster than any other country for almost four decades, as a result of the huge amount of trade surplus. The increasing amount of trade and production raises the necessity to monetarization of the Chinese economy, which is the main engine of the neo-mercantilist policies.

7.2.1.2. Monetarization

It was already framed in the first chapter of this study that the second measurement of economic expansion of a rising power is monetarization. In this regard, the monetarization of China is a new phenomenon compared to its trading history. That is to say, China's financial existence is modest compared to its share of trade in the international market. As an illustration, China holds only 4% of foreign exchange turnover out of 200%⁸⁸ in financial markets. Yet it needs to assist the economic rise along with monetarization, considering its export and FDI oriented growth. However, currency internationalization always carries a risk of appreciation, because it may

⁸⁸ Total sum is accounted out of 200 % since each currency trade involves reciprocally.

burden commodity trade. Additionally, in the Chinese case, the empirical result indicates that monetary expansion does not lead to greater output (Kodama, 2006, p. 67). For that reason, internationalization of Renminbi⁸⁹(RMB) “presupposes fundamental changes in China’s development model” (Eichengreen, 2011, p. 728).

This leads China to follow its own way to internationalize Renminbi. In this regard, monetarization was pioneered via Chinese entities in East Asia just as the case of Open Door Policy. Yet, the internationalization of Renminbi is in the initial stage in that sense. China started to create offshore deposits in Hong Kong after 2005. In 2009, Renminbi trade settlement enforced between the mainland and Chinese entities, namely Hong Kong and Macau. Thus Renminbi has been becoming the trade currency of China step by step for a decade. Owing to that, Renminbi deposits in Hong Kong increased fivefold from 62.7 billion RMB to 314.9 billion RMB in 2010 and then doubled to 588.5 billion RMB by the end of 2011 (Gao & Coffman, 2013, p. 146). Thereby, China not only financially expands but also keeps capital controls. Thus, it seeks to develop its financial power “without involving money and credit in China” (McCauley, 2013, p. 107). This provides policy space for regulating the flow of money, which assists in curbing macroeconomic risks (Brummer, 2015, p. 9). This controlled and accumulated deposits raised China’s foreign exchange reserves without deviating it from the developmental state path.

Despite the internationalization, China keeps the value of Renminbi artificially low. With regard to this, China’s international political economy is considered as neo-mercantilism in the literature mainly due to its high trade surplus thanks to the artificially low exchange rate (Krugman, 2010). Owing to this, it keeps low-cost production without carrying the risk of appreciation. Because of that, the international community blames China as the reason for global imbalance. According to the G-8 members, China is manipulating the exchange market for the sake of its aggressive export policy by holding currency reserves. Nevertheless, China does not see reserve accumulation policy as the source for global imbalance. It sees reserve accumulation as a defensive mechanism against external shocks. Global imbalance

⁸⁹ Official name of the Chinese currency, where Yuan is the basic unit of it.

instead, is caused by the current financial system, which serves for the US interests, according to Chinese authorities.

Yet it is hard to claim that the Renminbi will dethrone Dollar dominance. The Chinese government still pursues tight capital controls, which results in an underdeveloped financial market. The tight capital control inhibits the usage of Renminbi as a reserve currency by international market (Cohen, 2012, p. 367). Additionally, the country is perceived as one of the most autocratic states by financial markets. For that reason, the Renminbi is not considered as an investment currency (Cohen, 2012, p. 366). As a result of this, Chinese monetarization is far from challenging the Dollar supremacy at that point.

In brief, internationalization of Chinese finance follows a slightly different way from the mainstream economic expansion. It follows the Chinese characteristic of the political economic model, which contains using Chinese entities. That is to say, it goes step by step starting from accumulating the capital in overseas China. Additionally, it does not compound the economic expansion with political efforts, but rather it promotes the autonomy of the creditor countries. Thus, it does not show up as a countervailing force against the US hegemony but weakens it by empowering its allies.

7.2.1.3. Increasing Influence on International Institutions

The increase in trade and limited monetarization led China to influence its economy on its periphery in East Asia and on the Third World. There are two impressions of this growth. The first impression is seen in China's policy against Bretton Woods institutions. The second impression is seen in a revival of the tribute state in East Asia.

Regarding the Bretton Woods institutions, China has been seeking a restoration in the international financial system. Despite its relative weakness, the financial balance

has been changing in favor of China in terms crediting, especially after the 2008 Global Financial Crisis. As an illustration, after the crisis, China has become the main lender in South America. The economic expansion of China beyond East Asia, however, does not increase the political influence of China but rather it provides autonomy for the borrower states (Kaplan, 2016, p. 667). That is to say, it provides unconditional credits for developing countries in contrast to Bretton Woods institutions, which are famous for total opposite. Thus, it diminishes the systemic influences of IMF and World Bank (Chin, 2010, p. 93) or the structural power of the US in other words. From this perspective, it can be asserted that China seeks to soft balance the US hegemony by unsettling US's influence rather than imposing its own policy.

The Asian financial crisis encouraged China to discredit the US leadership. The crisis disfavored the IMF and Western economic system in East Asia. Although China did not raise the obstacles of the international financial system at that time, its continuing development model arose the interests of the developing economies in the region. It started to highlight the issue after the 2009 Financial Crisis. "The outbreak of the global financial crisis simply provided Beijing with an opportunity to publicize the proposals and it has drawn much attention from around the world" (Xiao, 2015, p. 2030).

As a result, China started to challenge both the mechanisms and influence of Bretton Woods institutions. In this way, it seeks to decrease American dominance not only in the voting mechanism but also in decision-making processes. Accordingly, the international financial system does not serve for the developing countries. Instead, it creates asymmetrical growth between the Global South and the Global North due to the lack of morality. Therefore, China is dissatisfied with the current international financial system, which is displeased by the Third World as well. For that reason, it seeks to shift the international financial system into multipolarity rather than the dominance of a single country. However, it is still far from balancing US dominance. For that reason, China proposes to increase the representativeness of BRICS in Bretton Woods institutions (Xiao, 2015, p. 2033). This policy is enforced by looking

for representation of the developing country interests. From this perspective, China is seeking reform on five issues: “International Monetary System reform, reform of the International Financial Institutions, international financial regulation, the future of the dollar and internationalization of the renminbi” (Xiao, 2015, p. 2040). Accordingly, the dominance of the dollar and voting system of the Bretton Woods institutions are considered as the key problems of the ineffective global financial system. In contrast, China promotes state authority and self-determination⁹⁰. It presents an alternative development model to the donnered Third World countries by respecting their internal dynamics in this way. The financial crises, namely the Asian Financial Crisis of 1997 and the Global Financial Crisis of 2008, provided an opportunity for China to restore the system in favor of itself. Throughout the 2010s, China achieved to expand its voting power in the IMF and World Bank. Thus, it gained more institutional power not only on regional level but also on global level. Yet deteriorating the US-dominance is more crucial for China at this stage.

The second expression of the increasing influence of China is seen in revival of the tribute system. It should be asserted that the economic expansion of China via overseas Chinese population is the revival of the tribute state. Arrighi demonstrates that,

The decision of the Chinese government under Deng Xiaoping to enter into an alliance with the diaspora aimed at the double objective of upgrading the economy of the PRC through its reintegration in regional and global markets and of promoting national reunification with Hong Kong, Macau and it may result in re-centering of Chinese tribute system. (Arrighi, 2009, p. 178)

Capital transfer from the ethnic Chinese population is crucial for capital accumulation in China. As a weak organized society with Maoist heritage, China was lack of international competition, so it needed to be assisted. The social and cultural networks of Chinese diaspora plays a role for capital accumulation in mainland China by transferring the assets from abroad to the mainland market to overcome this

⁹⁰ The self-determination concept of China does not refer to the Wilsonian understanding of self-determination, which is based on people’s right to self-determination. Instead, the Chinese self-determination advocates territorial integrity and non-interference to sovereign states.

problem. Their technical and managerial skills are also important to internalize technological development.⁹¹

In fact, the historical Chinese style of business revived. Prior to the communist revolution, at the beginning of the 20th century, Weber claimed that capitalism already existed in China but some ethos were lacking (Weber, 1930/1992, p. 17). Thus, a capitalist system with Chinese characteristics existed. That is to say, the Chinese business groups were highly specialized in accordance with the traditional principles, such as mutual personal trust, which in the end ties the business groups around the ethnic Chinese business partnership (Holbig, 2000, p. 17). Yet promoting the already existing connection between mainland China and Chinese diaspora would help foreign assistance with the Chinese way of business connection. Diaspora knew the technical and managerial skills in Western type. They were also holding accumulated capital. Mainland Chinese businesses trusted only their relatives in the diaspora. Thus, diaspora Chinese transferred both capital and technology to the mainland via their relatives. In this way, China would integrate to the world economy in the path it knows. Unlike the European economic expansion, where there is labor shortage but a capital surplus, East Asian economic expansion is determined by labor surplus and capital shortage (Arrighi, 2007, p. 34). Thus, the FDI-driven and export-oriented growth were settled in Chinese political economy characteristic.

In this regard, China's FDI-driven industrialization is not only a high growth of a country but also a shift in the global production network. In the post-Mao era, the Chinese elite reorganized the state in accordance with becoming a global production center, where it imports primary goods from neighboring countries and developing countries. These products are either reassembled or developed as high technology commodities and exported to international markets as finished goods. Owing to Chinese diaspora in East Asian countries, China transfers high technology to the mainland. More importantly, the technology and managerial skills also transfer from the West in exchange for cheap labor force in China. As a result, throughout the 1990s, Sino-centered global production network was established in technological

⁹¹ For the importance of Chinese diaspora on rise of the mainland China see (Smart & Hsu, 2004)

goods. China becomes the center of the assembling industry. Primary goods are produced in peripheral countries such as Taiwan, Hong Kong, Malaysia and exported to China. China collects these primary goods, assembles them, and finally exports to Europe and to the US.

In this regard, the following section will explore the use of the tributary system in the political realm. It is obvious that political systems are actually protectors of economic systems. The following section will demonstrate how China incorporates its economic expansion with a political agenda. In other words, it will be explored how China establishes hegemony in order to keep a favorable asymmetrical growth. Thus, the question of, how China will legitimize and maintain the tributary system in East Asia, will be answered.

7.3. SEEKING EQUILIBRIUM

Chinese foreign policy under the Mao era and techno-authoritarian leadership differs from one another. While Mao, who considered ideological loyalty for elite recruitment, decided on isolating China from the international system, the techno-authoritarian elite, which consists of reformists elite, highly engaged with international community. In this regard, the techno-authoritarian elite behaved as a reformist elite. That is to say, having reorganized the state in accordance with socialist market economy, they generated more wealth, which encouraged them to seek for economic and political expansion. Let us elaborate on how the reformist elite changed the Chinese foreign policy and sought for equilibrium in that sense.

It is already argued that when states transform into great power and economically expand, they tend to pursue hegemony and change the international system until it reaches an equilibrium. That is to say, the rising hegemon sets the hierarchical order and imposes its own rules in its own sphere. It is also argued that the transition may not necessarily lead to a hegemonic war, but rather change can occur incrementally in peaceful manners.

In this regard, the economic expansion of China and the emergence of the Sino-centric political economic system raise the question of, how a possible Sino-led hegemonic world order will accommodate with the peaceful ascending. It is called peaceful, because China pursues a soft balance policy against US dominance, where it uses economic tools rather than arms race (Pape, 2005). Additionally, China seeks to restore the international financial system under the existing economic rules. Thus, the reformist elite seeks economic expansion rather than hard aggressiveness. In the end, China is the main beneficiary of the existing system for at least two decades. As the redefinition of the ideology is able to generate wealth, economic expansion and soft offensiveness become the features of Chinese foreign policy. From this perspective, Chinese political scientists are tempted to deny the conflictual nature of the power transition. Instead, they consider China as a responsible great power (Liping, 2001). Bijan argues that,

China will not follow the path of the great powers vying for global domination during the Cold War. Instead, China will transcend ideological differences to strive for peace, development, and cooperation with all countries of the world. (Bijian, 2005, p. 22)

Accordingly, the great powers have moral obligations to regulate the world order by appropriateness rather than being selfish by taking advantage of their relative position.

This normative idea *a priori* presupposes the international system as hierarchical due to the asymmetrical political power among entities as in the case of traditional Chinese tribute system. Accordingly, the political entities behave in accordance with their status under a hierarchical order (Dreyer, 2015, p. 1016). The main task of big powers in that sense is to take responsibility for maintaining the regional/global order. Hegemon regulates the economic relations among different units. As a responsible great power, it should put its selfish interests away. Instead, it should pave the way of development for sub-entities. In this case, China takes a position in favor of self-determination of smaller states. As an expression of that, unlike the Western political economic model, China assists in development of the Third World without conditions. Thus, China, on the one hand, legitimizes its leadership status; on

the other hand, it discredits the leadership of the US, who interferes to the credit recipient countries via Bretton Woods institutions. From this point of view, China seeks to revive the tribute system in a sense, where it takes the supreme position in exchange for smaller states are allowed to maintain their economic activities and self-determination.

From this perspective, non-interference is the main soft power of China. The unconditional credits for East Asia and the Third World distract smaller states from the US and Bretton Woods institution. Thus, unconditional credits delegitimize the US and its institutions, namely the IMF and The World Bank. In this regard, it should be noted that soft balancing is not a choice but a pragmatic solution in the short-run. The Chinese Army⁹² is still far from competing with the US military. Therefore, hard balancing can only be provided by alliances. Nevertheless, China's inability to build a military alliance system discourages it to balance the US externally (Odgaard, 2012, p. 44). This leads China to shift its attention to soft balance policies. Therefore, soft balancing policy is in fact not a permanent political decision but a pragmatic choice for short-run. As Wang argues:

In general, China's grand strategic choices were shaped by the country's power position, with Chinese leaders having adopted an offensive posture when relatively strong and a defensive one when relatively weak. The historical record shows that Chinese leaders have been sensitive to the balance of power with their adversaries and adjusted military policy accordingly (Wang Y. , 2011, p. 181).

In this respect, the Chinese foreign policy was suspicious of multilateralism during the eras of Mao and even Xiaoping. Accordingly, multilateralism not only limits the state sovereignty but also serves for the Western interests. Thus, it violates the self-determination of the sovereign. In contrast, the tributary is obligated to protect the independence of state autonomy with bilateral relations. Therefore, the hierarchical differentiation between the responsible great power and sub-state is maintained only by bilateralism (Zhang, 2015, p. 35).

⁹² People's Liberation Army (PLA)

This raises the question of to what extent China transforms as such normative idea into the real world politics. In other words, how China takes responsibility for the international system as a great power? It is naïve to claim that China followed through this path without aiming a hegemonic order. In contrast to its political framework, Chinese foreign policy shifted towards multilateralism under the reformist elite, unlike the Maoist foreign policy understanding. The Asian Financial Crisis awakened the techno-authoritarian elite to engage more in international politics rather than bilateral relations. The crisis led China to more proactively embraced multilateralism in order to improve its international status and influence (Mark, 2012, p. 121). More importantly, Chinese elite regard multilateralism as a necessity to balance US hegemony (Hughes, 2005, p. 125), (Wang H. , 2000, p. 485). As a result, China became an active participant of multilateral economic and security agreements in East Asia such as ASEAN, SCO (*Shanghai Cooperation Organization*) or APEC (*Asia-Pacific Economic Cooperation*) since the mid-1990s (Wang H. , 2000, p. 481). Finally, in 2013 Xi Jinping launched the Belt and Road Initiative⁹³, which covers several Asian and African countries, in order to revive the historical Silk Road. Thus, the Sino-centric multilateralism was initiated by the techno-authoritarian reformist elite.

In this regard, the rise and increasing influence are seen more in the regional level. In regional politics, multilateralism has been the dominant character of Chinese foreign policy. Chinese reformist elite have realized that “economic co-operation would be the foundation for the regional organization as well as the principal channel to ensure China’s regional influence” (Cheng, 2011, p. 652). In this regard, “China’s desire to be involved in regional groupings and its attempt to attain a dominant position within them is not a secret” (Astarita, 2008, p. 85). Besides, the financial crisis has changed the perspective of the ASEAN countries to China as well. They wanted to bandwagon on Chinese development (Xiao, 2009, p. 308). Hence, the development of China serves not only for the economic growth of itself but also for regional

⁹³ It is the global economic and development strategy of China that aims to connect China to Asia, Europe and Africa via land maritime networks. For more details see (World Bank, 2018c)

integration and creation of a Sino-centric order. Therefore, China has become a consensual leader of the developing countries in East Asia, particularly among ASEAN countries.

Thus, China tries to create a more secure environment in East Asia. Accordingly, China sees the Asia-Pacific region as the “most dynamic economic region with the greatest development potential in the world” (Gill, 2005, p. 251). This leads China to establish a regional order in East Asia. This leadership, in fact, is not denied by the states in the region⁹⁴, who seek to bandwagon Chinese development. As has been stated, the defense spending of China is greater than the regional average. However, this does not lead the peripheral countries to buildup strong military bases for reaction (Swaine, 2005, p. 273). Instead, ASEAN, ARF and Six-Party Talks welcome Chinese leadership to create a more secure regional environment in East Asia. According to Kang, unlike the balance of power expectation of realism, Asian politics is featured by bandwagon on China’s leadership, who provides stability for the region (Kang D. C., 2003, p. 82). Besides, “China realized that such cooperation could bring benefits and constrain the actions of others” (Kang T. G., 2010, p. 425). Thus, China creates more maneuvers owing to multilateral security cooperation.

Yet the Sino-centric economic order can be ensured only by military power. For that reason, Chinese military expenditure has been growing since the Open Door policy. In fact, its “defense spending has been growing faster than the economy” (Wang Y. , 2011, p. 199). Even in 1985, 1.158 large and medium scale industrial enterprises were core defense industrial enterprises and at least 827 additional enterprises had significant defense responsibilities have been contributing to the army, which constituted %24 of Chinese industry (Bachman, 2013, p. 433). As of 2015, China’s military expenditure share of GDP is greater than the East Asia & Pacific average (World Bank, 2017). This means that China is the biggest actor in the arms race in Asia.

⁹⁴ Except Japan and South Korea who are traditional US allies and part of the US-led system.

The most prominent policy that overshadows soft balancing and peaceful ascend is China's transformation of Shanghai Cooperation Organization. Sussex describes the SCO as a hegemonic regime due to the dominance of China, who successfully evolved the organization into a military-economic structure (Sussex, 2013, pp. 73-74). Nevertheless, it should be highlighted that the SCO serves for China's regional interests. In other words, China seeks to counterbalance the US dominance only in its neighborhood. Thus, it is not NATO equivalence of the Sino-centric world order but only regional order.

What are the implications of economic expansion, soft balancing, and regional multilateralism? Obviously, China is the main beneficiary of the US-led order, particularly in terms of the trade regime. For that reason, it is considered as a status quo power (Xiao, 2015), (Combes, 2011). Indeed, China seeks to balance the US supremacy within the existing international rules, such as soft balancing by free trade or multilateral cooperation in East Asia. Nevertheless, Chinese authorities seek to revise the international financial system due to its limited monetary power. It is raised particularly after the 2009 Global Financial Crisis. Governor of the People's Bank of China Zhou Xiaochuan issued a statement that calls for reform in the international monetary system, which proposes "a super-sovereign reserve currency" and change in management (Xiaochuan, 2009). Herewith, it seeks to break the dominance of Dollar in international finance. With regard to this, it launched Renminbi Trade Settlements after 2009. Thus, it seeks to internationalize Renminbi. Additionally, it calls for reform in Bretton Woods institutions, particularly on management selection issues and voting procedures in favor of the developing world. In this regard, China is considered as a "reform-minded status quo power" (Xiao, 2015).

Therefore, China's soft balancing policy towards the US consists of two steps. The first step is to delegitimize the US leadership by aiding to the Third World and considering their interests in international organizations. China highlights the self-determinism and autonomy of the sovereign states. Its unconditional credits for the Global South are the most prominent expression of this policy. The second step is the

formation of the multilateral organizations in East Asia. China has an advantage with regard to East Asian leadership, because its rapid development experience attracts the states in the region. Additionally, the technical capability of its leadership builds confidence among the countries in the region. Thus, the Sino-centric system does not discomfort the East Asian states, but rather they seek to bandwagon on Chinese development. This encourages China to form a regional system under its own leadership.

To sum up, China seeks to solve the disequilibrium in the international system by soft-balancing the US via regional multilateralism and discrediting its position in Bretton Woods institutions. These active attitudes in international organizations present a sharp contrast to the Maoist foreign policy. Maoist foreign policy understanding was highly based on isolationism, due to their ideological boundaries. That is to say, since they were featured by ideological loyalty rather than technical knowledge, they were unwilling to engage in world affairs. As a result, they decided on isolationism. In contrast to this, the reformist elite decided to involve actively in multilateral relations thanks to their technical knowledge. Thus, the new elite is able to perform its political and economic technical capabilities as a reformist elite. This is not only a preference but also a necessity for economic expansion. In this regard, having generated wealth, the reformist elite seeks for economic expansion and soft-balancing the US hegemony.

7.4. CONCLUSION

China has been transforming into a market economy since the late 1970s. Before this, it was suffering from relative decline and poverty during the Mao administration because of the Great Leap Forward and the Cultural Revolution. Although the reformists were aware of the situation even in the 1960s, they had no real power to implement new policies. Mao had already consolidated his personal authority even before the Communist Revolution. His decisions could not be challenged during his

life. Thus, the *raison d'être* of the ruling party was in fact deteriorated, but still Mao's ultimate leadership could not be challenged.

