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- Lancaster Index to Defence & International Security Literature
- Peace Palace Library
- Research Papers in Economics (RePEc)
- Social Sciences Information Space (SOCIONET)
- Ulrich's Periodicals Directory

TABLE OF CONTENTS

RESEARCH ARTICLES

- 98** Turkish - Egyptian Relations under Erdoğan in the Light of the Regional Security Complexes Theory
By Martin Dudáš
- 112** European Union's Role in the Maritime Security in Africa
By António Gonçalves Alexandre
- 130** Climate Change: A Global Governance Challenge, Requiring Local Specific Responses - The Challenge of Formulating a Successful Response at The Appropriate Governance Level
By Christian Ploberger
- 144** Adaptation of Law and Policy in an Aged Society: Guardianship Law and People's Behavioural Pattern
By Yukio Sakurai
- 156** Clarifying China's Rise Puzzle: Comparison of the Modernisation and Primacy of Institutions Theories
By Ekrem Ok
- 172** The Evaluation of the UN Peacekeeping Operations: Successes or Failures?
By Mehmet Sirin Ogurlu & Rahman Dag
- 187** The Representation of the Iranian Nuclear Program in the American Media
By Mikail Ugus & Fatma Dogrusozlu



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Clarifying China's Rise Puzzle: Comparison of the Modernisation and Primacy of Institutions Theories

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ABSTRACT

Academics show great interest in the progress of countries and the disparities between developing and developed countries. This is grounded on a belief that the change in the number of developed/developing countries may play a significant role in determining the future of the international system. Therefore, China's rise has a vital place in the study of international systems. Given its sui generis economic and political structure, China is a hard-to-predict country for most academics working on international systems. In this context, this study will look at China's rise through the lenses of Modernisation and Primacy of Institutions theories and discuss which describes China's rise more accurately. This will involve a comparative analysis of both theories with historical and political data in order to evaluate their respective arguments.

Introduction

For years, the rise of China and the difference in the development levels of countries have been highly engaging topics for academics. They seek to understand how China rose to prominence and its reasons (e.g., Bergsten et al., 2008; W. I. Cohen, 2007; Goldstein, 2007; Kang, 2007). Additionally, they seek to understand why some countries are on the rise while others are stagnant or declining (e.g., Acemoglu & Robinson, 2012; D. Cohen, 1998; Gilder, 2012; Landes, 1998; Sachs, 2006). In this paper, by combining China's rise and theories on its development, we will evaluate the following questions: which theory better describes China's growth