The increasing economic activities around the world created pressure on China. Additionally, its bandwagon to the USSR ended after the second half of the 1950s. In fact, China was already in relative decline due to the domestic scarcity. This pushed China more isolationism. Its relative decline revealed in the 1970s as a result of the relative rise of the capitalist system. Yet Mao kept isolationist policies at least until 1972. Nixon's visit to China caused an opening only in a limited sense. Thus, despite the international system was already in disequilibrium for China, the ideocratic elite structure inhibited the necessary tools for wealth generation.

The Chinese transition is highly correlated with the elite change in that sense. Despite the reformist elite had already a plan for transformation in the 1960s, it was seen that they kept silent during the Mao era because of his strong leadership. They took action after Mao's death. Mao supporters were deposed, which resulted in the purge of the conservative faction. Thus, the reformists did not need to form a new coalition with dissidents, who already had no power. Instead, the leadership was replaced by technocracy. Although Deng Xiaoping was also featured by his personal authority, he used it to institutionalize the leadership, particularly after 1989. As a result, the new elite transformed the administrative structure into technocracy and introduced balance mechanisms in order to prevent possible personal cults. As a result, the Chinese ruling elite structure transformed into the deliberative authoritarianism.

The new ruling elite interpreted the external changes, which was increasing capitalism, and domestic scarcity different than Mao. According to the new elite, interactions with the world would not necessarily result in a new humiliation. Instead, this wealth generator externality should have been internalized carefully in order to catch development. However, there was still a contradiction between the party's ideology and internalized economic policy. On the one hand, Marxism was the legitimacy and the integrative ideology of the party elite. On the other hand,

economic development could be caught only by adapting the market rules instead of a Marxist economy. This contradiction was solved by the formation of a hybrid regime. Marxism was redefined by the party elite. The state was reorganized in the form of socialist market economy, where the market economy was performed in the directorate of single-party. Thus, domestic arrangements changed in favor of market conditions step by step in order to generate more wealth. The institutionalized elite structure guaranteed the continuity of the new state organization, which was the socialist market economy.

Therefore, the reformist elite transmitted the externality, which was the increasing economic activities around the world, into economic growth. In that sense, the new state organization implemented the Open Door policy. The Open Door policy was based on FDI-driven export orientation. Thus, the economic growth was based on manufacturing rather than financial accumulation. This means that China became the global manufacturing center in contrast to Global North, where finance is the primary scale of the economy. The economic growth led to economic expansion starting from the 1990s, which accelerated after the WTO membership in 2001. By 2010s China became the hub for the assembling industry. Primary goods were imported from peripheral political entities such as Taiwan, Hong Kong, Malaysia and exported to the world. As a result, China transformed into the top manufacturer country and the second biggest economy of the world.

As China caught economic growth, it started to implement aggressive economic expansion. Its economy is featured by neo-mercantilist characteristics due to seeking high trade surplus and currency war under the directorate of the single-party. The global trade balance sharply changed in favor of China thanks to its currency policies. It also holds a huge amount of financial accumulation. Therefore, its economic growth not only promoted itself to tributary state position in East Asia but also changed the global economic balance of power.

Since the economic balance of power changes in favor of China, it does not have a problem with the existing international political economy. In that sense, it is not only

hard but also naïve to claim that China is a revisionist power, whereas China is the biggest beneficiary of the current international political economic order, which is featured by free trade and capital movements. As it becomes the hub of the global manufacturing, Bretton Woods institutions and their principles serve for China.

China rather has a problem with the US dominance on the international political economy. From this perspective, China is seeking for a new equilibrium in the international order by restoring two pillars rather than transforming it. Firstly, the international financial system has to be restored. In that sense, China does not establish its own financial institutions. Instead, it seeks to increase its influence under the current regime. As an illustration, it increases its voting share in Bretton Woods institutions and promotes the rights of developing world in order to soft balance the US dominance. Therefore, China does not want to change the system as a whole but rather it seeks to restore the instruments of the current international system in order to bust the US hegemony.

Secondly, the international order has to be based on multipolarity. China is promoting a multipolar world order, particularly in the governance of the international system. Traditional Chinese political thought presupposes that the interstate system consists of hierarchical order. Big powers have moral obligations to regulate the economic relations among smaller states without interference on their domestic issues. This has two reflections in the current global order. First, the US-led unipolar world order is not moral enough. It creates instability and asymmetrical growth between nations. Demands of the developing world are ignored. Second, China has the moral obligations to deal with poverty and underdevelopment in East Asia.

The outcome of these policies is that China is engaging more and more in regional political economic initiations and Bretton Woods institutions. Thus, China is far from using institutional power on the global level. It rather seeks to vitiate the American dominance. Seeking for institutional power has been occurring only on the regional level.

Nevertheless, history of China⁹⁵ indicates that it uses the discourse of peaceful ascend whenever it is militarily on capable of balancing the existing hegemonic power. It is already argued that rising powers impose more aggressive economic policies, whereas they act less aggressive in military politics. Thus, contemporary China chooses to implement soft offensiveness. In the end, hard offensiveness would not necessarily change the international system in favor of China, but rather it takes the risk of losing the main beneficiary position.

Current regional order in East Asia shows that neither China seeks for territorial expansion nor the peripheral countries are irritated by the growing Chinese army. Besides, the Sino-centric economic order is not maintained by the deployed armies in the region. That is to say, the developing countries in East Asia do bandwagon to China without exchange for security protection. Thus, they accept the economic superiority of China. Nevertheless, they do not demand military aid. For that reason, Chinese hegemony can be described as “incomplete hegemony” (Zhang, 2015, p. 151).

This leads us to conclude that the changing character of the international system was going to be less and less profitable for China unless they internalized that change. This forced them to transform the ideocratic elite into the divided elite. The divided elite rearranged the state organization in favor of market conditions. As a result, China has become able to generate more wealth. As China generated more wealth, it started to implement an aggressive economic policy. This was characterized by imbalanced trade surplus, state direction, and holding financial assets. Its aggressive economic policy turned into soft balancing the US supremacy thanks to its developmental aids and unconditional credits to Third World. Since China is able to grow under current international political economic rules, it is profitable. Thanks to that, China increases its influence on East Asia and Third World. It seeks to create its own sphere. Thus, it seeks to establish a Sino-centric tribute system in East Asia and multipolar world order. Therefore, the international system transformed China into

⁹⁵ The offensiveness of Ming dynasty between 1368 and 1449, and Confucian pacifism after 1449 can be given as main examples. For more details see (Wang Y. , 2011) .

socialist market economy and China is starting to transform the international system into multipolarity. Figure 7.5 illustrates the process and outcome of the Chinese transition.

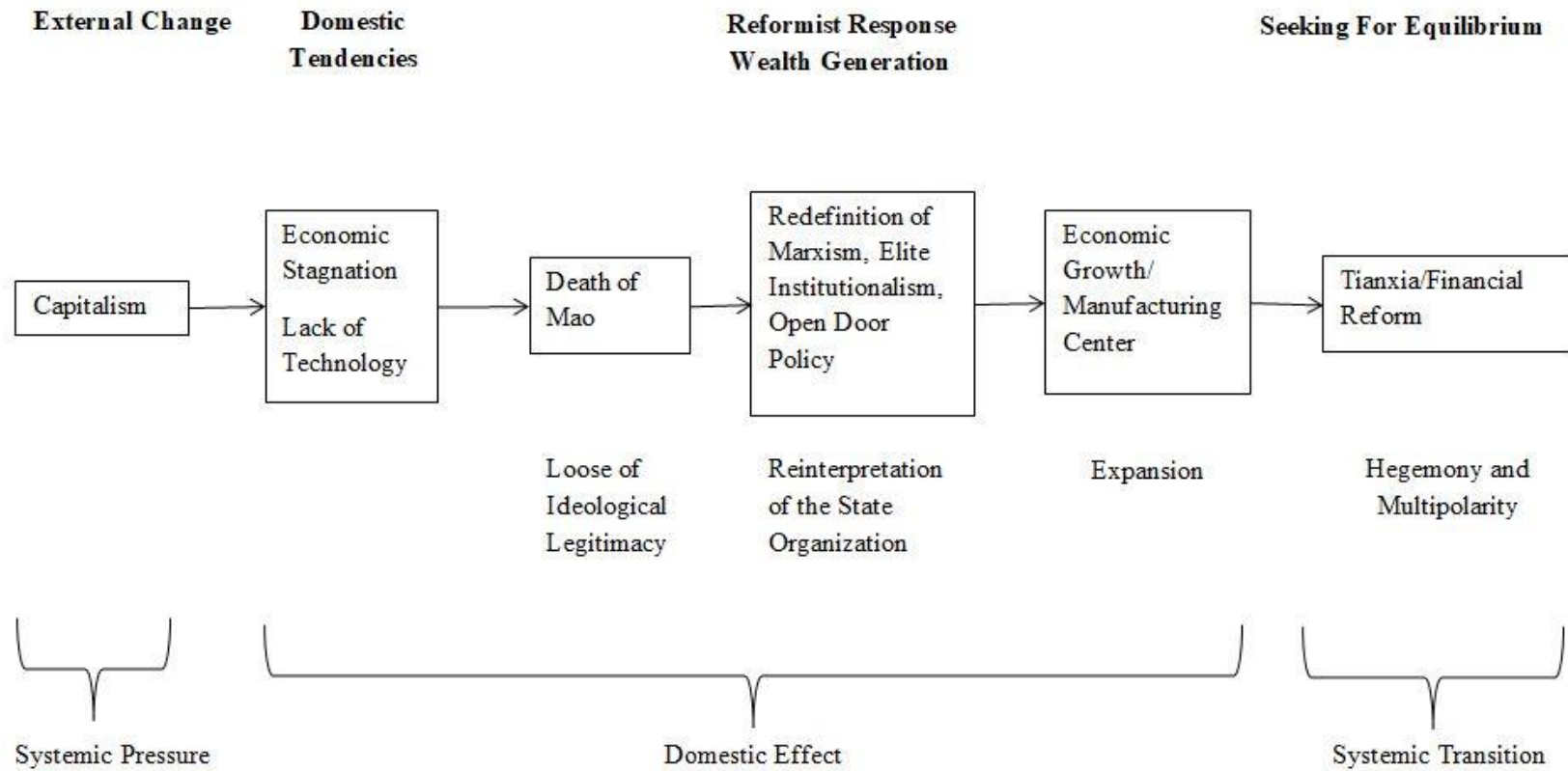


Figure 7.5: China's reciprocal relation with international system

CHAPTER 8

CONCLUSION

The reciprocal relationship between the great powers and the international system since the 1970s was the main subject matter of this study. In this context, it was sought to understand “how was the socialist system affected by the liberal order in terms of state organization, and how did they change international power distribution since the 1970s”, which was the research question of the thesis. Regarding the question, the study argued that the (Neo-liberal) capitalist system transformed the socialist states to (Illiberal capitalist) hybrid regimes and created a multipolar world order since the 1970s. Several questions were raised in order to prove this argument within a neoclassical realist approach. Thus, the elite preferences of the great powers were taken as the intervening variable of the study.

There were several reasons to choose the neoclassical realism in order to understand the systemic transition. First and foremost, the realist tradition evolved into a new form particularly after the Cold War. Accordingly, as different state behaviors occurred, the first image of neorealist explanations became inconclusive to understand the dynamics of the international politics. Thus, the 21st century of realism needs to substantiate its reliability in a progressive manner. For that reason, the systemic transition must be analyzed in accordance with the recent developments of the realist research program. Secondly, the liberal international system did not progress in a linear line, unlike as was suggested immediately after the Cold War. It rather generated a variety of capitalist state organizations, such as state-led capitalism of Russia and socialist market economy of China. The reasons for the differentiations between the capitalisms needed to be examined. The neoclassical realism enables us to study the diverse policies by highlighting the domestic structures of states. Last but not least, the relationship between the domestic

variables and the international system can be understood only by a neoclassical realist approach. Neoclassical realism provides us an opportunity to understand the prospects and challenges of the rising and declining powers by bridging the gap between the systemic effects and domestic structures. Thus, it is reliable to examine the reciprocal relationship between the state and the international system.

From this perspective, the intervening variables of Russia and China were put on the table before examining the systemic effects of the two cases. It was demonstrated how the reformist faction of the Communist Party of the Soviet Union formed a new coalition with dissidents due to the tendency for change, and as a result transformed the state organization into illiberal state-led capitalism. Similarly, the techno-authoritarian leadership of China transformed the state into the leading trading country around the world by reorganizing the state in the socialist market economy form. Having put forward the intervening variables of Russia and China, the implications of the changes were inquired. It was argued that as a stagnated great power in the 1970s, Russia sought to transform the international order into multipolarity in order to balance the US-supremacy. In contrast to this, it was demonstrated how China acted as a rising power and sought to create a Sino-centric tribute state in East Asia.

Having examined the elite structures of the two cases and implications of their change, let us first compare and contrast the Russian and Chinese elite. This will be followed by answering the research question of the thesis.

8.1. SIMILARITIES AND DIFFERENCES BETWEEN THE RUSSIAN AND CHINESE ELITES

Both Russia and China had socialist state organizations during the Cold War. Thus, both countries were founded on the same ideological pattern by their founding elites. This unavoidably reveals similarities between the two powers. First and foremost, both the Soviet Union and PRC were founded by ideological elites, whose authorities

were legitimized by civil wars. The latter took control as a result of a long-lasting civil war and the former replaced the existing government by revolution and consolidated its authority after a civil war. Thus, both of the ideological elites' authorities were ensured by civil wars. Secondly, both Soviet Russia and PRC were founded on Marxist principles with a limited market economy. That is to say, the founding elites organized the new states in accordance with single-party rule under Marxism without forbidding private ownership in the initial periods. The private ownership was promoted by Lenin in Russia and allowed by Mao in China, because theoretical Marxism suggests that the accumulation of capital is a necessary stage before transforming to the socialist society. Thus, both elites allowed capital accumulation just after the revolutions to prepare for a socialist transformation. In contrast to that, both elites reorganized their states in accordance with the socialist structure under central planning after the initial period, which was the third similarity. Having implemented a limited market economy, the ideological elites reorganized their states in accordance with socialism in order to transform the structural character of the economy from agrarianism to industrialism. However, the outcomes of the industrial transformation attempts of the two cases were different from one another. The fourth similarity of the elites is the reformist response. That is to say, when the legitimacy of the centrally planned political economies eroded, the reformist factions proposed pro-market reform in order to increase wealth generation. This means that they sought to internalize the capitalist model, which surpassed the socialist world after the 1970s. Finally, Russia and China experienced both ideocratic elite and divided elite rule with different patterns.

Despite the similarities, there were also differences between the Chinese and Russian elites. Although they were founded on ideological basis, PRC was founded by ideocratic elite under Mao's leadership, whereas the Soviet Union transformed into it from a divided elite during the Stalin administration. Moreover, while ideocracy was replaced by reformist divided elite in China, the Soviet Union incrementally transformed into reformist divided elite. Secondly, the ideocratic elite structure was successful to transform Russia's structural character of the economy but failed in

China. That is to say, Russia became a huge industrial country during the Stalin administration. In contrast to this, China suffered from economic decline and poverty during the Mao administration. Instead, China's industrialization took place during the rule of the reformist divided elite. In that sense, China's reformist elite was able to revive the country. Russia's reformist elite, on the other hand, could not manage to recover the economic decline. As a result, the Soviet elite formed a new coalition with dissidents.

What are the implications of these similarities and differences between the two elites? First and foremost, when they formed their states in accordance with Marxist principles, Marxism was a "legitimate" development model for agrarian societies. It is worth noting that however, the Russian elite had market economy experience thanks to New Economic Policy. Yet the Soviet experience suggested that central planning was able to transform a country into industrialism faster than capitalist countries, particularly under totalitarian rule. For that reason, Mao sought to internalize it for China. As a result of this, both China and Russia organized their state in accordance with Socialism with central planned political economy. Nevertheless, central planning resulted in catastrophe in China. Moreover, it became the problem itself in Russia too two decades after Stalin. As a result, the central planning political economy and Marxism lessened their legitimacy. Instead, the elites sought to replace the central planning with a market economy, which created more wealth in the Western system.

The failure of the central planning leads us to compare the similarities of the tendencies for change in both countries. As was already framed in Chapter I, a tendency for change arises when states have domestic and international problems. At that point, the diminishing rate of returns is the key problem that states encounter due to its effects on economic inefficiency. It causes economic decline unless it is compensated by technological development.

In that sense, domestic motivations for a change of China and Russia showed similarities in the 1970s. When the ideocratic elites of both countries aimed to build

an industrialized country, which took place between the 1930s and 1950s in the USSR and between late 1950s and early 1960s in China, none of them calculated the socio-economic results of rapid industrialization. The relevant chapters demonstrated that the industrialization efforts of both countries caused serious demographical change. The migration to urban areas resulted in agricultural production decline due to the decrease in farm lands and labor inputs. However, the central planning system in the Soviet Union and ideocratic elite structure in China disregarded such demographic changes. Although the land and labor inputs declined, central planners asked for more output without technological compensation. In contrast, technological innovations stopped in both countries. The scientific communities of both countries were unable to discover new techniques for production. As a result, the marginal rate of return declined in both countries. In addition to this, the Soviet Union was suffering from corruption.

This resulted in a relative decline of both countries, although China was already a relatively declined country during the 1970s. In addition to this, China, which already lost its tributary status in the early 19th century in East Asia, was contained by US-supremacy, which aligned with Japan and South Korea. Moreover, China's isolationism escalated after the Sino-Soviet split in 1956. The Sino-Soviet split not only weakened the Eastern Bloc against the Western Bloc but also widened the gap between the two blocs. On the one hand, the Eastern Bloc fell back, on the other hand, the Western Bloc countries, namely Japan and Germany progressed. Thus, the balance of power in East Asia changed at the expense of both China and the Soviet Union. Therefore, the maintenance cost of the Eastern Bloc became unaffordable for Russia.

As a result, conservative elites were delegitimized and replaced by the reformist factions in both cases. Reformist elites redefined the official ideologies of their states. Instead of socialism and centrally planned economy, they sought to bridge the gap between Marxism and market economy in order to generate more wealth. While the Soviet Union revived the Bukharinian tradition by transforming into state capitalism, China ended up with the socialist market economy. However, the

outcomes of both cases exhibit a sharp contrast to each other. The Chinese elite re-legitimized itself by transforming into deliberative authoritarian elite, whereas the Russian elite was forced to break the ideological alliance and reformists formed a new alliance with liberals. In the end, the state organization has transformed into state-led capitalism in Russia.

This leads us to put forward the reasons for the opposite outcomes. As has been demonstrated in the relevant chapters, while the reformist Chinese elite was able to increase wealth generation, the Russian reformists failed to do that under single-party rule, so they formed a new coalition with liberal dissidents. It could be asserted three main reasons for different outcomes. Firstly, Russia was already an industrialized country. The problem was the outdated equipment due to the lack of technological development. In contrast to this, China was an agrarian society during the Mao administration. Thus, the structural character of the economy transformed into industrial production in China. As a result, it presented the S-curve development, which was mentioned in Chapter I. That is to say, the Chinese economy caught a rapid growth rate after 1978. Secondly, as the Russian economy decentralized the lower cadres demanded more political autonomy as well. This triggered not only the governance dispute between center and locals but also ethnic tensions in federal states. As a result, the political instability hindered the wealth generation attempt of the central government. The political instability weakened the central government which resulted in the dissolution of the state. Finally, while the reformist faction completely prevailed in the Chinese political leadership, the reformist faction of the Soviet Union was still bounded by the conservative faction to some extent. For that reason, the Russian elite was not as ambitious as the Chinese elite to adapt a market economy. In the end, the Russian elite is featured by political characteristics, whereas the new Chinese elite is characterized by technocracy.

In addition to these, there had been a sharp contrast between China and the Soviet Union in terms of their international status before they redefined the official ideology of Marxism. The Soviet Union was the maintainer of the socialist system under the bipolar world order. Therefore, it was seeking not only for its own development but

also for the sub-states of the system. In other words, it undertook the cost of the maintenance of the system. For that reason, the redefinition of the ideology affected not only the Soviet Union but also the other states in the socialist system. Thus, abandoning Marxism meant permission of free choice for Eastern European states. As a result, the redefinition of Marxism created an imbalance in the international system. China, on the other hand, had its own responsibility. Therefore, ideological redefinition was the subject matter of China itself rather than the socialist system.

As a result of this, transitions of the two cases resulted in different state organizations even if both of them transformed from Marxism to hybrid Capitalism. The Soviet Union has dissolved and transformed into Russia. It is ruled by a fragmented elite. This means that Russia transformed into an illiberal democracy, which is featured by the market economy and dominant party rule. Thus, Russia transformed into state-led capitalism. In contrast to this, the state organization of PRC has transformed under the existing political rule. That is to say, the CCP maintained its sole rule in the country. The economy of the country, however, has transformed into market economy. Thus, the state organization of China has become socialist market economy.

This shifts our attention to the main purpose of the thesis. Since the origins and implications of the elite transition of both cases differ from each another, their attitudes also present a sharp contrast. To put a finer point on it, Russia acted as a declining hegemon, whereas China's attitudes since the late 1970s can be considered as a rising power attitude. The former sought to increase wealth generation as well as cost reduction, and the latter increased wealth generation.

In this regard, let us remind the Figure 3.1 in Chapter II. The outcomes could be designated for simplification. Accordingly, if the ideocratic and conservative elites become successful as a result of efficiency increase, the outcome is (1), if they choose cost reduction by territorial expansion, the outcome is numbered as (2). The economic expansion of reformist elite is numbered by (3) and finally cost reduction of them is numbered by (4).

The relevant chapters concluded that China followed the 3rd path after 1978. Accordingly, the Chinese elite was replaced by reformist faction under Deng Xiaoping's leadership after Mao. Although Deng Xiaoping had personal authority, he used his power to institutionalize the succession mechanism. As a result, the reformist faction became the sole authority in China. They redefined the official ideology, which resulted in transformation of the state organization. Namely, the socialist state transformed into socialist market economy. Owing to ideological redefinition, China caught a high growth rate. Thus, they became successful to increase wealth generation. This led them to pursue economic expansionist policies. Soft balancing policy against the US and creating the Sino-centric tribute state are the main examples of the economic expansionist policies of China. To be more specific, Chinese international political economy was featured by neo-mercantilism, which was mentioned in chapter VI. Additionally, it tried to decrease the influence of Bretton Woods institutions.

Russia's pattern, on the other hand, presents two different stages. When the Soviet Union started to stagnate in the 1970s, the country was being ruled by conservative elite. Thus, despite they tried to increase the economic efficiency by institutional rearrangements in the 1970s, they could not be successful. This was the path (1) according to our model (Figure 3.1). As a result, they sought to reduce the costs of the system by territorial expansion. Therefore, they followed the 2nd path of the model. However, seeking territorial expansion enhanced the maintenance cost of the system. Since the conservative elite was unable to recover the economic stagnation, its legitimacy eroded. Therewith, the reformist faction took the charge in Russia when Andropov was assumed to office in 1982. The reformist faction redefined the founding ideology in order both to increase wealth generation and to reduce costs of the system. When the wealth generation attempts became ineffective, the reformist faction reduced costs. Thus, they followed the 4th path of the model. However, retreatment of the state resulted in elite replacement and dissolution of the Soviet Union. The reformist divided elite was replaced by a fragmented elite.

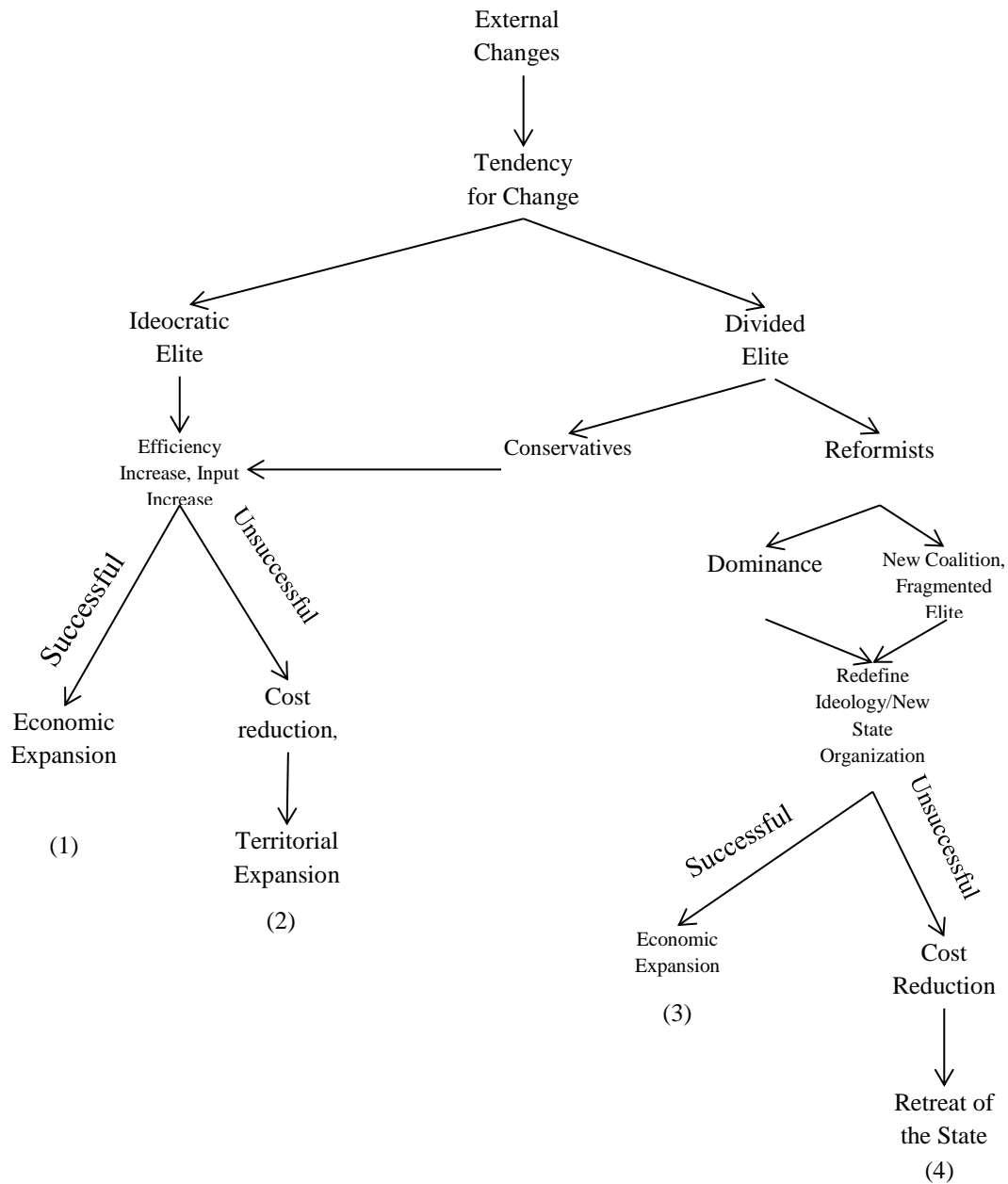


Figure 3.1: Elite Preferences in Neoclassical Realism in Ideological Elite

The new fragmented elite of Russia went beyond the model. Accordingly, having transformed the state organization to state-led capitalism, the fragmented elite became able to generate more wealth compared to the last decades of the Soviet Union. However, Russia did not seek for economic expansion after the Cold War,

but rather it implemented territorial expansion just like conservative elites. In that sense, the fragmented elite does not fit the model. There are two main reasons for such an inconsistent result. First, although Russia is able to generate more wealth under state-led capitalism, it is still in relative decline compared to the US and China. Therefore, it still implements aggressive foreign policy due to the relative decline. Second, fragmented elites are less predictable compared to ideological elites, because in the end fragmented elites are sum of different cadres. For that reason, they are tempted to demonstrate both conservative and reformist attitudes. Therefore, it is not easy to theorize illiberal state attitudes. Yet generally speaking, in the case of relative decline, the fragmented elites implement hard aggressive policies just like ideocratic and conservative divided elites, whereas, in the case of relative rise they seek for economic expansion. In other words, fragmented elites behave in accordance to both their composition and relative position in the international system, which is more complicated than the ideological elites.

To sum up, while China has become a rising power, Russia has been declining since 1970s. This forces both countries to make the international system in equilibrium. While Russia is no longer able to balance the US supremacy, it seeks to transform the world order into multipolarity. Russia implements its own Monroe Doctrine in that sense. That is to say, it does not allow third parties to interfere to the post-Soviet space. Similarly, although China is the most beneficiary state of the existing international rules, which makes it a status quo power, it also seeks to create a multipolar world order by pursuing its sphere of influence in East Asia and by delegitimizing the leadership of the US.

Having put forward the similarities and differences between the two cases, let us answer the big question of the thesis. How socialist systems were affected by the liberal order in terms of state organization and how did they change the international power distribution since the 1970s? As has already been demonstrated, the (Neo-liberal) capitalist system transformed the socialist states into (Illiberal capitalist) hybrid regimes and created a multipolar world order since the 1970s. The following section will dilate more details.

8.2. THE SYSTEMIC TRANSITION

The international system was in equilibrium under bipolar world order throughout 1950s, and 60s. There was a balance of power between the liberal system under the US leadership and socialist system under the Soviet leadership. These two big powers imposed hegemony on their spheres for power maximization.

However, the international system fell into disequilibrium in the 1970s. Both leaders of the two systems suffered from stagnation. That is to say, on the one hand the US faced with oil crisis, which rendered the Bretton Woods system unsustainable. On the other hand, the Soviet Union suffered from diminishing rate of return problem. Nevertheless, the Western system had two advantages compared to the Eastern system. Firstly, although the US, which was the leader of the Western system, was dealing with debt problem, sub-states of the Western system were rising since the end of the WWII. By 1970s, Germany, Japan, France became prominent economic powers. In contrast, both the Soviet Union and the other states in the socialist system were suffering from economic decline. Secondly, the Western system and the US were able to recover the damages of the Oil Crisis of 1973 by transforming their system into neo-liberalism. Although the effects of the neo-liberalism are controversial, it can be safely claimed that the US was able to generate more wealth as a result of the redefinition of liberalism. In contrast, the Eastern system was unable to recover the effects of stagnation within the Marxist political economic framework. Moreover, the socialist world was divided due to the Sino-Soviet split since 1956. Therefore, the two socialist states did not only compete with the liberal system but also with each other.

Therefore, the neo-liberal transformation of the Western Bloc after 1980 deranged the balance of power between the liberal and socialist systems in favor of the former, which enhanced the disequilibrium in international system. The gap between the two systems widened particularly after 1980.

As a result of this, the legitimacy of socialist elites, who perform central planning, eroded unavoidably. As has already been asserted, ideological elites are legitimate as long as they perform stable government and provide domestic security. When the government underperforms, their legitimacy comes into question. In this regard, when the socialist states underperformed compared to the liberal states throughout 1970s and 1980s, their conservative elites delegitimized. Instead, the reformist factions sought to internalize the market economy, because in the end it was the market economy that made the Western countries in a better situation.

This forced the reformist elites to adapt market economy. However, they sought to keep their control on state apparatus along with market economy. In that sense, the ruling elites were tempted to adapt the liberal economy on one hand. On the other hand, they were unwilling to adapt the political rules of liberalism. This led them to combine the authoritarian state structure and market economy. The analytical chapters indicated that both Russia and China ended up with hybrid regimes in that sense. While Russia transformed into semi-authoritarian regime, China bridged the gap between the market economy and Marxist principles. The internal selection processes of both cases revealed such outcome. In this regard, it should be safely claimed that the post-Cold War transition does not present a linear model from authoritarianism to democracy and liberalism. Instead, its outcomes are dispersed as a result of domestic arrangements.

Having demonstrated the effects of the international system on elite preferences, it should be put forward the implications of elite preferences on international system. If it is presumed that the increasing economic activities and rise of liberal states are the external changes and elite preferences are the intervening variable, what are the outcomes of elite preferences on international system?

First and foremost, there are both beneficiary and payer parts of an international system. While beneficiaries rise thanks to the rules, payers suffer from relative decline. For that reason, the main beneficiary becomes a status quo power. It rather may seek minor revisions. From this perspective, the relevant chapters demonstrated

that China is the main beneficiary of the current international system. For that reason, it seeks minor revisions rather than revolutionary transition. More clearly, China does not challenge the Bretton Woods system. Instead, it is looking for revisions in decision-making and voting mechanism in favor of itself and other rising countries, such as Brazil or India. Therefore, it doesn't challenge the institutional transition in international system but seeks to revise it in order to soft balance the US dominance. Russia, on the other hand, is the payer of the current international system, so it implements hard offensive policies in order to maintain its great power status. It pursues security policies in post-Soviet space, as in the cases of Georgian War and Ukrainian War. Thus, its hard balancing policy aims to consolidate its existence in Russia's hinterland.

However, this does not necessarily mean that, rising and declining powers have contradictory expectations from the systemic transition, but rather they have common interest to transform the international order. This analysis demonstrated that both China (rising power) and Russia (declining hegemon) seek to settle down the disequilibrium in international system by establishing multipolar world order.

Accordingly, the breakdown of the balance of power between the USA and the USSR jeopardized a unipolar world order under American hegemony. Indeed, the liberal capitalist system became the dominant model for international order. The dissolution of the Soviet Union imbricated such a risk for Russia, who undertook the balancing responsibility against the US during the Cold War. Since Russia became unable to compete with the US-supremacy alone, it had no choice but to transform the international order to multipolarity. For that reason, its post-Cold War diplomacy was mainly based on promoting multipolar world order. Thus, Russia was not obligated to balance the US-supremacy alone. In other words, as a declining hegemon, Russia needed to reduce balance of power cost, which forced its elite to make an endeavor to transform the international order into multipolarity.

China, as a rising power, also promotes multipolar world order. In contrast to Russia, China is the main beneficiary of the current international rules. Therefore, it accepted

the liberal rules and pursues them for soft offensive policies. Yet it does not locate itself as the unique challenger of the US-led system. Thus, China promotes neither Sino-centric unipolar world order nor bipolar competition in trans-Pacific relations. Instead, it seeks to become the regional leader of East Asia tries to establish a Sino-centric system in the region. The main reason for this is that, despite the high growth rates, China is still far from hard balancing the US-supremacy. Moreover, any attempt to create a Sino-centric unipolar order or trans-Pacific arms race would create a tendency to drive countervailing forces against China's aggression. This would make the system unaffordable for China.

This raises the question of what do these powers mean by multipolarity. The relevant chapters indicated that both great powers do not look for competition for global dominance due to the cost of maintenance. That is to say, neither China nor Russia is economically capable of creating and maintaining an international system. Instead, their capabilities are limited by their regions. For that reason, they seek to create sphere of influences in post-Soviet space and East Asia respectively. In this regard, none of them seems try to compete with each other, nor they look for competition with the US. Instead, they argue that great powers are obligated to create their own regional systems. Accordingly, the international system should be governed by "Monroe Doctrines" of great powers, where the great powers are obligated to govern their own systems. With regard to this, while Russia formed a state-led capitalist and semi-authoritarian system in post-Soviet space, China has been trying to establish Sino-centric tribute state, where the states are autonomous to decide their political economy under China's leadership. In a sense, the multipolarity refers to the Great Power States Sytem, which means that regions constitute the poles of the international order. Figure 8.1 summarizes the model.

The figure 8.1 indicates that systemic transition did not exhibit a linear process, but rather it resulted in refracted results. Relative rise of the capitalist system delegitimized the socialist system and their conservative elites. Instead, it gave an opportunity for pro-market elites. When they took the rule, they internalized market economy. However, the outcomes of the internalization differed from one another

due to the elite differences. While Russian elite transformed the state into the state-led capitalism as a result of cooperation between the security elite and liberals, Chinese techno-authoritarian elite transformed the country into socialist market economy. Therefore, variety of capitalism occurred in traditionally socialist states. They formed regional orders in their neighborhood which constitutes multipolar world order.

The multipolar order is shaped by the Great Power States System, which is characterized by leadership of regional powers and their systems. To illustrate, Russia has established not only a state-led capitalist state organization but also transformed its hinterland in this manner. The post-Soviet Central Asian and Caucasian states are all featured by semi-authoritarian regimes under state-led capitalism. Sino-centric order slightly differs from this. Since China seeks to soft balance the US-supremacy, it promotes state autonomy in East Asia. That is to say, it unconditionally helps regional development in exchange for acceptance of the Chinese leadership in the long-run.

This leads us to conclude that, the international system has transformed into multipolar world order with Great Power States System. To be clearer, the increasing capitalism in 1970s has created hybrid regimes, variety of capitalism under multipolar world order. This thesis aimed to demonstrate this transition by taking elite preferences as intervening variable. Further questions should be raised to understand the whole story of systemic transition. How does the US-supremacy diminish and what are the effects of it? What else do matter to understand the domestic change other than political elites? What other factors form and dissolve the authoritarian and totalitarian alike structures? Further questions should be raised to accomplish the analysis.

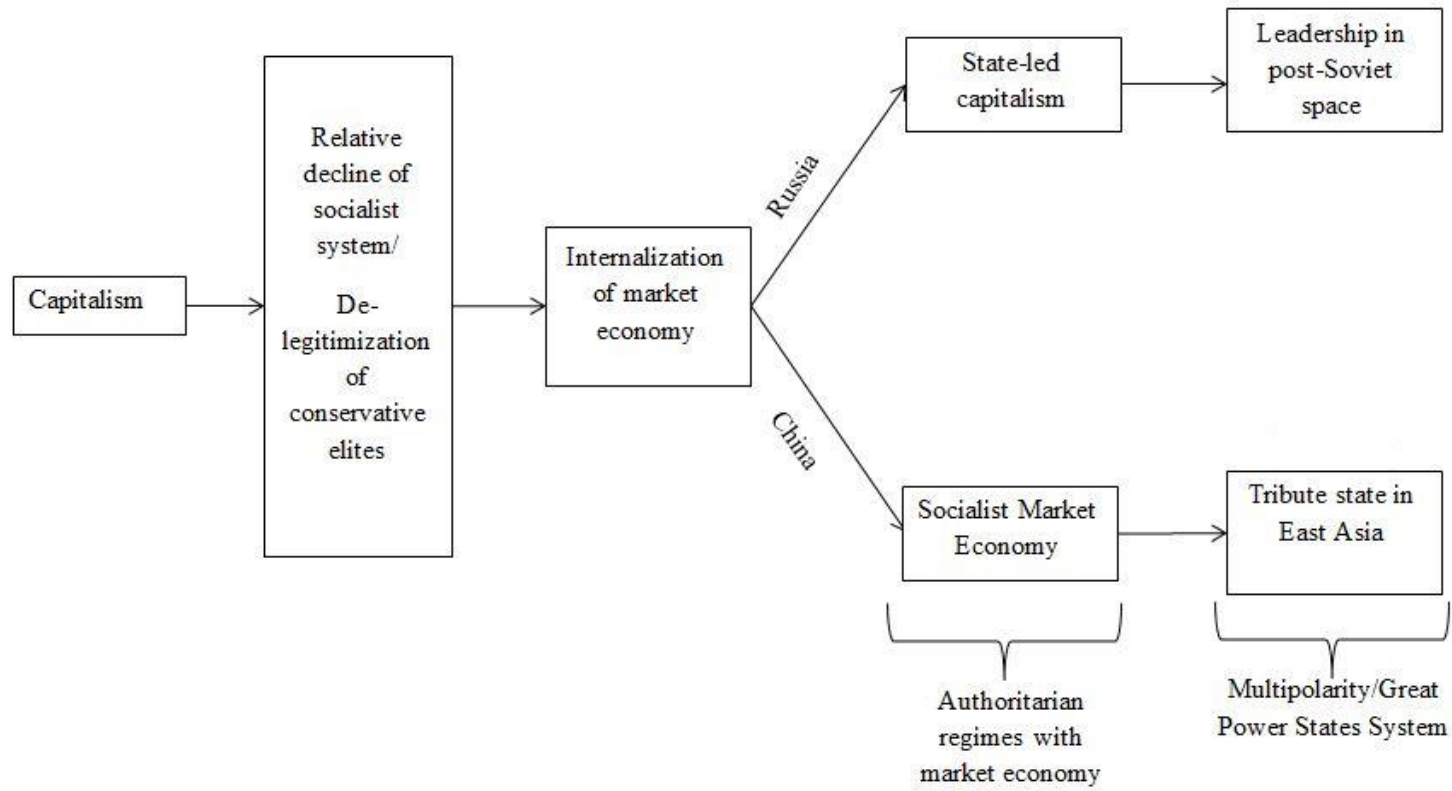


Figure 8.1: Summary of the systemic transition from neo-classical perspective

REFERENCES

- Acemoglu, D., & Robinson, J. A. (2001). A Theory of Political Transitions. *The American Economic Review*, 938-963.
- Aganbegyan, A. (1988a). The Economics of Perestroika. *International Affairs*, 64(2), 177-185.
- Aganbegyan, A. (1988b). New Directions in Soviet Economics. *New Left Review*, I(169), 89-95.
- Alden, C. (2005). China in Africa. *Survival*, 47(3), 147-164.
- Alden, C., & Pere, G. I. (2003). Mandela and the Foreign Policy of Transition. *South Africa's Post-Apartheid Foreign Policy – From Reconciliation to Revival?*, 11-26.
- Allen, B. (2005). Alexander Shliapnikov and the Origins of the Workers' Opposition, March 1919-April 1920. *Jahrbücher für Geschichte Osteuropas*, 53(1), 1-24.
- Ambrosio, T. (2001). Russia's quest for multipolarity: A response to US foreign policy in the post-cold war era. *European Security*, 10(1), 45-67.
- Angang, H. (2011). *China in 2020: A New Type of Superpower*. Washington: The Brookings Institution.
- Angang, H., & Honghua, M. (2004). The Rising of Modern China: Comprehensive National Power and Grand Strategy. 'Rising China and the East Asian Economy' *International Conference by Korea Institute for International Economic Policy, 19-20 March* (pp. 1-36). Seoul: Korea Institute for International Economic Policy.
- Arrighi, G. (1996). The rise of East Asia: World systemic and regional aspects. *The International Journal of Sociology and Social Policy*, 16(7/8), 6-44.
- Arrighi, G. (2007). *Adam Smith in Beijing*. New York: Verso.
- Arrighi, G. (2007). *Adam Smith in Beijing*. London: Verso.
- Arrighi, G. (2009). Reading Hobbes in Beijing. In M. Blyth, *Routledge Handbook of International Political Economy* (pp. 163-179). New York: Routledge.

- Arrighi, G. (2009). Reading Hobbes in Beijing: Great power politics and the challenge of the peaceful ascent. In M. Blyth, *Routledge Handbook of International Political Economy* (pp. 163-179). New York: Routledge.
- Ash, R. F., & Kueh, Y. Y. (1993). Economic Integration within Greater China: Trade and Investment Flows between China, Hong Kong and Taiwan. *The China Quarterly*(136), 711-745.
- Ashton, B., Hill, K., Piazza, A., & Zeitz, R. (1984). Famine in China, 1958-61. *Population and Development Review*, 10(4), 613-645.
- Astarita, C. (2008). China's Role in the Evolution of Southeast Asian Regional Organizations. *China Perspectives*, 3(75), 78-86.
- Austin, I. P. (2009). Singapore in transition: economic change and political consequences. *Journal of Asian Public Policy*, 266-278.
- Bachman, D. (1991). *Bureaucracy, Economy, and Leadership in China*. Cambridge: Cambridge University Press.
- Bachman, D. (2013). China's Defence Industrial Base in 1985. *The China Quarterly*, 214, 432-455.
- Backes, U. (2016). "Ideocracy": A sketch of the history of a concept. In U. Backes, & S. Kailitz, *Ideocracies in Comparison: Legitimation – co-optation – repression* (pp. 13-50). London and New York: Routledge.
- Backes, U., & Kailitz, S. (2016). *Ideocracies in comparison: legitimation - cooptation - repression*. London: Routledge.
- Bean, J. J. (1997). Nikolai Bukharin and the New Economic Policy: A Middle Way? *The Independent Review*, 2(1), 79-97.
- Beblawi, H. (1987). The Rentier State in the Arab World. *Arab Studies Quarterly*, 9(4), 383-398.
- Beissinger, M. R. (1988, October 1). Political Reform and Soviet Society. *Current History*, 87(531), pp. 317-321.
- Bell, D. A. (2011). Introduction. In Y. Xuetong, *Ancient Chinese Thought, Modern Chinese Power* (pp. 1-18). Princeton: Princeton University Press.
- Bernholz, P. (2016). Legitimation, co-optation, and repression in ideocracies: A rational choice perspective. In U. Backes, & S. Kailitz, *Ideocracies in Comparison* (pp. 69-87). London and New York: Routledge.

- Biggeri, M., & Sanfilippo, M. (2009). Understanding China's move into Africa: an empirical analysis. *Journal of Chinese Economic and Business Studies*, 7(1), 31-54.
- Bijian, Z. (2005). China's "Peaceful Rise" to Great-Power Status. *Foreign Affairs*, 84(5), 18-24.
- Blasko, D. J. (2012). Always Faithful: The PLA from 1949 to 1989. In D. A. Graff, & R. Higham, *A Military History of China* (pp. 243-259). Robin Higham: University Press of Kentucky.
- Bluth, C. (2010). The Soviet Union and the Cold War: Assessing the Technological Dimension. *The Journal of Slavic Military Studies*, 23(2), 282-305.
- Brabant, J. M. (1998). *The Political Economy of Transition*. London: Routledge.
- Breslin, S. A. (2007). *China and the Global Political Economy*. New York: Palgrave Macmillan.
- Breslin, S. A. (2007). *China and the Global Political Economy*. New York: Palgrave Macmillan.
- Breslin, S. A. (2008). Do leaders matter? Chinese politics, leadership transition and the 17th Party Congress. *Contemporary Politics*, 14(2), 215-231.
- Brock, D. E. (2013). The People's Landscape: Mr. Science and the Mass Line. In C. N. Wei, & D. E. Brock, *Mr. Science and Chairman Mao's Cultural Revolution* (pp. 41-117). Plymouth: Lexington Books.
- Brooker, P. (1995). *Twentieth-Century Dictatorships*. New York: Palgrave Macmillan.
- Brooker, P. (2014). *Non-Democratic Regimes*. New York: Palgrave Macmillan.
- Brovkin, V. (1982). The Mensheviks and NEP Society in Russia. *Russian History*, 9(2/3), 347-377.
- Brummer, C. (2015). *Renminbi Ascending: How China's Currency Impacts Global Markets, Foreign Policy, and Transatlantic Financial Regulation*. Washington DC: Atlantic Council.
- Burton, M. G., & Higley, J. (1987). Elite Settlements. *American Sociological Review*, 52(3), 295-307.
- Burton, M. G., & Higley, J. (2001). The Study of Political Elite Transformations. *International Review of Sociology*, 11(2), 181-199.

- Calleros, J. C. (2009). *The Unfinished Transition to Democracy in Latin America*. New York: Routledge.
- Cao, C. (1999). The Changing Dynamic between Science and Politics: Evolution of the Highest Academic Honor in China, 1949-1998. *Isis*, 90(2), 298-324.
- Cao, C. (2013). Science Imperiled: Intellectuals and the Cultural Revolution. In C. N. Wei, & D. E. Brock, *Mr. Science and Chairman Mao's Cultural Revolution* (pp. 119-142). Plymouth: Lexington Books.
- Carr, E. H. ([1931], 1981). *The Twenty Years' Crisis 1919-1939*. Hong Kong: The Macmillan Press.
- Carr, E. H. (2007). *1917 Öncesi ve Sonrası*. (B. Adalet, Trans.) İstanbul: Birikim.
- Chan, A. L. (2001). *Mao's Crusade*. Oxford: Oxford University Press.
- Charemza, W. W., & Kiraly, J. (1990). Plans and Exogeneity: The Genetic-Teleological Dispute Revisited. *Oxford Economic Papers*, 42(3), 562-573.
- Chase-Dunn, C. (2000). Guatemala in the Global System. *Journal of Interamerican Studies and World Affairs*, 109-126.
- Chatterjee, S. R., & Nankervis, A. R. (2007). *Asian Management in Transition*. New York: Palgrave Macmillan.
- Chen, Y. (2009). *Transition and Development in China: Towards Shared Growth*. Farnham: Ashgate.
- Cheng, J. Y. (2011). The Shanghai Co-operation Organisation: China's Initiative in Regional Institutional Building. *Journal of Contemporary Asia*, 41(4), 632-656.
- Cheng, L., & White, L. (1990). Elite Transformation and Modern Change in Mainland China and Taiwan: Empirical Data and the Theory of Technocracy. *The China Quarterly*(121), 1-35.
- Cheng, L., & White, L. (1998). The Fifteenth Central Committee of the Chinese Communist Party: Full-Fledged Technocratic Leadership with Partial Control by Jiang Zemin. *Asian Survey*, 38(3), 231-264.
- Cheng, L., & White, L. (2003). The Sixteenth Central Committee of the Chinese Communist Party: Hu Gets What? *Asian Survey*, 43(4), 553-597.

- Cheung, T. M. (2016). Innovation in China's Defense Technology Base: Foreign Technology and Military Capabilities. *Journal of Strategic Studies*, 39(5-6), 728-761.
- Chin, G. (2010). China's Rising Institutional Influence. In A. S. Alexandroff, & A. F. Cooper, *Rising States, Rising Institutions* (pp. 83-104). Baltimore: Brookings Institution.
- Chongyi, F. (2004). The Party-state, liberalism and social democracy: the debate on China's future. In E. Gu, & M. Goldman, *Chinese Intellectuals Between State and Market* (pp. 223-260). London and New York: Routledge.
- CIA. (1976). *The Soviet Foreign Policy Apparatus*. Washington: CIA Office of Political Research.
- CIA. (1985). *Soviet Acquisition of Militarily Significant Western Technology: An Update*. Washington D.C: CIA.
- CIA. (1985). *Soviet Acquisition of Military Significant Western Technology*. Washington D.C: CIA.
- Cohen, B. J. (2012). The Yuan Tomorrow? Evaluating China's Currency Internationalisation Strategy. *New Political Economy*, 17(3), 361-371.
- Collins, K. (2006). *Clan Politics and Regime Transition in Central Asia*. Cambridge: Cambridge University Press.
- Combes, K. (2011). Between Revisionism and Status Quo: China in International Regimes. China's behaviour in the global trade, non-proliferation and environmental regimes. *POLIS Journal*, 6, 1-37.
- Cooper, L. (1989). *The Political Economy of Soviet Military Power*. New York: Palgrave Macmillan.
- Crump, T. (2014). *Brezhnev and the Decline of the Soviet Union*. New York: Routledge.
- Cumings, B. (1997). Japan and Northeast Asia into the Twenty-first Century. In P. J. Katzenstein, & T. Shiraishi, *Network Power: Japan and Asia* (pp. 136-168). New York: Cornell University Press.
- Cwik, P. F. (2011). The New Neo-Mercantilism: Currency Manipulation As A Form Of Protectionism. *Economic Affairs*, 31(3), 7-11.
- Dahlström, C., & Wängnerud, L. (2015). How Institutions Constrain Elites from Destructive Behavior. In C. Dahlström, & L. Wängnerud, *Elites, Institutions and the Quality of Government* (pp. 3-12). New York: Palgrave.

- Dawisha, K., & Parrott, B. (1994). *Russia and the New States of Eurasia*. Cambridge: Cambridge University Press.
- Deflem, M. (1998). The Boundaries of Abortion Law: Systems Theory from Parsons to Luhmann and Habermas. *Social Forces*, 775-818.
- Dillon, P., & Wykoff, F. C. (2002). *Creating Capitalism: Transition and Growth in Post-Soviet Europe*. Cheltenham and Northampton: Edward Elgar Publishing Limited.
- Dix, R. H. (1982). The Breakdown of Authoritarian Regimes. *The Western Political Quarterly*, 35(4), 554-573.
- Donnelly, J. (2012). The Elements of the Structures of International Systems. *International Organization*, 66(4), 609-643.
- Dreyer, J. T. (2015). The 'Tianxia Trope': will China change the international system? *Journal of Contemporary China*, 24(96), 1015-1031.
- Easter, G. M. (2000). *Reconstructing the State: Personal Networks and Elite Identity in Soviet Russia*. Cambridge: Cambridge University Press.
- Easterly, W., & Fischer, S. (1994). The Soviet Economic Decline. *World Bank Policy Research Working Paper 1284*. Washington D.C: World Bank.
- Eichengreen, B. (2011). The renminbi as an international currency. *Journal of Policy Modeling*(33), 723-730.
- Evangelista, M. (2005). Explaining the End of the Cold War: Turning Points in Soviet Security Policy. In O. Njølstad, *The Last Decade of the Cold War* (pp. 99-112). London: Frank Cass.
- Fidler, S. (1996). Mexico: What Kind of Transition? *International Affairs*, 713-725.
- Field, G. L., & Higley, J. (1973). *Elites and Non-Elites: The Possibilities and Their Side Effects*. Andover: Warner Modular Publications.
- Field, G. L., Higley, J., & Burton, M. G. (1990). A New Elite Framework for Political Sociology. *Revue européenne des sciences sociales*, 28(84), 149-182.
- Finnemore, M., & Sikkink, K. (1998). International Norm Dynamics and Political Change. *International Organization*, 52(4), 887-917.
- Fish, S. M. (1995). *Democracy from Scratch*. Princeton: Princeton University Press.

- Friedman, M. (1962). *Capitalism and Freedom*. Chicago: Chicago University Press.
- Fritze, L. (2016). Ideological self-limitation in ideocracies. In U. Backes, & S. Kailitz, *Ideocracies in Comparison* (pp. 51-68). New York: Routledge.
- Fukuyama, F. (1992). *The End of History and the Last Man*. New York: The Free Press.
- Galbraith, J. S. (1960). The "Turbulent Frontier" as a Factor in British Expansion. *Comparative Studies in Society and History*, 2(02), 150-168.
- Gaman-Golutvina, O. (2008). Changes in Elite Patterns. *Europe-Asia Studies*, 60(6), 1033-1050.
- Gao, Y., & Coffman, D. (2013). Renminbi internationalization as a response to the global imbalance. *Journal of Chinese Economic and Business Studies*, 11(2), 139-151.
- Geddes, B. (1999). Authoritarian Breakdown: Empirical Test of a Game Theoretic Argument. *American Political Science Association*. Atlanta: American Political Science Association.
- Geddes, B., Wright, J., & Frantz, E. (2015). Autocratic Breakdown and Regime Transitions: A New Data Set. *Perspectives on Politics*, 12(2), 313-331.
- Getty, J. A. (1985). *Origins of the Great Purges*. Cambridge: Cambridge University Press.
- Gibbs, D. N. (2006). Reassessing Soviet motives for invading Afghanistan: A declassified history. *Critical Asian Studies*, 38(2), 239-263.
- Gill, B. (2005). China's Evolving Regional Security Strategy. In D. Shambaugh, *Power Shift* (pp. 247-265). Berkeley : University of California Press.
- Gilley, B. (2010). Democratic enclaves in authoritarian regimes. *Democratization*, 17(3), 389-415.
- Gilpin, R. (1981). *War and Change in World Politics*. Cambridge: Cambridge University Press.
- Gilpin, R. (1984). The Richness of the Tradition of Political Realism. *International Organization*, 38(2), 287-304.
- Gilpin, R. (2001). *Global Political Economy*. Princeton: Princeton University Press.

- Gilpin, R. (2001). *Global Political Economy: Understanding the International Economic Order*. Princeton: Princeton University Press.
- Glawe, L., & Wagner, H. (2017). *The People's Republic of China in The Middle-Income Trap?* Tokyo: Asian Development Bank Institute.
- Glenn, R. A. (2013). China's Rising Global Profile: The Great Power Transition. *Europe-Asia Studies*, 168-169.
- Goldman, M. I. (1973, October 1). The Soviet Economy: New Era or the Old Error? *Current History*, 65(386), pp. 168-172.
- Gosplan. (1981). *Народное хозяйство СССР в 1980 году*. Moscow: Gosplan.
- Gosplan. (1986). *СССР в цифрах в 1985 году*. Moscow: Finance and Statistics.
- Götz, E. (2015). It's geopolitics, stupid: explaining Russia's Ukraine policy. *Global Affairs*, 1(1), 3-10.
- Gramsci, A. (1971). *Selections from the Prison Notebooks of Antonio Gramsci*. New York: International Publishers.
- Gregor, A. J. (2014). *Marxism and the Making of China*. New York: Palgrave Macmillan.
- Gregory, P. R. (1990). *Restructuring the Soviet economic bureaucracy*. Cambridge: Cambridge University Press.
- Gregory, P. R. (2004). *The Political Economy of Stalinism*. Cambridge: Cambridge University Press.
- Gulbrandsen, T. (2012). Elite integration : an empirical study. *Historical Social Research*, 37(1), 148-166.
- Guo, R. (2010). *An Introduction To The Chinese Economy The Driving Forces Behind Modern Day China*. Singapore: John Wiley & Sons.
- Guriev, S., & Rachinsky, A. (2005). The Role of Oligarchs in Russian Capitalism. *Journal of Economic Perspectives*, 19(1), 131-150.
- Guzzini, S. (1998). *Realism in International Relations and International Political Economy*. New York: Routledge.
- Haan, J. d., & Strum, J.-E. (2003). Does more democracy lead to greater economic freedom? New evidence for developing countries. *European Journal of Political Economy*(19), 547-563.

- Haas, P. M. (1992). Introduction: Epistemic Communities and International Policy Coordination. *International Organization*, 46(1), 1-35.
- Hall, P. A., & Soskice, D. (2001). *Varieties of Capitalism*. Oxford: Oxford University Press.
- Hanley, E., Yershova, N., & Anderson, R. (1995). Russia - Old Wine in a New Bottle? The Circulation and Reproduction of Russian Elites, 1983-1993. *Theory and Society*, 24(5), 639-668.
- Hanson, P. (2014). *The Rise and Fall of the Soviet Economy*. London and New York: Routledge.
- Harper, J. T., & McNulty, J. E. (2008). Financial System Size in Transition Economies: The Effect of Legal Origin. *Journal of Money, Credit and Banking*, 1263-1280.
- Harris, N. (1978). *The Mandate of Heaven Marx and Mao in Modern China*. Chicago: Haymarket Books.
- Harrison, M. (2002). Economic Growth and Slowdown. In E. Bacon, & M. Sandle, *Brezhnev Reconsidered* (pp. 38-67). New York: Palgrave Macmillan.
- Higley, J., & Burton, M. (2006). *Elite Foundations of Liberal Democracy*. Lanham: Rowman&Littlefield Publishers.
- Higley, J., & Pakulski, J. (1999). Elite Power Games and Democratic Consolidation in Central and Eastern Europe. *Soviet and Post-Soviet Review*, 26(1), 115-137.
- Hill, F., & Gaddy, C. G. (2003). *The Siberian Curse*. Washington D.C: Brookings Institution Press.
- Holbig, H. (2000). Trust and Its Limitations: A Changing Discourse on Money during the People's Republic of China's Reform Period. In C. K. Bun, *Chinese Business Networks* (pp. 14-34). Copenhagen: Prentice Hall Nordic Institute of Asian Studies.
- Holmes, L. E. (1990). The Workers Opposition in the Bolshevik Party 1919-1921. (W. P. No.802, Ed.) *The Carl Beck Papers in Russian and East European Studies*, 1-46.
- Huang, J. (2000). *Factionalism in Chinese Communist Politics*. Cambridge: Cambridge University Press.

- Huang, Y. (2016). Can China escape the middle-income trap? *China Economic Journal*, 9(1), 17-33.
- Hughes, C. R. (2005). Nationalism and multilateralism in Chinese foreign policy: implications for Southeast Asia. *The Pacific Review*, 18(1), 119-135.
- Hung, H.-F. (2009). *China and the Transformation of Global Capitalism*. Baltimore: Jonh Hopkins University Press.
- Huntington, S. P. (1991). *The Third Wave Democratization in the Late Twentieth Century*. Norman and London: University of Oklahoma Press.
- Ikenberry, G. J. (2001). *After Victory*. Princeton: Princeton University Press.
- Ishkanian, A. (2008). *Democracy Building and Civil Society in Post-Soviet Armenia*. New York: Routledge.
- Jenkins, R. (2010). China's Global Expansion and Latin America. *Journal of Latin American Studies*, 42(4), 809-837.
- Jiang, W. (2009). Fuelling the Dragon: China's Rise and Its Energy and Resources Extraction in Africa. *The China Quarterly*, 199, 585-609.
- Jonathan, H. (2006). China's New Mercantilism in Central Africa. *African and Asian Studies*, 5(2), 133-169.
- Kang, D. C. (2003). Getting Asia Wrong: The Need for New Analytical Frameworks. *International Security*, 27(4), 57-85.
- Kang, T. G. (2010). Assessing China's approach to regional multilateral security cooperation. *Australian Journal of International Affairs*, 64(4), 406-431.
- Kaplan, S. B. (2016). Banking unconditionally: the political economy of Chinese finance in Latin America. *Review of International Political Economy*, 23(4), 643-676.
- Kavalsk, E. (2009). *China and the Global Politics of Regonalization*. Surrey: Asghgate.
- Kenez, P. (2006). *A History of the Soviet Union from the Beginning to the End*. Cambridge: Cambridge University Press.
- Kennedy, P. (1988). *The Rise and Fall of the Great Powers*. London: Unwin Hyman Limited.

- Keohane, R. O. (2009). The old IPE and the new. *Review of International Political Economy*, 16(1), 34-46.
- Khanin, G. I. (2003). The 1950s: The Triumph of the Soviet Economy. *Europe-Asia Studies*, 55(8), 1187-1211.
- Khong, Y. F. (2001). Negotiating "order" during Power Transitions. In C. A. Kupchan, *Power in Transition: The Peaceful Change of International Order* (pp. 34-67). New York: United Nations University Press.
- Kindleberger, C. (1979). *The World in Depression, 1929-39*. Berkeley: University of California Press.
- Kitchen, N. (2010). Systemic Pressures and Domestic Ideas: A Neoclassical Realist Model Of Grand Strategy Formation. *Review of International Studies*, 36(1), 117-143.
- Knight, J. B. (2014). China as a Developmental State. *The World Economy*, 37(10), 1335-1347.
- Knorr, K. (1973). *Power and Wealth*. London and Basingstoke: Palgrave Macmillan.
- Kodama, M. (2006). The Effects of Changes of Policy Tool during the Transition Period in China. In M. Watanabe, *Recovering Financial Systems: China and Asian Transition Economies* (pp. 57-68). New York: Palgrave Macmillan.
- Koopman, R., Wang, Z., & Wei, S.-J. (2008, June). How Much of Chinese Exports is Really Made In China? Assessing Domestic Value-Added When Processing Trade is Pervasive. *NBER Working Paper No. 14109*.
- Kort, M. (2004). *Nations in Transition: Central Asian Republics*. New York: Facts in File.
- Kosterina, S. (2017). Ambition, personalist regimes, and control of authoritarian leaders. *Journal of Theoretical Politics*, 29(2), 167-190.
- Kotz, D. M., & Weir, F. (2007). *Russia's Path from Gorbachev to Putin*. London and New York: Routledge.
- Kramer, J. M. (1977). Political Corruption in the U.S.S.R. *The Western Political Quarterly*, 30(2), 213-224.
- Krasner, S. D. (1981). Transforming International Regimes: What the Third World Wants and Why. *International Studies Quarterly*, 119-148.

- Kraus, R. C. (2012). *The Cultural Revolution : A Very Short Introduction*. Oxford: Oxford University Press.
- Krugman, P. (2005, 28 June). The Chinese Challenge. *International Herald Tribune*.
- Krugman, P. (2010, January 1). Chinese New Year. *New York Times*, p. 29.
- Kryshtanovskaya, O., & White, S. (1996). From Soviet Nomenklatura to Russian Elite. *Europe-Asia Studies*, 48(5), 711-733.
- Kryshtanovskaya, O., & White, S. (2003). Putin's Militocracy. *Putin's Militocracy, Post-Soviet Affairs*, 19(4), 289-306.
- Kryshtanovskaya, O., & White, S. (2005). Inside the Putin Court: A Research Note. *Europe-Asia Studies*, 57(7), 1065-1075.
- Kupchan, C. A. (2001). Introduction: Explaining peaceful power transition. In C. A. Kupchan, *Power in Transition: The Peaceful Change of International Order* (pp. 1-17). New York: The United Nations University.
- Kupchan, C. A. (2014). Unpacking Hegemony: The Social Foundations of Hierarchical Order. In J. Ikenberry, *Power, Order, and Change in World Politics* (pp. 19-60). Cambridge: Cambridge University Press.
- Kurowska, X. (2014). Multipolarity as resistance to liberal norms: Russia's position on responsibility to protect. *Conflict, Security & Development*, 14(4), 489-508.
- Kuzio, T. (2002). *Ukraine: State and Nation Building*. New York: Routledge.
- Kuznetsov, A. (2012). *Inward FDI in Russia and its policy context*. New York: Vale Columbia Center on Sustainable International Investment.
- Lane, D. (2000). What kind of capitalism for Russia? A comparative analysis. *Communist and Post-Communist Studies*(33), 485-504.
- Lane, D., & Myant, M. (2007). *Varieties of Capitalism in Post-Communist States*. New York: Palgrave Macmillan.
- Lane, D., & Ross, C. (1999). *The Transition from Communism to Capitalism*. New York: Palgrave Macmillan.
- Lanteigne, M. (2018). Russia, China and the Shanghai Cooperation Organization: Diverging Security Interests and the 'Crimea Effect' . In H. Blakkisrud, & E. W. Rowe, *Russia's Turn to the East* (pp. 119-183). Cham: Palgrave Macmillan.

- Lardy, N. (1983). *Agriculture in China's Modern Economic Development*. Cambridge: Cambridge University Press.
- Laurrelle, M. (2009). *In the Name of Nation*. New York: Palgrave Macmillan.
- Layne, C. (2008). China's Challenge to US Hegemony. *Current Histor*, 107(705), 13-18.
- Ledeneva, A. V. (1998). *Russia's Economy of Favours*. Cambridge: Cambridge University Press.
- Lee, H. (2010). Multilateralism in Russian Foreign Policy: Some Tentative Evaluations. *International Area Review*, 13(3), 31-49.
- Lee, S. (2017). An Institutional Analysis of Xi Jinping's Centralization of Power. *Journal of Contemporary China*, 26(105), 325-336.
- Lemke, D. (1997). The Continuation of History: Power Transition Theory and the End of the Cold War. *Journal of Peace Research*, 34(1), 23-36.
- Lemke, D., & Kugler, J. (1996). The Evolution of the Power Transition Perspective. In J. Kugler, & D. Lemke, *Parity and War* (pp. 3-33). Ann Arbor: The University of Michigan.
- Lenin, V. I. (1919). "Left-Wing" Childishness. Retrieved from Marxists Internet Archive: <https://www.marxists.org/archive/lenin/works/1918/may/09.htm>
- Li, C., & Bachman, D. (1989). Localism, Elitism, and Immobilism: Elite Formation and Social Change in Post-Mao China. *World Politics*, 42(1), 64-94.
- Li, K., & Wang, X. (2009). China's Foreign Trade: Trends and Issues after WTO Accession. In C. Chen, *China's Integration with the Global Economy* (pp. 19-36). Cheltenham: Edward Elgar.
- Li, S. (2004). Can China learn from Hong Kong's experience in fighting corruption? *Global Economic Review*, 33(1), 1-9.
- Lin, J. Y. (1990). Collectivization and China's Agricultural Crisis in 1959-1961. *Journal of Political Economy*, 98(6), 1228-1252.
- Lin, J. Y., & Yang, D. T. (1998). On The Causes of China's Agricultural Crisis and The Great Leap Famine. *China Economic Review*, 9(2), 125-140.
- Linz, J. J., & Stepan, A. (1996). *Problems of Democratic Transition and Consolidation*. Baltimore: The John Hopkins University Press.

- Liping, X. (2001). China: A responsible great power. *Journal of Contemporary China*, 10(26), 17-25.
- Litera, B. (1995). The Kozyrev Doctrine - a Russian Variation on the Monroe Doctrine. *Perspectives*, 4, 45-52.
- Lobell, S. E. (2009). Threat assessment, the state, and foreign policy: a neoclassical realist model. In N. M. Steven E. Lobell, *Neoclassical Realism, the State and Foreign Policy* (pp. 42-74). Cambridge: Cambridge University Press.
- Lodge, M. (1968). Soviet Elite Participatory Attitudes in the Post-Stalin Period. *The American Political Science Review*, 62(3), 827-839.
- Luhmann, N. (1991). *Soziale Systeme*. Frankfurt am Main: Suhrkamp.
- Maddison Project. (2018, July 18). *Maddison Project Database 2018*. Retrieved from University of Groningen: <https://www.rug.nl/ggdc/historicaldevelopment/maddison/releases/maddison-project-database-2018>
- Makarychev, A., & Morozov, V. (2011). Multilateralism, Multipolarity, and Beyond: A Menu of Russia's Policy Strategies. *Global Governance*, 17, 353-377.
- Mankoff, J. (2009). *Russian Foreign Policy: The Return of Great Power Politics*. Lanham: Rowman & Littlefield Publishers.
- Mao, T. T. (1963, September 6). *The Origin And Development Of The Differences Between The Leadership Of The CPSU And Ourselves*. Retrieved from Selected Works of Mao Tse-tung: <https://www.marxists.org/subject/china/documents/polemic/cpsu.htm>
- Mark, C.-k. (2012). *China and the World since 1945*. New York: Routledge.
- Mastanduno, M., Lake, D. A., & Ikenberry, G. J. (1989). Toward a Realist Theory of State Action. *International Studies Quarterly*, 33(4), 457-474.
- Mawdsley, E., & White, S. (2000). *The Soviet Elite from Lenin to Gorbachev*. Oxford: Oxford University Press.
- Maxwell, K. (1991). Spain's Transition to Democracy: A Model for Eastern Europe? *Proceedings of the Academy of Political Science*, 35-49.
- McCauley, M. (2008). *The Rise and Fall of the Soviet Union*. New York: Routledge.

- McCauley, R. N. (2013). Renminbi internationalisation and China's financial development. *Journal of Chinese Economic and Business Studies*, 11(2), 101-115.
- Mearsheimer, J. J. (2001). *The Tragedy of Great Power Politics*. New York: W.W.Norton&Company.
- Mearsheimer, J. J. (2001). *The Tragedy of Great Power Politics*. New York: W. W. Norton & Company.
- Mearsheimer, J. J. (2006, April 1). China's Unpeaceful Rise. *Current History*, 105(690), pp. 160-162.
- Medeiros, E. S. (2009). Is Beijing Ready for Global Leadership? *Current History*, 108(719), 250-256.
- Melville, A., & Shakleina, T. (2005). *Russian Foreign Policy in Transition: Concepts and Realities*. Budapest: Central European University Press.
- Melville, A., & Shakleina, T. (2005). *Russian Foreign Policy in Transition: Concepts and Realities*. Budapest: Central European University Press.
- Modelski, G. (1978). The Long Cycle of Global Politics and the Nation-State. *Comparative Studies in Society and History*, 214-235.
- Moltz, J. C. (1993). Divergent Learning and the Failed Politics of Soviet Economic Reform. *World Politics*, 45(2), 301-325.
- Morgenthau, H. (1948). *Politics among Nations*. New York: Alfred A. Knopf.
- Morrison, W. M. (2018). *China's Economic Rise: History, Trends, Challenges, and Implications for the United States*. Washington DC: Congressional Research Service.
- Mosca, G. (1939). *The Ruling Class*. (H. D. Kahn, Trans.) New York, London: McGraw - Hill Book Company.
- Mosse, W. E. (1968). Makers of the Soviet Union. *The Slavonic and East European Review*, 46(106), 141-154.
- NATO. (1984). *NATO and Warsaw Pact Force Comparisons*. Brussels: NATO Information Service.
- Naughton, B. (2007). *The Chinese Economy: Transitions and Growth*. Cambridge MA: MIT Press.

- Nelson, B. (1969). Soviet Science: OECD Reports a Pattern of Uneven Development. *Science*, 163(3870), 917-918.
- North, R. C. (1951). The Chinese Communist Elite. *The Annals of the American Academy of Political and Social Science*, 227, 67-75.
- Nove, A. (1992a). *Stalinism and After*. London and New York: Routledge.
- Nove, A. (1992b). *An Economic History of the USSR: 1917-1991*. London: Penguin Books.
- O'Brien, T. (2017). Shifting patterns of governance in authoritarian regimes. *Australian Journal of Political Science*, DOI: 10.1080/10361146.2017.1300872, 1-14.
- O'Kane, R. H. (2004). *Paths to Democracy: Revolution and totalitarianism*. New York: Routledge.
- O'Neill, M. (2002). The Cold War on the Ground, 1945–1981. In R. Higham, & F. W. Kagan, *The Military History of the Soviet Union* (pp. 221-235). New York: Palgrave Macmillan.
- Odgaard, L. (2012). *China and Coexistence: Beijing's National Security Strategy for the Twenty-First Century*. Washington DC: Johns Hopkins University Press.
- Odom, W. E. (1998). *The Collapse of the Soviet Military*. New Haven: Yale University Press.
- O'Donnell, G., Schmitter, P. C., & Whitehead, L. (1986). *Transitions from Authoritarian Rule: Southern Europe*. Baltimore: John Hopkins University.
- Ofer, G. (1987). Soviet Economic Growth: 1928-1985. *Journal of Economic Literature*, 25(4), 1767-1833.
- Okeke, D. C., Cilliers, J., & Schoeman, C. (2018). Neomercantilism as development ideology: A conceptual approach to rethink the space economy in Africa. *African Studies*, 77(1), 23-52.
- Oldberg, I. (2010). Aims and Means in Russian Foreign Policy. In R. E. Kanet, *Russian Foreign Policy in the 21st Century* (pp. 30-58). New York: Macmillan.
- Oldham, C. (1969). Science Travels the Mao Road. *Bulletin of Atomic Scientists*, 25(2), 80-83.

- Oxford Dictionary. (2014, February 19). *English Dictionary*. Retrieved from Oxford Dictionary Web Site: <http://www.oxforddictionaries.com>
- Pakulski, J. (2012a). The Weberian Foundations of Modern Elite Theory and Democratic Elitism. *Historical Social Research / Historische Sozialforschung*, 37(1), 38-56.
- Pakulski, J. (2012b). Introduction: John Higley's Work on Elite Foundations of Social Theory and Politics. *Historical Social Research / Historische Sozialforschung*, 37(1), 9-20.
- Pantsov, A. V., & Levine, S. I. (2015). *Deng Xiaoping: A Revolutionary Life*. Oxford: Oxford University Press.
- Pape, R. A. (2005). Soft Balancing against the United States. *International Security*, 30(1), 7-45.
- Pareto, V. ([1901], 2009). *The Rise and fall of Elites*. (H. L. Zetterberg, Trans.) New Jersey: Transaction Publishers.
- Patel, S. J. (1964). Economic Transition in Africa. *The Journal of Modern African Studies*, 329-349.
- Pauley, B. F. (2015). *Hitler, Stalin, and Mussolini: Totalitarianism in the Twentieth Century*. Pondicherry: Wiley Blackwell.
- Paxton, J. (2004). *Leaders of Russia and The Soviet Union*. New York: Routledge.
- Pearson, M. M. (1997). *Chinas New Business Elite: The Political Consequences of Economic Reform*. Berkeley: University of California Press.
- Personal memorandum Andropov to Brezhnev. (1979). *Personal memorandum Andropov to Brezhnev*. History and Public Policy Program Digital Archive.
- Pfeffer, R. M. (1976). Mao and Marx in the Marxist-Leninist Tradition: A Critique of "The China Field" and a Contribution to a Preliminary Reappraisal. *Modern China*, 2(4), 421-460.
- Pickles, J., & Smith, A. (1998). *Theorising Transition: The Political Economy of Post-Communist Transformations*. New York: Routledge.
- Pinto, A. C. (2008). Political Purges and State Crisis in Portugal's Transition to Democracy, 1975-76. *Journal of Contemporary History*, 305-332.
- Pirani, S. (2010). *Change in Putin's Russia: Power, Money and People*. London and New York: Pluto Books.

- Polanyi, K. (2001). *The Great Transformation*. Boston: Beacon Press.
- Polaris, J. (1964). The Sino-Soviet Dispute: Its Economic Impact on China. *International Affairs*, 40(4), 647-658.
- Pollack, B., & Taylor, J. (1983). The Transition to Democracy in Portugal and Spain. *British Journal of Political Science*, 209-242.
- Popper, K. (1962). *Conjectures and Refutations*. New York: Basic Books.
- PRC State Council. (2013, September 10). *China needs reforms for economic development: Premier*. Retrieved from The State Council of the People's Republic of China: http://english.gov.cn/premier/news/2014/08/23/content_281474983009635.htm
- President of Russia. (2006, February 7). *Interview to the Spanish Media*. Retrieved February 6, 2015, from President of Russia Speeches and Transcripts: <http://eng.kremlin.ru/transcripts/8148>
- Prybyla, J. S. (1972, October 1). The Soviet Economy: An Overview. *Current History*, 63(374), pp. 175-180.
- Pye, L. W. (2015). Factions and the Politics of Guanxi: Paradoxes in Chinese Administrative and Political Behaviour. In J. Unger, *The Nature of Chinese Politics: From Mao to Jiang* (pp. 42-54). New York: Routledge.
- Quadir, F., & Lele, J. (2004). *Democracy and Civil Society in Asia*. New York: Palgrave Macmillan.
- Ray, R., & Gallagher, K. (2015). *China-Latin America Economic Bulletin*. Boston: Boston University Global Economic Governance Initiative.
- Ripsman, N. M., Taliaferro, J. W., & Lobell, S. E. (2016). *Neoclassical Realist Theory of International Politics*. New York: Oxford University Press.
- Rivera, S. W., & Rivera, D. W. (2006). The Russian Elite under Putin: Militocratic or Bourgeois? *Post-Soviet Affairs*, 22(2), 125-144.
- Robinson, N. (2011). Russian Patrimonial Capitalism and the International Financial Crisis. *Journal of Communist Studies and Transition Politics*, 27(3), 434-455.
- Rode, M., & Gwartney, J. D. (2012). Does democratization facilitate economic liberalization? *European Journal of Political Economy*, 28, 607-619.

- Ropp, P. S. (2010). *China in World History*. Oxford: Oxford University Press.
- Rose, G. (1998). Neoclassical Realism and Theories of Foreign Policy. *World Politics*, 51(1), 144-172.
- Rosefielde, S. (2004). *Russia in the 21st Century: The Prodigal Superpower*. Cambridge: Cambridge University Press.
- Rosefielde, S., & Hedlund, S. (2009). *Russia since 1980*. Cambridge: Cambridge University Press.
- Ross, C. (2002). *Federalism and Democratisation in Russia*. Manchester: Manchester University Press.
- Rozman, G. (1987). *The Chinese Debate about Soviet Socialism, 1978-1985*. Princeton: Princeton University Press.
- Rubin, B., & Snyder, J. (1998). *Post-Soviet Political Order*. New York: Routledge.
- Rubinstein, A. Z. (1997). The Transformation of Russian Foreign Policy. In K. Dawisha, *The International Dimension of post-Communist Transitions in Russia and the New States of Eurasia* (pp. 33-67). New York: M.E. Sharpe.
- Rutland, P. (2013). Neoliberalism and the Russian transition. *Review of International Political Economy*, 20(2), 332-362.
- Ryvkina, R. V. (1998). What Kind of Capitalism Is Being Created in Russia? *Russian Politics & Law*, 36(3), 5-29.
- Sachs, J. (1993). *Poland's Jump to the Market Economy*. Boston: The MIT Press.
- Sakwa, R. (1999). *The Rise and Fall of the Soviet Union*. London: Routledge.
- Sakwa, R. (2008). Putin and the Oligarchs. *New Political Economy*, 13(2), 185-191.
- Sally, R. (2012). Free Trade versus Protection: An Intellectual History. In K. Heydon, & S. Woolcock, *International Trade Policy* (pp. 9-28). Farnham: Ashgate.
- Schedler, A., & Hoffmann, B. (2016). Communicating authoritarian elite cohesion. *Democratization*, 23(1), 93-117.
- Schram, S. (1989). *The Thought of Mao Tse-Tung*. Cambridge: Cambridge University Press.

- Schroder, H.-H. (1999). El'tsin and the Oligarchs: The Role of Financial Groups in Russian Politics Between 1993 and July 1998. *Europe-Asia Studies*, 51(6), 957-988.
- Schumpeter, J. A. ([1942], 2003). *Capitalism, Socialism and Democracy*. London, New York: Routledge.
- Schweitzer, G. E. (1989). *Technodiplomacy: US-Soviet Confrontations in Science and Technology*. New York: Springer.
- Schweller, R. L. (2004). Unanswered Threats: A Neoclassical Realist Theory of Underbalancing. *International Security*, 29(2), 159-201.
- Seckington, I. (2005). Nationalism, Ideology and China's 'Fourth Generation' Leadership. *Journal of Contemporary China*, 14(42), 23-33.
- Sergi, B. S. (2018). Putin's and Russian-led Eurasian Economic Union: A hybrid half-economics and half-political "Janus Bifrons". *Journal of Eurasian Studies*(9), 52-60.
- Shambaugh, D. (2002). *Modernizing China's Military*. Berkeley: University of California Press.
- Sigurdson, J. (1980). *Technology and Science in The People's Republic of China*. Oxford: Pergamon Press.
- Singer, D. J. (1961). The Level-of-Analysis Problem in International Relations. *World Politics*, 14(1), 77-92.
- Skak, M. (1989). The Waning of Soviet Hegemony in Eastern Europe. *The 11th Nordic Peace Research Conference* (pp. 1-11). Elsinore: Den Internationale Højskole.
- Skak, M. (1990). The Changing Soviet-East European Relationship. *The Soviet Union and the International Political System* (pp. 1-25). Uppsala: Öststatskunskap i Norden.
- Skak, M. (1996). *From Empire to Anarchy: Postcommunist Foreign Policy and International Relations*. London: Hurst & Company.
- Skak, M. (2010). Russia's New "Monroe Doctrine". In R. E. Kanet, *Russian Foreign Policy in the 21st Century* (pp. 138-154). New York: Palgrave Macmillan.
- Smart, A., & Hsu, J.-Y. (2004). The Chinese Diaspora, Foreign Investment and Economic Development in China. *The Review of International Affairs*, 3(4), 544-566.

- Smirnov, S. (2015). Economic Fluctuations in Russia (from the late 1920s to 2015). *Russian Journal of Economics*, 1(1), 130-153.
- Smith, A., & Pickles, J. (2005). Introduction: Theorising Transition and the Political Economy of Transition. In A. Smith, & J. Pickles, *Theorising Transition and the Political Economy of Transition* (pp. 1-21). New York: Routledge.
- Smith, G. (1999). *The Post-Soviet States: Mapping the Politics of Transition*. London: Arnold.
- Smith, J. (2005). *The Fall of Soviet Communism 1985–91*. New York: Palgrave MacMillan.
- So, A. Y. (2016). The Post-Socialist Path of the Developmental State in China. In Y.-w. Chu, *The Asian Developmental State* (pp. 175-196). New York: Palgrave Macmillan.
- Soest, C. v., & Grauvogel, J. (2017). Identity, procedures and performance: how authoritarian regimes legitimize their rule. *Contemporary Politics*, DOI: 10.1080/13569775.2017.1304319, 1-19.
- Spero, J. E., & Hart, J. A. (2010). *The Politics of International Economic Relations*. Boston: Wadsworth Cengage Learning.
- Strange, S. (1991). An Eclectic Approach. In C. N. Murphy, & R. Tooze, *The New International Political Economy* (pp. 33-49). Boulder: Lynne Rienner Publishers.
- Sung, Y.-w., & Chan, T. M. (1987). China's Economic Reforms: The Debates in China. *The Australian Journal of Chinese Affairs*(17), 29-51.
- Sussex, M. (2013). The Shanghai Cooperation Organization: a future balancing coalition in Asia? In P. Searman, *Power Transition and International Order in Asia* (pp. 69-85). London and New York: Routledge.
- Sutela, P. (1991). *Economic Thought and Economic Reform in the Soviet Union*. Cambridge: Cambridge University Press.
- Sutela, P., & Mau, V. (1998). Economics under socialism: the Russian case. In H.-J. Wagener, *Economic Thought in Communist and Post-Communist Europe* (pp. 33-79). New York: Routledge.
- Suttmeier, R. P., & Cao, C. (2004). China's Technical Community: Market reforms and the changing policy cultures of science. In E. Gu, & M. Goldman,

- Chinese Intellectuals Between State and Market* (pp. 138-157). London and New York: Routledge.
- Svolik, M. W. (2009). Power Sharing and Leadership Dynamics in Authoritarian Regimes. *American Journal of Political Science*, 53(2), 477-494.
- Svolik, M. W. (2012). *The Politics of Authoritarian Rule*. Cambridge: Cambridge University Press.
- Swaine, M. D. (2005). China's Regional Military Posture. In D. Shambaugh, *Power Shift* (pp. 266-285). Berkeley: University of California Press.
- Szelenyi, I. (2008). A Theory of Transitions. *Modern China*, 165-175.
- Taliaferro, J. W., Lobell, S. E., & Ripsman, N. M. (2009). Introduction: Neoclassical realism, the state, and foreign policy. In S. E. Lobell, N. M. Ripsman, & J. W. Taliaferro, *Neoclassical Realism, the State, and Foreign Policy* (pp. 1-42). Cambridge: Cambridge University Press.
- Tang, Z. (2006). Land Distribution in Mao's Investigations: poverty and class struggle. *Journal of Contemporary China*, 14(48), 551-573.
- Tayfur, F. (2000). Systemic-structural Approaches, World-system Analysis and the Study of Foreign Policy. *METU Studies in Development*, 27(3-4), 265-299.
- Tayfur, F. (2003). *Semiperipheral Development and Foreign Policy: The Cases of Greece and Spain*. Wiltshire: Ashgate.
- Tessendorf, M. (1987). The Changing Soviet Elite. *Proceedings of the Academy of Political Science*, 36(4), 32-41.
- The Economist. (2014, May 15). *Planet Plutocrat*. Retrieved October 16, 2018, from The Economist: <https://www.economist.com/international/2014/03/15/planet-plutocrat>
- The Ministry of Foreign Affairs of Russian Federation. (2000, January 10). *National Security Concept Of The Russian Federation*. Retrieved October 16, 2018, from The Ministry of Foreign Affairs of Russian Federation Fundamental Documents: http://www.mid.ru/en/foreign_policy/official_documents/-/asset_publisher/CptlCkKB6BZ29/content/id/589768
- Thompson, W. R. (2009). Introduction: How Might We Know That a Systemic Transition Is Underway? Clues for the Twenty-First Century. In W. R. Thompson, *Systemic Transitions: Past, Present, and Future* (pp. 1-8). New York: Palgrave Macmillan.

- Thomson, J. E. (1995). State Sovereignty in International Relations: Bridging the Gap between Theory and Empirical Research. *International Studies Quarterly*, 213-233.
- Thomson, J. E., & Krasner, S. D. (1989). Global Transactions and the Consolidation of State Sovereignty. In E.-O. Czempiel, & J. N. Rosenau, *Global Changes and Theoretical Challenges* (pp. 195-220). Lexington: Lexington Books.
- Tingyang, Z. (2009). A Political World Philosophy in terms of All-under-heaven (Tian-xia). *Diogenes*(221), 5-18.
- Trotsky, L. (1923). *The New Course*. Retrieved December 20, 2017, from Marxists Internet Archive: <https://www.marxists.org/archive/trotsky/1923/newcourse/index.htm>
- Trotsky, L. (1928). *Crisis in the Right-Center Bloc – I*. Retrieved from Marxists Internet Archive: <https://www.marxists.org/archive/trotsky/1928/11/crisis1.htm>
- Tsai, K. S. (2005). Capitalists Without a Class: Political Diversity Among Private Entrepreneurs in China. *Comparative Political Studies*, 38(9), 1130-1158.
- Ulfelder, J. (2005). Contentious Collective Action and the Breakdown of Authoritarian Regimes. *International Political Science Review*, 26(4), 311-334.
- UNCTAD. (2015, March 9). *UNCTAD Website*. Retrieved March 9, 2015, from UNCTAD Statistics: <http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx>
- USSR Government. (1979a). *Transcript of CPSU CC Politburo Discussions on Afghanistan*. Wilson Center. History and Public Policy Program Digital Archive.
- USSR Government. (1979b). *Report on the Situation in Afghanistan, Gromyko, Andropov, Ustinov, and Ponomarev to CPSU CC*. Wilson Center. Cold War International History Project.
- USSR Government. (1980). *CPSU CC Politburo Decision, with Report by Gromyko, Andropov, Ustinov, and Ponomarev*. History and Public Policy Program Digital Archive, TsKhSD, f. 89.
- Van De Ven, H. J. (1991). *From Friend to Comrade: The Founding of the Chinese Communist Party, 1920-1927*. Berkeley: University of California Press.
- Walder, A. G. (2015). *China under Mao*. Cambridge: Harvard University Press.

- Waltz, K. N. (1959). *Man, The State and War*. Columbia: Columbia University Press.
- Waltz, K. N. (1979). *Theory of International Politics*. Reading: Addison-Wesley Publishing Company.
- Walzer, M. (2006). *Just and Unjust Wars*. New York: Basic Books.
- Wang, H. (2000). Multilateralism in Chinese Foreign Policy: The Limits of Socialization. *Asian Survey*, 40(3), 475-491.
- Wang, Y. (2011). *Harmony and War: Confucian Culture and Chinese Power Politics*. New York: Columbia University Press.
- Wang, Z. (2015). The Chinese developmental state during the Cold War: the making of the 1956 twelve-year science and technology plan. *History and Technology*, 31(3), 180-205.
- Wang, Z., & Zeng, J. (2016). Xi Jinping: the game changer of Chinese elite politics? *Contemporary Politics*, 22(4), 469-486.
- Webb, M. C., & Krasner, S. D. (1989). Hegemonic Stability Theory: An Empirical Assessment. *Review of International Studies*, 15(2), 183-198.
- Weber, M. ([1919], 2008). Politics as a Vocation. In J. Dreijmanis, *Max Weber's Complete Writings on Academic and Political Vocations* (pp. 155-208). New York: Algora.
- Weber, M. (1930/1992). *The Protestant Ethic and the Spirit of Capitalism*. (T. Parsons, Trans.) New York: Routledge.
- Weisiger, A. (2013). *Logics of War: Explanations for Limited and of Unlimited Conflicts*. New York: Cornell University Press.
- Welsh, H. A. (1994). Political Transition Processes in Central and Eastern Europe. *Comparative Politics*, 379-394.
- World Bank. (2010, July 16). *Foreign Direct Investment – the China story*. Retrieved February 16, 2018, from <http://www.worldbank.org/en/news/feature/2010/07/16/foreign-direct-investment-china-story>
- World Bank. (2016, February 3). *Data World Bank*. Retrieved January 10, 2017, from Indicators: <http://data.worldbank.org/indicator>

- World Bank. (2017, February 12). *Data World Bank*. Retrieved February 12, 2017, from <http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?end=2004&start=2004&view=bar>
- World Bank. (2017, January 2). *Data World Bank*. Retrieved January 2, 2017, from Indicators: <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=1978&locations=CN-JP-DE-FR&start=1960&view=chart>
- World Bank. (2018, October 16). *Foreign Direct Investments*. Retrieved from Data World Bank: <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2017&locations=RU-1W&start=1992>
- World Bank. (2018, February 19). *The World Bank*. Retrieved from Data World Bank: <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?end=2016&locations=RU&start=1992>
- World Bank. (2018a, September 9). *Data World Bank*. Retrieved from Indicators: <https://data.worldbank.org/indicator/NV.IND.TOTL.KD.ZG?locations=CN>
- World Bank. (2018b, October 5). *Data World Bank*. Retrieved from Upper Middle Income: <https://data.worldbank.org/income-level/upper-middle-income>
- World Bank. (2018c, March 29). *Belt and Road Initiative*. Retrieved June 29, 2019, from The World Bank: <https://www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative>
- WTO. (2017). *Statistic Database*. Retrieved Ekim 10, 2014, from World Trade Organization Web Site: <http://stat.wto.org/Home/WSDBHome.aspx?Language=>
- Wu, Y. (2004). *China's Economic Growth*. New York: Routledge.
- Xiao, R. (2009). Between Adapting and Shaping: China's role in Asian regional cooperation. *Journal of Contemporary China*, 18(59), 303-320.
- Xiao, R. (2015). A reform-minded status quo power? China, the G20, and reform of the international financial system. *Third World Quarterly*, 36(11), 2023-2043.
- Xiaochuan, Z. (2009, March 23). *Zhou Xiaochuan: Reform the international monetary system*. Retrieved from Bank for International Settlements: <https://www.bis.org/review/r090402c.pdf>

- Xiaoping, D. (1984, October 6). *Our Magnificent Goal and Basic Policies*. Retrieved July 14, 2016, from People's Daily Online English: <http://en.people.cn/dengxp/vol3/text/c1260.html>
- Xiaoping, D. (1985, August 28). *Reform Is the Only Way For China to Developed Its Productive Forces*. Retrieved September 30, 2018, from The Selected Works Of Deng Xiaoping: <https://dengxiaopingworks.wordpress.com/2013/03/18/reform-is-the-only-way-for-china-to-developed-its-productive-forces/>
- Xu, C. (2011). The Fundamental Institutions of China's Reforms and Development. *Journal of Economic Literature*, 49(4), 1076-1151.
- Xu, Q. (2016). Reform directions for China's socialist market economy: a macroeconomic perspective. In J. Garrick, & Y. C. Bennett, *China's Socialist Rule of Law Reforms Under Xi Jinping* (pp. 59-74). New York: Routledge.
- Xuetong, Y. (2011). A Comparative Study of Pre-Qin Interstate Political Philosophy. In Y. Xuetong, *Ancient Chinese thought, modern Chinese power* (pp. 21-69). Princeton: Princeton University Press.
- Yeung, H. W.-C. (2004). *Chinese Capitalism in a Global Era*. New York: Routledge.
- Yoshihiro, I. (2013). *The Formation of the Chinese Communist Party*. (J. A. Fogel, Trans.) New York: Columbia University Press.
- Zang, X. (2004). *Elite Dualism and Leadership Selection in China*. London and New York: Routledge.
- Zemtsov, I. (1983). *Andropov: Policy Dilemmas and the Struggle for Power*. Jerusalem: IRICS Publishers.
- Zeng, J. (2014). Institutionalization of the authoritarian leadership in China: a power succession system with Chinese characteristics? *Contemporary Politics*, 20(3), 294-314.
- Zeng, J. (2016). *The Chinese Communist Party's Capacity to Rule*. New York: Palgrave Macmillan.
- Zhang, F. (2015). *Chinese Hegemony*. Stanford: Stanford University Press.
- Zhang, X., Mount, T. D., & Boisvert, R. N. (2004). Industrialization, urbanization and land use in China. *Journal of Chinese Economic and Business Studies*, 2(3), 207-224.

- Zhao, T. (2006). Rethinking Empire from a Chinese Concept 'All-under-Heaven'. *Social Identities*, 12(1), 29-41.
- Zhiyue, B. (2004). The 16th Central Committee of the Chinese Communist Party: formal institutions and factional groups. *Journal of Contemporary China*, 13(39), 223-256.
- Zhiyue, B. (2010). *China's Elite Politics*. New Jersey: World Scientific.
- Zhou, Q. (2010). The institutional foundation of China's economic growth. *China Economic Journal*, 3(1), 25-32.
- Zhu, Z. (2013). *China's New Diplomacy*. Farnham: Ashgate.
- Zuba, K. (2016). Power holders: one versus many. Leadership and elite theories. *Journal of Political Power*, 9(2), 269-287.
- Zweig, D., & Zhimin, C. (2007). *China's Reforms and International Political Economy*. New York: Routledge.
- Zweynert, J. (2006). Economic ideas and institutional change: Evidence from soviet economic debates 1987–1991. *Europe-Asia Studies*, 58(2), 169-192.

APPENDICES

APPENDIX A: CURRICULUM VITAE

PERSONAL INFORMATION

Surname, Name: Şahin, Mehmet
Nationality: Turkish (TC)
Date and Place of Birth: 20 August 1985, İstanbul
Marital Status: Married
Phone: +90 382 288 24 74
email: mesahin@alumni.bikent.edu.tr

EDUCATION

Degree	Institution	Year of Graduation
MS	Gazi University, International Relations	2011
BS	Bilkent University, Economics	2008

WORK EXPERIENCE

Year	Place	Enrollment
2010- Present	Aksaray University Department of Political Science and Public Administration	Research Assistant
2014-2015	Aarhus University Department of Political Science	Visiting Researcher

FOREIGN LANGUAGES

English (C1), German (A2)

PUBLICATIONS

1. Mehmet Şahin, Osman Şen ed., *Uluslararası İlişkiler Teorileri: Temel Kavramlar*, Kripto Yayınları, Ankara, 2014
2. Mehmet Şahin, “Türk Dış Politikasında Yumuşak Güç Unsuru Olarak Entegrasyon Girişimleri”, *Türk Dış Politikasında Güvenlik Arayışları*, ed. Mehmet Seyfettin Erol, Ertan Efeğil, Barış Kitap, 2012, pp. 205 – 224
3. Mehmet Şahin, “Güvenlik ve Uluslararası Ekonomi Politik İlişkisi”, *Uluslararası İlişkilerde Güvenlik*, ed. Emre Çıtak, Osman Şen, Uluslararası İlişkiler Kütüphanesi, 2014, pp. 207 – 217
4. Mehmet Şahin, “Algı Yönetiminin Ekonomik Boyutu: Ulus Markalaşması”, *Algı Yönetimi*, ed. Bilal Karabulut, Alfa Yayınları, 2014, pp. 251 – 273
5. Hakan Altın, Mehmet Şahin, “Global Market Integration around the World: The Case of Europe, America, Asia/Pacific and BRIC – T”, *Middle Eastern Finance and Economics*, Issue 8, December 2010, pp. 179 – 204
6. Hakan Altın, Mehmet Şahin, “Macroeconomic Affects on Stock Markets: An Empirical Analysis for Developed, Emerging and Financial Suffering Countries”, *Middle Eastern Finance and Economics*, Issue 13, May 2011, pp. 71 – 89
7. Mehmet Şahin, “Nürnberg Mahkemeleri Üzerine Bir İnceleme”, *Aksaray Üniversitesi İktisadi İdari Bilimler Fakültesi Dergisi*, Cilt 2, Sayı 1, Ocak 2010, pp. 49 – 61
8. Mehmet Şahin, “Karadeniz Ekonomik İşbirliği ve Şanghai İşbirliği Örgütünün Ekonomik Entegrasyon Bağlamında Karşılaştırılması”, *TÜBAV Bilim Dergisi*, Cilt 4, Sayı 2, 2011, pp. 143 – 150
9. Mehmet Şahin, “Book Review: Failed States: The Abuse of Power and the Assault on Democracy”, *Atilim Social Sciences Journal*, Cilt 2, Sayı 1, 2012, pp. 131 – 132
10. Mehmet Şahin, “Syrian Dispute in the Context of Structural Constructivism”, *Aksaray Üniversitesi İktisadi İdari Bilimler Fakültesi Dergisi*, Cilt 4, Sayı 2, Temmuz 2012, pp.19 – 26

11. Mehmet Şahin, “Changing Conception of Failed States from Neorealist Perspective”, *Aksaray Üniversitesi İktisadi İdari Bilimler Fakültesi Dergisi*, Cilt 5, Sayı 1, Ocak 2013, pp. 25 – 40
12. M. Seyfettin Erol, Mehmet Şahin, “Bağımsızlıklarının 20. Yılında Orta Asya ve Kafkasya’daki Türk Cumhuriyetlerinin Entegrasyon Süreci (1991 – 2011)”, *Karadeniz Araştırmaları*, Sayı 37, Bahar 2013, pp. 111 – 136
13. Mehmet Şahin, Orta Asya ve Kafkaslarda Siyaset ve Muhalefet Partileri, *Demokrasi Platformu*, Cilt 9, Sayı, 34, 2013/2, pp. 173 – 186
14. Ahmet Türkmen, Hüsnü Bilir, Mehmet Şahin, *Küresel Ekonomiye İnterdisipliner Bir Bakış*, Kimlik Yayınları, Kayseri, 2019

APPENDIX B: TURKISH SUMMARY/TÜRKÇE ÖZET

Soğuk Savaş sonrası dönemde hem Uluslararası İlişkiler hem de Uluslararası Politik Ekonomi literatürleri eski komünist ülkelerin liberal politik ve ekonomik sisteme nasıl dönüştürülebileceği üzerinde durmuştur. Bu durum politik ve ekonomik dönüşümün tek yönlü olduğu düşüncesinden yola çıkarak bütün devletlerin lineer bir yol takip edeceği var sayımı ile dönüşümü ele almıştır. Oysaki Soğuk Savaş sonrası dönemde, bilhassa büyük devletler göz önüne alındığında, dönüşümün tek bir yönde olmadığı görülmüştür. Daha açık bir şekilde ifade etmek gerekirse; başta Rusya ve Çin olmak üzere eski komünist ülkelerin çoğu ekonomik bağlamda piyasa ekonomisini benimserken politik liberalizme dönüşme çabaları sonuçsuz kalmıştır. Piyasa ekonomisine dönüşümler de beklenildiği gibi liberal kapitalizmi bu ülkelere yaymamış, bunun yerine ülkelerin kendi kapitalist sistemlerinin doğmasına yol açmıştır. Daha da önemlisi; uluslararası sistem beklenildiği gibi ABD (*Amerika Birleşik Devletleri*) hegemonyası altında tek kutuplu hale gelmemiş, dünya çapında hibrit rejimler oluşmuştur. Söz konusu hibrit rejimlerde uluslararası sistem içinde kendilerine yer bulmaya çalışmaktan ziyade sistemi farklı bir formata sokmayı denemişlerdir. Bu da dönüşümü daha geniş bir perspektiften ortaya koyma ihtiyacını doğurmuştur. Zira uluslararası düzenin nasıl şekilleneceği konusu hâlâ tartışma yaratmaktadır. Dolayısıyla politik ve ekonomik dönüşüm, tek tek ülke vakaları ile ele alınarak değil, uluslararası sistemin kendisi göz önünde bulundurularak incelenmelidir. Bu bağlamda uluslararası sistemin devletleri nasıl etkilediği, aynı şekilde onların da uluslararası sistemi nasıl değiştirmeye çalıştığı incelenmelidir. Zira son tahlilde sistem ve onun parçaları birbirlerini etkileyen bir bütündür.

Sistem ve devletin karşılıklı ilişkilerini anlamamanın en önemli yolu büyük devletlerin sistemle olan karşılıklı ilişkilerini ortaya çıkarmaktır. Daha önce de belirtildiği gibi; sistem ve devletler birbirlerini karşılıklı olarak etkileyen iki unsurdur. Uluslararası sistemi etkilemede büyük devletlerin rolü şüphesiz orta ve küçük devletlere nazaran daha önemlidir. Zira büyük devletler sistemi dönüştürecek etkin güce sahip iken,

daha küçük devletler sistemin edilgeni konumundadırlar. Bu yüzden uluslararası sistemin değişimini incelerken büyük devletleri ve onların dönüşümünü incelemek anlamlı sonuç vermektedir. Bir başka deyişle; sistem ve devlet arasındaki karşılıklı ilişki büyük devletler için anlam ifade etmektedir.

Bu bağlamda bu çalışmada sosyalizmden pazar ekonomisine dönüşen iki büyük ülke Rusya ve Çin ele alınmıştır. Bu bağlamda öncelikli olarak “en benzeyen sistem tasarımı” (*most similar system design*) metodu kullanılarak iki ülke birbirleri ile karşılaştırılmıştır. Bu metodun seçilmesi tesadüfi değildir. Zira her iki ülke de Soğuk Savaş döneminde sosyalist sistemin parçası konumundadır. Tek parti tarafından yönetilen iki ülke de farklı zamanlarda olmakla birlikte zaman zaman totaliter rejime kayan otoriter yönetimler tarafından idare edilmiştir. Her iki devlet de 1970’li yıllara gelindiğinde göreceli olarak gerileyen ülkeler konumuna düşmüştür. Bu da her iki ülkeyi de sosyalist devlet organizasyonundan uzaklaşp pazar ekonomisini benimseme çabalarına yol açmıştır. Ancak sonuçlar her iki ülke için de farklı olmuştur. 1970’li yıllardan 2020’li yılların başına kadar geçen sürede Çin dünyanın en büyük pazarı haline gelirken Rusya’nın öncül devlet olan Sovyetler Birliği 1991’de dağılmış, sonrasında da yeni Rusya gerileyen hegemon davranışları sergilemeye devam etmiştir. Dolayısıyla, birbirine benzer iki ülkenin arasındaki bu büyük farkı ortaya çıkaracak bir değişkene ihtiyaç vardır.

Söz konusu farkı anlamak için bu çalışmada elit tercihleri merceğe altına alınmıştır. Her iki ülkenin elitleri arasındaki fark masaya yatırılarak ortaya çıkan farklı sonucun dinamikleri anlaşılmasına çalışılmıştır. Yani değişen dış konjonktür karşısında devletlerin elitleri ve/veya elit tercihleri değişmiş, bu da farklı politik ekonomilerin ortaya çıkmasını sağlamıştır. Yani elit tercihleri burada sebep veya sonuç olmaktan ziyade ara değişken konumundadır.

Bu durum bizi neoklasik realist bakış açısına getirmektedir. Zira uluslararası ilişkiler literatüründe görece olarak yeni bir teori olan neoklasik realizm sebep – sonuç ilişkilerinin bir ara değişken ile açıklanması gerektiği formülü üzerinde durmaktadır. Yani bağımlı ve bağımsız değişkenler arasında bir de müdahil değişken olması gerektiğini savunmaktadır. Bu noktadan hareketle, bu çalışmada uluslararası sistem

bağımsız değişkeni, elit yapıları müdahil değişkeni, politika çıktıları ise bağımlı değişkeni oluşturmaktadır. Yani uluslararası sistem devletlerin görece pozisyonlarını tayin etmekte, elitler buna göre yorum yaparak ellerindeki kaynakları kullanmakta ve sonuçta devletler de politik ekonomileri ile uluslararası sistemi şekillendirmektedir. Daha önce de değinildiği gibi; büyük devletler bu bağlamda daha büyük öneme haizken küçük devletlerin uluslararası sisteme katkısı ihmal edilebilir boyuttadır. Çin ve Rusya'nın vaka olarak seçilmeleri bu bakımdan da önemlidir.

Sistem ve Sistemik Dönüşüm

Uluslararası sistemin dönüşümünü anlamak için ilk olarak sistemin ne olduğu üzerinde durmak gerekmektedir. Zira Soğuk Savaş sonrası dönemde dönüşüm denince akla ilk gelen olay eski sosyalist ve komünist ülkelerin pazar ekonomisine ve liberal politikaya geçişleri ve bu süreçlerin nasıl yönetileceği olmuştur. Dolayısıyla sosyalist sistemin içindeki parçalar ayrı ayrı ele alınmış, böylelikle Soğuk Savaş sonrası dönemde Liberal Kurumsalcılık (*liberal institutionalizm*) yaklaşımı literatürde ağırlık kazanmıştır. Ancak bu durum sistemin tamamının görmezden gelinmesi sonucunu doğurmuştur. Bu da liberal sisteme entegre olamayan parçaların neden bu aynı sonuca ulaşamadıkları sorusunu gündeme getirmiştir. Yani Washington Konsensüsü bazı ülkeler için geçerli olduğu halde bazı ülkelerde tam anlamıyla işletilememiştir. Bu da bizi sistemin ve sistemik dönüşümün incelenmesi gereğine sevk eder.

Sistem en basit haliyle birbirleriyle bağlantılı bir düzen olarak anlaşılırsa politik sistem de etkileşim, organizasyon ve düzen anlamına gelmektedir. Düzen de ortak değerler üzerine kurulu olmalıdır. Bu bağlamda uluslararası sistem ise Modelski tarafından küresel ilişkilerin ve sorunların yönetilmesi şeklinde tanımlanmaktadır. Ancak küresel boyutta olması şart değildir, birden fazla devleti içine alan her türlü ilişki biçimi bir sistem oluşturmaktadır. Bu noktadan hareketle bir uluslararası sistem üç sacayağından oluşmaktadır; düzen, uzlaşma ve iç seçim. Burada uzlaşma, bir hegemon gücü işaret etmektedir. Yani hegemon uzlaşmaya dayalı olur. Dolayısıyla

düzeni sağlamak hegemon gücün sorumluluğundadır. Hegemon güç hem sisteme bağlı ülkelerde güvenliği sağlamak hem de bu ülkelere bazı kamu hizmetlerini sunmak durumundadır. İç seçim ise devletlerin iç düzenlemelerine işaret eder. Devletler iç düzenlemelerine göre bir uluslararası sistemin parçası olurlar. Bunun doğal sonucu olarak da uluslararası ilişkilerin temel varsayımlarından olan sistemin anarşik yapısı görüşü büyük devletler için geçerlidir. Küçük devletler, gücün asimetrik dağılmasından ötürü büyük devletlerin hiyerarşik yapıları altındadır.

Uluslararası sisteme böylesi bir yaklaşım klasik realizm ve neorealizmin içinde yer bulamamaktadır. Zira her iki yaklaşımda devletlerin homojen olduğu ve sadece güç kapasitelerinde farklılıklar yaşandığı varsayımına dayanmaktadır. Bu durum devletleri bilardo topuna benzeten neorealizmde daha keskindir. Neoklasik realizm ise bu bağlamda farklı bir portre çizmektedir. Nitekim realizmi Lakatosçu bir yaklaşımla bir araştırma programı gibi ele alacak olursak, İki Savaş Arası dönemden bu yana uluslararası ilişkilerdeki realist düşünce gelişerek günümüze kadar ulaştı. Temel varsayımlarını korumakla birlikte neoklasik realizme dönüşen süreçte dünya siyasetinin ve uluslararası sistemin akışına göre realist düşünce de dönüşmüştür. Devlet tercihlerinin önemli olduğu çok kutuplu düzenden devlet tercihlerinin geri planda kaldığı çift kutuplu sisteme geçen süreçte realizm devlet merkezli ikinci boyuttan sistem merkezli üçüncü boyuta dönüşmüş, ekonomik güç merkezlerinin ortaya çıkmasıyla birlikte yeniden devlet farklılıkları ön plana çıkmaya başlamıştır. Bu da uluslararası sistemi ve iç politikayı birbirine bağlayan neoklasik realizmin ortaya çıkmasını sağlamıştır. Dolayısıyla Soğuk Savaş sonrası dönemde uluslararası sistemin dönüşümünü Rusya ve Çin üzerinden anlatabilecek kapasiteye sahip en önemli yaklaşımlardan biri neoklasik realizmdir.

Bu durum bizi neoklasik realizme göre sistem dönüşümünün nasıl ele alınması gerektiği sorusunun cevabını vermeye sevk etmektedir. Sistemik dönüşümden kast edilen; hegemon gücün ve/veya bunun koyduğu uluslararası kural, norm ve rejimlerin değişimidir. Devlet, uluslararası ilişkilerdeki en önemli aktör olduğu ve devletin nasıl örgütleneceğini de yönetici elit belirlediği için elit değişimleri devlet organizasyonunu da değiştirebilir. Söz konusu elitler büyük devletlerin eliti olunca

uluslararası norm ve kurallar da değişime uğrar ve bu da sistemi değiştirebilir. Yani elit yapısı veya ideolojisindeki değişim devlet organizasyonunu değiştirir. Eğer bir devlet mevcut sistemden kâr elde ediyorsa herhangi bir değişim söz konusu olmaz. Ancak sistem zarara yol açıyorsa o zaman istemi kârlı hale getirene kadar değişim söz konusu olur. Bu durumun ortaya çıkması, yani bir değişim talebinin oluşması ise iç ve dış sebepler olmak üzere iki ana başlıkta incelenecek şekilde gerçekleşir.

İlk ve en önemli sebebi; dış sebeplerdir ki realizmin iddia ettiği gibi devletler uluslararası sistemdeki pozisyonlarına göre tavır alır. Zira uluslararası sistem devletlere imkân sağlar veya sınırlar çizer. Bu sınırları sadece uluslararası sistemin anarşik yapısı değil aynı zamanda “Büyük Devletler Sistemi” çizer. Yani uluslararası sistem hem anarşik yapı hem de büyük devletler tarafından şekillenmektedir.

İkinci başlık ise iç sebeplerdir. İç sebepler üç başlık altında toplanabilir. Birincisi, ekonomik verimliliğin azalması veya artması devletlerde değişim isteği uyandırır. Bu bağlamda sanayileşen ülkeler hızlı ekonomik büyüme yakalarken faktör girdileri azalan ülkeler azalan marjinal fayda ilkesi gereği ekonomik sıkıntı yaşarlar. İkincisi, teknolojik ilerleme veya gerileme. Teknolojik gelişme azalan verimliliği artıracak gibi askeri ilerlemeyi de sağlar. Üçüncüsü ise yolsuzluktur. Yolsuzluk ve yozlaşma sosyal adaletsizliği artıracak gibi ekonomik verimliliği azaltarak yönetici elitin meşruiyetini de sarsar. Dolayısıyla bu üç unsur devletlerde büyüme veya küçülme yönünde değişim arzusu yaratır.

Eğer bir devlet göreceli olarak büyürse bu durumda ekonomik ve siyasi büyümenin yollarını arar. Ekonomik büyüme; yatırım, ticaret, parasallaşma gibi unsurları içermektedir. Eğer devlet bunu agresif şekilde uyguluyorsa buna yumuşak saldırganlık denir. Ekonomik büyümenin ardından uluslararası kurumlardaki etkinliğin artırılması gelir ve nihayetinde devletin kendi norm ve kurallarını koyması anlamına gelen hegemonya gerçekleşir. Bu norm ve kurallar egemen ülkenin devlet organizasyonuna göre şekillenir. Küçük devletler de bu devlet organizasyonunu benimser ve anlaşma ile söz konusu devletin liderliğini kabul ederler. Bu ekonomik ve siyasi büyüme diğer büyük devletler arasında güç dengesi oluşana kadar devam eder ve sonunda uluslararası sistem dengeye ulaşır.

Hegemonik gerileme ise daha karmaşık bir olgudur. Öncelikli olarak belirtmek gerekir ki hegemonik güçler devlet olmanın ötesinde bir uluslararası sistemin düzenleyicisi ve koruyucusudur. Dolayısıyla onun devamlılığını sağlayacak olan külfetleri de üstlenmeleri gerekmektedir. Dolayısıyla birden fazla sebepten ötürü gerilemeye yüz tutabilirler. Öncelikli olarak teknolojik durgunluk gerek ekonomik gerekse de askeri anlamda geri kalmalarına yol açar. Bununla bağlantılı olarak da sistemin sürdürülmesi masraflı hale gelebilir. Sistemin sürdürülmesi sadece teknolojik gerilikten değil aynı zamanda karşıt dengeleyici güçler yüzünden de masraflı olabilir. Zira bu güçler silahlanma yarışını daha sürdürülemez hale getirirler. Üçüncü olarak ekonomik yapının değişmesi de etkili olabilir. Sanayileşen ülkeler hızlı ilerleme sağlarken sanayiden hizmet sektörüne geçiş yapmış ülkelerin refah artışı ve teknolojik gelişmesi yavaşlayabilir. Son olarak da yolsuzluk hegemon bir gücü içten kemirerek geriletebilir. Gerileyen bir hegemonun yapabileceği şeyler; ya devlet organizasyonunu değiştirerek ekonomik verimliliği artırmak olabilir, ya topraklarını genişleterek karşıt güçlerin ekonomisini zayıflatabilir ya da daha radikal bir hamle ile uluslararası politikadaki konumlarından feragat edebilir. Hangi politikanın tercih edileceği ancak elitler incelenerek ortaya çıkarılabilir.

Elit Teorileri

Elit teorileri siyaset bilimi literatürü içine yer almakla birlikte günümüzde önemli hale gelmiştir. Bu yüzden uluslararası ilişkiler çalışmalarında da yer alması elzemdir. Bu durum özellikle demokratik olmayan ülkelerin elitleri için önemlidir. Zira demokratik ülkelere elitler seçimle değişmek ve kurumsal yapılarla kısıtlanmak gibi bir takım sınırlara tâbidirler. Buna karşılık demokratik olmayan elitler ise meşruiyetlerini farklı kaynaklardan alırlar ve bürokratik kurumlar yerine parti içi ve dışı güç dengeleri ile ayakta dururlar. Meşruiyet kaynakları da her ne olursa olsun yönetimde istikrar sağlayabildikleri ölçüde söz konusu kaynakları meşru kabul edilir. Tezde bahsi geçen iki örnekte (Rusya ve Çin) uzun yıllar meşruiyetini ideolojiden

alan elitler yönetimde yer tutmuş ve ülkeyi ideolojilerine uygun şekilde organize etmiştir.

İdeolojik ve demokratik elitler nasıl sorusuna siyaset bilimi literatürü elitlerin entegrasyonlarına ve farklılaşmalarına göre iki ayrı kategorize edilmesiyle cevap vermiştir. Buna göre güçlü ve zayıf entegrasyonlar ile az ve çok farklılaşma olmak üzere dört ayrı elit çeşidi bulunmaktadır. Demokratik rejimler güçlü entegrasyon ve çok farklılaşma ile oluşurken liberal olmayan demokrasiler bundan farklı olarak farklılaşmasına rağmen zayıf entegrasyon ile oluşur. Dolayısıyla demokratik rejimlerin entegrasyonları demokrasinin boyutunu gösterir. Demokratik rejimler konsensüs elitlerini oluştururken liberal olmayan demokratik elitler parçalı elit yapısını oluşturur. Az farklılaşmış elitler ise ideolojik elitleri oluşturur. Bunlar arasında güçlü entegrasyon varsa ideokratik rejimler oluşur, zayıf entegrasyon varsa da bölünmüş elit yapısı ortaya çıkar. Söz konusu rejimler çoğu zaman tek parti tarafından idare edilir ve iç savaş veya devrim gibi yöntemlerle yönetime gelirler. Bunlardan ideokratik olanı totaliter rejimleri oluştururken bölünmüş olanı otokrat rejimleri oluşturur. İki rejim arasındaki en önemli farkın lider kültürü olduğu söylenebilir. Totaliter rejimler lider kültürlerine dayanırken otoriter rejimler çarklı gruplar arasındaki güç dengesine dayanmaktadır ve lider burada bir fraksiyonun temsilcisi konumundadır. Her iki durumda da güç merkezileşmiş haldedir. Bürokrasi buralarda politika üreticisinden çok uygulayıcı konumundadır.

Partiler ise yukarıda değinildiği gibi farklı fraksiyonlardan meydana gelir. Bu durum bölünmüş elitlerde daha belirgindir. Zira ideokratik elit yapısında lider kültürü ağır bastığından dolayı fraksiyon farklılığı ya yoktur ya da kendini açık edemiyordur. Çünkü mevcut yönetime karşı gelmenin bedeli bu ülkelerde çoğu zaman ağır olur. Bölünmüş elitlerde ise muhafazakârlar ve reformcular olmak üzere iki ayrı grup vardır. Bir de muhalif gruplar da var olmakla birlikte mevcut yönetim içerisinde kendilerine yer bulamazlar. Ancak ve ancak ideolojik birlikteliğin bozulması durumunda eski yönetimdeki fraksiyonlardan biri ittifak kurarsa başarılı olabilirler. Bunun dışında normal bir otoriter rejimde yönetim muhafazakarlar ve

reformculardan oluşur çoğu zaman ve partinin veya devletin lideri baskın grubun temsilcisidir.

Bu bakış açısıyla incelendiği zaman dönüşüm denen olgunun elit değişimi ile eşdeğer bir durum olduğu ortaya çıkmaktadır. Zira demokratik rejimlere geçiş baştaki ideolojik sınıfın değişiminden veya ideolojisini terk edip yeni bir ittifak oluşturması sonucunda ortaya çıkan bir durumdur. Benzer şekilde lider kültürünün yıkılması veya bölünmüş elitlerdeki hâkim fraksiyonun değişmesi, daha doğrusu muhafazakar fraksiyon yerine reformcu fraksiyonun yönetimde ağırlık kazanması da dönüşüm ile sonuçlanmaktadır. Elitler arasında böylesi bir değişim talebi hâkim sınıf “toplum sözleşmesini” yerine getiremediği zaman ortaya çıkar. Yani yönetime hakim olan ideoloji, iddia ettiği gibi istikrar sağlayamadığı zaman meşruiyet sorunu ortaya çıkmaya başlar. Böyle bir durumda şayet mevcut ideoloji bir şekilde ya kendini yenileyemez ya da tekrar ekonomik istikrara kavuşamazsa o zaman meşru olmaktan çıkar ve yeni bir ideolojiye kendini bırakır. Eski ideoloji ile devam edilmek istendiği takdirde de ideoloji yönetici elit tarafından yeniden yorumlanarak yeni bir meşruiyet alanı ortaya çıkar. Böylece de devlet organizasyonu bir başka şekle dönüşür.

Elit teorilerinin neoklasik realizme uyarlanması işte bu noktada devreye girmektedir. Bilhassa 1970’li yıllardan itibaren kapitalizmin farklı yorumlanmasıyla birlikte devlet organizasyonları uluslararası ilişkiler ve uluslararası ekonomi politik literatüründe önem kazanmaya başlamıştır. Bu çerçeveden bakıldığında elit teorilerinin de neoklasik realizm içinde yorumlanması elzem hale gelmektedir. Neoklasik realizmin sistem analizi ile elit teorileri bir araya getirildiğinde karşımıza çıkan tabloyu şu şekilde özetleyebiliriz.

Öncelikli olarak dışsal sebeplerden ötürü devletler bir değişim düşüncesine giriyorlar. Ancak değişimin nasıl ve ne şekilde olacağını her elit farklı yorumluyor. Bu noktada ideokratik elitler ile muhafazakar ağırlıklı bölünmüş elitler benzer özellikler göstermektedir. Bu elitler ilk olarak mevcut düzen içinde ekonomik verimliliği arttırmak için bazı ufak değişimler yapmaktadır. Şayet bu çalışmalar başarılı olursa ekonomik büyüme sağlayabilirler. Ancak başarısız olduğu takdirde gerileyen hegemon olarak agresif bir tutum sergiler ve toprak büyütme çalışmalarını sürdürürler.

Buradaki esas amaç kendisine güvenli bir alan oluşturarak askeri maliyetleri azaltmaktır. Bu politikanın başarılı olmasını beklerler. Ancak bunun da başarısız olması durumunda daha önce de belirtildiği gibi mevcut yönetimin meşruiyeti sorgulanır hale gelir ve nihayetinde yerini reformcu bir elit alır. Hatta daha ileri giderek reformcular, muhafazakarlar ile aralarındaki ittifakı bozarak yeni bir koalisyon kurabilirler. Böylece ya mevcut ideoloji yeniden yorumlanmış olur ya da yeni ittifakın kurulmasıyla birlikte tamamen terk edilir. Ortaya yeni bir devlet organizasyonu çıkar. Yeni devlet organizasyonunun daha fazla refah üretmesi beklenir. Şayet bu beklenildiği şekilde gerçekleşirse o zaman devlet yeniden ekonomik büyümenin yollarını arar, yani yumuşak saldırgan politikalarına devam eder. Buna mukabil, bu politikanın da başarısız olması durumunda o zaman daha radikal olan yol tercih edilir. Yani hegemonik güç masraflarını azaltmanın yollarını arar ki bunun da etkili yolu bazı haklarından feragat etmesidir. Yani ekonomik, politik hatta kimi zaman da toprak olarak geri çekilir. Böylece kendini daha etkili bir alanda konsolide ederek güç dengesini sürdürmeye çalışır. Bu unsurlar bize neoklasik realizm çerçevesinde uluslararası sistemin dönüşümü hakkında ipucu vermektedir.

Çin ve Sovyetler Birliği döneminden beri gelen Rusya örnekleri incelendiğinde yukardaki şablonun örtüştüğü görülmektedir. Dolayısıyla bahsi geçen teorik çerçevelerin birleştirilmesi sonucunda ortaya çıkan düzenlemeyi 1970’li yıllardan beri süregelen Çin ve Rusya örnekleri inceleyeceğiz.

Rus Eliti ve Değişim Arzusu

Sovyetler Birliği zamanında Rus eliti iç savaş sonrasında Marksist ilkeler ışığında oluşmuştu. Komünist Parti’nin politbürosu yönetimin en yetkili organı ilan edildi. Sovyetler Birliği’nin ilk ilan edildiği dönemde Komünist Parti’nin politbürosunu Bolşevikler, Menşevikler gibi birden fazla grubu ihtiva ediyordu. Dolayısıyla bölünmüş elit yapısındaydı. Ancak 1930’lu yıllara gelindiğinde Stalin şahsi gücünü yavaş yavaş konsolide ederek lider kültürüne dayanan bir rejim oluşturmayı başardı.

Bilhassa 1936'daki büyük sürgünlerden sonra Sovyetler Birliđi ideokratik elit yapısına büründü. Bölünmüş elitten ideokratik elit yapısına geçiş süreci devlet organizasyonunun da dönüşmesine yol açtı. Komünist rejim ilk ilan edildiğinde Lenin ve ekonomi danışmanı Buharin “Yeni Ekonomi Politikasını” benimsediler. Bu politika özel mülkiyeti, yabancı sermayeyi teşviki ve ekonominin piyasaya göre şekillenilmesini içeriyordu. Lenin tarafından bu devlet organizasyonunun adı “Devlet Kapitalizmi” olarak adlandırılmıştı ve devrim karşıtı bir hareket olarak görülmemektedir. Ancak Stalin bunları burjuva hareketleri olarak görüyordu ve karşıydı. Stalin özel mülkiyete karşıydı ve kolektifleşmeyi savunuyordu. Nihayetinde gücünü konsolide etmesiyle birlikte devlet organizasyonunu da bu bağlamda sosyalizme dönüştürdü. Sosyalist devlet organizasyonu tartışmalarını beraberinde getirmekle birlikte Sovyetler Birliđi'ni kısa sürede büyük bir sanayi ülkesi haline getirdi. İkinci Dünya Savaşında da Almanya'ya mutlak üstünlük sağlanması hem Stalin'in liderliğini hem de onun getirmiş olduđu politik ekonomiyi meşrulaştırdı. Zira Sovyetler Birliđi artık çift kutuplu dünya düzeninin iki süper gücünden biri haline gelmişti. Yani Sovyetler Birliđi büyük bir sosyalist sistem kurmuş ve Dođu Avrupa'daki devletleri de kendisine bağımlı hale getirerek sistemin parçası yapmıştı. Stalin'in ölümünden sonra devlet her ne kadar bölünmüş elite dönüşse ve de-Stalinizasyon çabaları baş gösterse de Stalinci ekonomi politik başarısından ötürü 1970'li yıllara kadar varlığını sürdürdü. Dahası Stalin'in tayin ettiđi politbüro ve parti üyeleri de bu tarihlere kadar varlıklarını sürdürdüler.

Ancak 1970'li yıllardan itibaren Sovyet ekonomisi alarm vermeye başladı. Sanayileşme sayesinde köyden kente büyük göçler yaşanmış ve bu durum merkezi planlamacılar tarafından hesaba katılmamıştı. Bundan dolayı da tarım üretiminde ciddi bir azalma yaşanmaya başladı. Birbirlerine merkezi plan ile entegre olmuş sistem yüzünden tarım üretimindeki düşüş sanayi üretimini de olumsuz etkiledi. Daha da önemlisi ekonomi girdilerindeki söz konusu azalma teknolojik gelişme ile telafi edilemedi. Zira Sovyetler Birliđi teknolojik ilerleme yönünden de geri kalmaya başlamıştı. Merkezi planlama yüzünden teknolojik yenilik yapılamıyor, uzun vadeli kalkınma planları yöneticiler tarafından ortaya konamıyordu. Bu durum Sovyetler

Birliđinin askeri teknolojisini de olumsuz etkilemekteydi. 1980’li yıllara gelindiđinde NATO ile silahlanma yarışı srdrmekten uzaklařmıř durumdaydı. Dolayısıyla ekonomik gerileme teknolojik yeniliklerle telafi edilemiyordu. Bunların yanı sıra yolsuzluk ve yozlařma da Sovyet brokrasisinin zelliđi haline gelmiřti. Yozlařma sadece brokraside yer alanlara avantaj sađlamak gibi bir duruma yol ađmıyor aynı zamanda resm verilerin arpıtılmasına yol ađıyordu ki planlı ekonomi iin olumsuz bir durumdu bu. Zira retim birbirine bađımlı olduđu iin yanlış raporlama btn retimi olumsuz etkilemekteydi.

Btn bunların sonucunda daha da nemlisi, Sovyetler Birliđi’nin uluslararası konumu gerilemekteydi. stelik de gerileyen sadece sosyalist sistemin lideri olan Sovyetler Birliđi deđil, sistemin diđer lkeleri de gerilemekteydi. Bunun aksine liberal sisteme ait lkeler, bařta Almanya ve Japonya olmak zere, ekonomik byme yařamaktaydılar. Dolayısıyla hem Sovyetler Birliđi hem de sosyalist sistem uluslararası arenada geri plana dřmekteydi. Btn bu geliřmeler Sovyet elitlerini yukarda bahsi geen kararları almaya zorladı.

Elit Cevapları ve Dnřm (Rusya)

Sovyetler Birliđi’nin greceli gerilemeye bařladıđı dnemde ynetimde muhafazakr elit bulunmaktaydı. Bu elit ilk olarak sosyalist sistem ve planlı ekonomi ierisinde refah arttırmak iin tedbirler almaya yneldi. Ancak bunlar nemli deđiřimler iermiyordu ve nitekim refah arttırmaya da katkıda bulunamadı. Bu da muhafazakar eliti ikinci adım olan maliyet dřrmeye zorladı. Teorik kısımda bunun agresif politika ve savunma masraflarını azaltmak iin toprak bytme olduđu belirtilmiřti. Bu bađlamda Afganistan’ın iřgali de in ve ABD’ye karřı Sovyetlerin masraf azaltma hamlesi olarak grlmektedir. Ancak savařın uzaması azalması beklenen maliyetleri daha da artırdı. Bu da muhafazakr elitin meřruiyetini azaltarak reformcuların bařa gemesini sađladı. Reformcu elit, ncelikle Andropov sonra da Gorbaov nderliđinde ilk bařta glasnost ve perestroyka ile devlet organizasyonunu yeniden devlet kapitalizmine dnřtrd. Bylece daha fazla refah arttırmanın

yolunu aradı. Ancak bu politika da beklenen başarıyı veremeyince reformcu elit daha radikal olan masraf azaltma yöntemine geçti. Bu da Sovyetler'in bazı haklarından feragat etmesi anlamına geliyordu. 1989 yılında Doğu Avrupa'daki hegemonyasına son verdiğini ilan ederek sınırlarını Sovyet Birliğine çekerek gücünü burada konsolide etmeye çalıştı. Ancak glasnost ve perestroykanın sağladığı ortam Sovyetler Birliği'nde sosyoekonomik sorunların daha ağır olduğunu ortaya çıkardı. Nihayetinde 1991 yılında alt kademede görev yapan elitler liberaller ile yeni bir koalisyon kurarak birliğe bağlı devletlerin kendi yollarına devam etmesinin yolunu açtı. Böylece Rusya başka ülke ve toplumların sorumluluğunu almak zorunda kalmadan güvenliğini ve ekonomik kalkınmasını yakalayabilecekti.

Yeni Rus eliti liberaller ve eski güvenlik bürokrasisi olan siloviki koalisyonundan oluşmaktaydı. Yani devlet bir yandan güvenlik kaygılarını ve güvenlik bürokrasisini yönetimde tutmaya devam ederken diğer yandan da piyasa ekonomisi ile refahını arttırmaya çalışmaktaydı. Bu süreç sonucunda devlet hibrit kapitalist ekonomi politikalarının uygulanmasıyla birlikte devlet destekli kapitalizm organizasyonuna dönüştü.

Yeni Rus elitinin bu anlamda beklentisinin çok kutuplu sistem yaratmak olduğu iddia edilebilir. Zira Rusya, Soğuk Savaş sonrası dönemde ABD liderliğindeki tek kutuplu sistemin istikrarsızlık getirdiğini vurgulamakta, bunun yerine büyük devletlerin kendi sistemlerini kurarak küçük devletler arasındaki ilişkileri düzenlemesi gerektiği tezini savunmaktadır. Bu bakımdan büyük devletlerin "arka bahçeleri" olduğunu ve birbirlerinin bu alanlarına müdahale etmemeleri gerektiği bir dünya düzeni önermektedir. Bununla paralel olarak da post-Sovyet coğrafyasını kendi etki alanı olarak görmekte ve buraya dışarıdan yapılan müdahaleleri kabul etmemektedir. Rusya'nın buradaki en büyük amacının ABD hegemonyasına karşı başta Çin olmak üzere büyük devletlerle işbirliği yapma isteğidir. Zira 1950'li ve 60'lı yılların aksine Rusya tek başına ABD'yi dengeleyememektedir. Güç dengesini sağlayabilmek için başka büyük ülkelerle işbirliğine ihtiyacı bulunmaktadır. Dolayısıyla çift kutuplu sistemin aksine kendisi için en makul düzenin çok kutupluluk olmasıdır.

Çin Eliti ve Değişim Arzusu

Rusya gibi Çin de 1949 yılında ideolojik temellere dayanarak kurulmuştur. Ancak Rusya'dan farklı olarak Çin Devrimi gerçekleştiği sırada Mao zaten parti içinde kişisel gücünü oluşturmuştu. Yani Çin Halk Cumhuriyeti ideokratik elit yapısı üzerine oluşmuştu. Mao ilkelerin belirleyicisi konumundayken politika üretimlerini alt kadrolara bırakmıştı. Devrimin ilk yıllarında Sovyetler Birliği ile yakın ilişki kuran Mao Stalinci bir politika benimsemişti. Katı bir sınıf çatışması uygulayan Mao, parti yönetiminde de teknik becerilerden ziyade ideolojik bağlılığı ön plana çıkarmıştı. Kültür Devrimi ve Büyük Atılım politikaları ile birlikte ekonomik kalkınmayı hedeflese de bu politikalar felaketle sonuçlanmıştır. Özellikle Kültür Devrimi ekonomik kalkınmayı hedeflese de Mao'nun parti içindeki ve ülkedeki kişisel gücünü pekiştirmekten başka bir işlevi olmamıştır. Her ne kadar parti içinde ülkenin içinde bulunduğu durumun sıkıntıları biliniyor olsa da Mao'nun kişisel otoritesi önemli reformların yapılmasına mani olmaktaydı.

Bu ideokratik yapı Mao'nun ölümünden kısa süre sonra değişti. Mao'dan sonra onun mirasçısı olan kişiler partiden uzaklaştırıldı. İdeolojik bağlılıktan yerine teknik becerilere dayanan bölünmüş elit yapısı oluştu. Bunun yanında yaş ve dönem sınırı gibi kısıtlamalar da getirilerek kişisel liderliklerin ön plana çıkması engellendi. 2017 yılında Xi Jinping'in ömür boyu lider ilan edilmesine kadar bu şekilde işleyen sürecin bundan sonra nasıl olacağı şimdilik tartışma konusudur. Ancak belirtmek gerekir ki Mao'dan farklı olarak Xi Jinping'in gücü kişisel otoritesine değil, teknolookratik elitin kendisine verdiği yetkiye dayanmaktadır. Dolayısıyla ideokratik elite dönüştüğüne dair kesin bir delil henüz bulunmamaktadır.

Mao dönemindeki ideokratik yapı, ülkenin ekonomik sıkıntılardan kurtulmasına yardımcı olamadığı gibi teknolojik gelişme de sağlayamadı. Zira Mao, ülkedeki bilim insanlarını bir yandan uzmanlıkları dışındaki alanlarda çalıştırdı diğer yandan da dünya ile iletişim kurmalarına engel oldu. Hatta ilk nükleer denemenin yapılmasından sonra bu alanda da çalışma yapılmasına destek olmadı. Dolayısıyla

ülke ekonomisi zaten geriydi ve teknolojik eksiklikler de durumu daha kötü yapıyordu.

Daha da önemlisi, Çin uluslararası sistemden büyük ölçüde soyutlanmıştı. Uluslararası toplumla ilişkisini sınırlı tutmaya çalışan Çin'in 1956'dan sonra yegâne müttefiki Sovyetler Birliği ile de arası açılmış, böylece dış dünyadan tamamen izole hale gelmişti. Önceki yüzyılın ortasına kadar Uzak Asya'daki ticareti büyük ölçüde kontrol eden Çin'in bu özelliği ortadan kalktığı gibi, ideokratik elit yapısı yüzünden canlanması imkânsız hale gelmişti. Bunların yanında Çin, uzun yıllar süren savaşlar neticesinde askeri olarak da yıpranmış haldeydi. Dolayısıyla ordusu yakın çevresinden gelebilecek tehditlere karşı hassas haldeydi. Buna rağmen ideokratik elit yapısı yüzünden söz konusu sorunlar gittikçe kronik hale gelmeye başlıyordu. İdeokratik elit yapısının bozulması bu anlamda Çin'in dünyaya entegrasyonu için de önemli bir adım oldu.

Elit Cevabı ve Dönüşüm (Çin)

Mao'nun ölümünden sonra başa geçen elit refah artırmak için ilk ve öncelikli olarak devlet organizasyonunu değiştirdi. Zira Deng Xiaoping tarafından uygulamaya konulan Açık Kapı politikası kapalı devlet modeliyle yürüyemezdi. Bunun yanında pazar ekonomisinin de bir şekilde ülkeye uyarlanması gerekmektedir. Dolayısıyla bu ihtiyaçları karşılayacak yeni bir devlet organizasyonuna ihtiyaç duyulmaktaydı. Bu ihtiyaç 1992 yılında Deng Xiaoping tarafından "Sosyalist Market Ekonomisi" modeli geliştirilerek karşılandı. Yani tek parti yönetimi ve sosyalist idealler devam etmekle birlikte pazar ekonomisine geçilmişti.

Çin'in bu dönüşümü iki temele dayanmaktaydı. Birincisi doğrudan yabancı yatırımlar ikincisi ise ihracata dayalı büyüme. Nitekim bu iki politika birbirini bütünleyen iki modeldir. Çin diasporasının bulunduğu yerlerdeki zengin nüfus ülkeye yatırım yapmak suretiyle teknoloji ve sermaye transferi yapar. Çin de bu sayede tüketim malı üreterek dünya pazarlarına gönderir. Böylece Çin merkezli

Doğu Asya üretimi ortaya çıkar ve Çin ekonomisi 1990'lı yıllardan itibaren büyük bir büyüme yakalar.

Ekonomik büyüme yaşayan ülkelerin ekonomik yayılma ve hegemonya kurma faaliyetine başlar denmişti. Ekonomik yayılma hususunda Çin bir istisna teşkil etmemektedir. Gerçekten de 21.yüzyıla gelindiğinde Çin dünyanın en yüksek ticaret hacmine sahip ülke konumuna yükselmiştir. Hâlihazırda Doğu Asya ve Afrika ülkelerinin en büyük yatırımcısı ve ticaret ortağı konumundadır. Bunun yanında bölgenin alt yapısına önemli yatırımlar gerçekleştirmektedir. Çin'in ticaret fazlası vermeye çalışan bu agresif tutumu literatürde neo-merkantilist olarak değerlendirilmektedir. Ticaret hacminin yanı sıra Çin ekonomisini finansallaştırmaya da çalışmaktadır. Zira bu konuda diğer ekonomik göstergelerinin aksine büyük güç olabilmiş durumda değildir. Konuyla ilgili teknik çalışmalar yapmakla birlikte uluslararası sistemin revize edilmesi gerektiği tezi üzerinde durmaktadır.

Daha da önemlisi, Çin'in artan ekonomik gücü onu uluslararası alanda daha aktif rol oynamaya itmektedir. Nitekim Çin, bir yandan Bretton Woods kurumlarındaki (Uluslararası Para Fonu – *IMF* ve Dünya Bankası) etkinliğini artırmaya çalışırken diğer yandan da ABD'nin buradaki etkinliğini azaltmaya çalışmaktadır. Bunu yaparken en etkili yol olarak da üçüncü dünya ülkelere koşulsuz krediler vermektedir. Bu kendisine önemli avantaj sağlamaktan ziyade ABD'nin yapısal gücünü azaltmayı hedefleyen bir politikadır. Buna ek olarak da Çin merkezli ekonomik sistemi yeniden canlandırmayı hedeflemekte ve bölgesel bir ekonomi merkezi oluşturmaya çalışmaktadır. Çin diasporasından gelecek yatırım ve hammaddeler ana ülkede işlenecek ve dünya pazarlarına satışa sunulacaktır. Böylece hem Çin hem de onunla etkileşimde olan bütün devletler ekonomik kalkınma sağlayacaktır. Dolayısıyla bir anlamda Çin tarzı kapitalizm tekrar hayata geçecektir.

Bu durum bize Çin'in uluslararası sistemdeki dengeyi nasıl sağlamaya çalıştığı sorusunu yöneltmektedir. Zira Çin'in Mao dönemi dış politikası ile tekno-otoriter elitinin dış politikası arasında önemli farklar mevcuttur. Zira ilki uluslararası sistemden yalıtıma dayalı bir dış politika tercih ederken ikincisi hegemonya kurma amacıyla daha aktif bir dış politika tercih etmektedir. Çin bu bağlamda öncelikli

olarak yukarıda da değinildiği gibi ABD'nin yapısal gücünü azaltacak araçları kullanmaktadır ki bu da literatürde yumuşak dengeleme (*soft balancing*) olarak geçmektedir. Yani Çin askeri araçlar yerine ekonomik araçları kullanmaktadır. Nitekim Şanghay İşbirliği Örgütü'nü askeri birliktelikten ekonomik düzleme çekmesi bunun en önemli delili olarak gösterilmektedir. Zira Çin anlayışına göre büyük devletlerin bir takım ahlaki görevleri vardır ve onlardan en önemlisi küçük devletlerin rahat ticaret yaparak kalkınmasını sağlamaktır. Bu durum kaçınılmaz olarak uluslararası sistemin anarşik değil hiyerarşik yapıda olduğu sonucunu doğurmaktadır. Buna göre; küçük devletler Çin'in üstünlüğünü kabul etmek karşılığında kendi kaderlerini ve politikalarını tayin edebilme hakkına sahip olacaklardır. Çin bu politika sayesinde üçüncü dünya ülkeleri üzerindeki üstünlüğünü meşru hale getirmektedir. Bunun yanında ki hatta belki de daha önemlisi; ABD'nin ve Bretton Woods kuruluşlarının meşruiyetini sorgulatmaktadır. Nitekim IMF'nin hem müdahaleci politikaları hem de Asya Krizi esnasındaki başarısızlığı bu ülkeler nezdinde güvenilirliğini sarsmıştır. Çin de bundan cesaret alarak bölge politik ekonomisinde daha aktif rol almaya başlamıştır.

Son ve en önemlisi; tıpkı Rusya gibi Çin de bu bağlamda büyük devletlerin görevleri olduğu tezi üzerinde durmaktadır ve kendisi de bunlardan biridir. Bir başka ifadeyle Çin de tıpkı Rusya gibi çok kutuplu sistemin oluşması durumunda dünya sisteminin dengeye geleceği varsayımı üzerinde durmaktadır. Yani ancak çok kutupluluk ABD hegemonyasını azaltacak yapıyı sunmaktadır.

Sonuç

Uluslararası sistem 1970'li yıllardan beri dengesiz durumdadır. Söz konusu on yılda gerek sosyalist sistemin gerekse de Bretton Woods sisteminin ekonomik darboğaza girmesi uluslararası güç dengesini bozmuştur. Ancak liberal sistem neo-liberal dönüşümü gerçekleştirerek (sonuçları tartışmalı olsa da) refah üretmemesi sorununu aşmıştır. Buna mukabil sosyalist sistem kendi ilkeleri çerçevesi içinde böylesi bir dönüşümü gerçekleştirememiş ve liberal sistem karşısında gittikçe dezavantajlı

konuma düşmüştür. Üstelik söz konusu durum sadece sosyalist sistemin lideri durumundaki Sovyetler Birliği için değil sistemdeki bütün ülkeler için geçerliydi. Çin ise zaten 19.yüzyıldan beri sorunlar yaşamaktaydı ve Mao döneminde durum iyice içinden çıkılmaz hal almıştı.

Bu durum sosyalist sistemlerdeki muhafazakâr elitlerin meşruiyetini sorgulatır hale getirdi. Zira önceki dönemlerin aksine bu dönemden itibaren iddia ettikleri gibi istikrar ve refah sağlayamaz konuma gelmişlerdi artık. Bu durum söz konusu devletlerin pazar ekonomisini benimseme ihtiyacı hissettirirken elitlerinin gittikçe reformcu bir tutum almasına veya yerlerini onlara bırakmasına yol açtı. Neticede de reformcu Çin eliti ülkeyi dünyanın en büyük ekonomilerinden ve Asya'nın potansiyel hegemonik gücü haline getirirken reformcu Rus eliti ülkeyi geriye çekti ve sonunda muhafazakârlar ile olan ittifakını bozarak liberaller ile bir yeni bir ittifak kurarak ülkeyi dönüştürdü. Ancak Rusya, 1970'lerden beri gerileyen hegemonik güç konumunda olmaktan kurtulamamıştır.

Eğer teorik çerçevemiz göz önünde bulundurulacak olursa; Çin eliti reformcu elit şeklinde davranmıştır. Yani kurucu ideoloji olan Marksizm'i yeniden yorumlamış ve bu sayede refahını artırmayı başarmıştır. Bunun sonucunda da yumuşak saldırgan politikalar takip etmiştir. Yani öncelikle ekonomik olarak genişlemiş arkasından da politik genişleme, yani yapısal gücünü artırma yoluna gitmiştir. Rusya ise daha karmaşık bir yapı sergilemiştir. Sovyetler Birliği dönemindeki muhafazakâr elit mevcut sistem içerisinde çözüm aramış ve bunu başaramayınca Afganistan savaşı ile birlikte maliyet düşürme yolunu tercih etmiştir. Ancak Bu da başarılı olamayınca reformcu elit başa geçmiş ve onlar Buharinci ekonomiyi yeniden canlandırmış ve nihayetinde uluslararası politikadaki faaliyetlerinden bir miktar çekilmiştir. Beklenen sonuca ulaşılamaması burada parçalanmış elitin ortaya çıkmasını sağlamıştır.

Uluslararası sistem açısından bunun bize gösterdiği bir takım sonuçlar vardır. Öncelikli olarak, 1970'lerden beri artan kapitalizm dünyada beklenildiği gibi liberal kapitalist sistemler değil, hibrit rejimler ortaya çıkarmıştır. Yani kapitalist ekonomik model benimsenmekle birlikte liberal politikalara geçilmemiş, tam tersi; otoriter rejimler devam ettirilerek pazar ekonomileri benimsenmiştir. Bu bağlamda kurucu

ideolojiler ya terk edilmiş ya da yeniden yorumlanmıştır. Bu durum bize uluslararası sistem hakkında çeşitli ipuçları vermektedir. Öncelikli olarak, sistemik dönüşüm Liberal Kurumsalcılığın iddia ettiği gibi doğrusal şekilde ilerlememektedir. Uluslararası sistemin dönüşümü çatalı ve kristalize bir süreçtir ve farklı sonuçlar doğurmaktadır. Bunun doğal sonucu olarak da ikinci olarak, bir sistemin hem faydalanan hem de zarar gören kesimleri vardır. Kapitalist sistemin yaygınlaşmasıyla birlikte bunu özümseyen Çin en önemli faydacısıyken Rusya artık bedel ödeyeni konumundadır. Yine de bu durum ortak amaç ve beklentileri olmadıkları anlamına gelmez. Mevcut durum bunun tam tersini ortaya koymaktadır. Hem Rusya hem Çin dünya düzeninin çok kutupluluğa dönüşmesini talep etmekte ve bunun hem teorik hem politik altyapısını kurmaya çalışmaktadır. Zira her ikisi de ABD'yi tek başına dengeleyecek güce sahip olmaktan uzaktırlar. Çin'in askeri Rusya'nın ise ekonomik kapasitesi buna yeterli değildir. Dolayısıyla her iki ülke için de çok kutuplu dünya düzeni uluslararası sistemin en kârlı modelidir. Burada çok kutupluluktan kast edilen büyük devletler sistemidir. Yani her büyük devlet kendi sistemini kurmak, sisteme bağlı devletlerin kalkınmasına yardımcı olmak ve buradaki ilişkileri yönetmekle sorumludur. Anarşik yapı bu bağlamda büyük devletler arasında mevcutken büyük devletler ve diğer devletler arasında hiyerarşik yapı söz konusudur. Bu şartlar altında uluslararası sistemin en kârlı hali Rusya ve Çin açısından çok kutupluluğa evrilmesi olacaktır. Yani her iki büyük güç de farklı dönüşüm ve güç dağılımında olmasına rağmen nihai olarak çok kutuplu sistemi istemektedir.

APPENDIX C: TEZ İZİN FORMU/THESIS PERMISSION FORM

ENSTİTÜ / INSTITUTE

- Fen Bilimleri Enstitüsü / Graduate School of Natural and Applied Sciences**
- Sosyal Bilimler Enstitüsü / Graduate School of Social Sciences**
- Uygulamalı Matematik Enstitüsü / Graduate School of Applied Mathematics**
- Enformatik Enstitüsü / Graduate School of Informatics**
- Deniz Bilimleri Enstitüsü / Graduate School of Marine Sciences**

YAZARIN / AUTHOR

Soyadı / Surname : ŞAHİN
Adı / Name : MEHMET
Bölümü / Department : INTERNATIONAL RELATIONS

TEZİN ADI / TITLE OF THE THESIS (İngilizce / English) : SYSTEMIC CHANGE AND ELITE TRANSITION: A NEOCLASSICAL REALIST APPRAISAL TO THE POLITICAL AND ECONOMIC TRANSFORMATION IN RUSSIA AND CHINA SINCE THE 1970S

TEZİN TÜRÜ / DEGREE: Yüksek Lisans / Master Doktora / PhD

- 1. Tezin tamamı dünya çapında erişime açılacaktır. / Release the entire work immediately for access worldwide.**
- 2. Tez iki yıl süreyle erişime kapalı olacaktır. / Secure the entire work for patent and/or proprietary purposes for a period of two years. ***
- 3. Tez altı ay süreyle erişime kapalı olacaktır. / Secure the entire work for period of six months. ***

** Enstitü Yönetim Kurulu kararının basılı kopyası tezle birlikte kütüphaneye teslim edilecektir.
A copy of the decision of the Institute Administrative Committee will be delivered to the library together with the printed thesis.*

Yazarın imzası / Signature

Tarih / Date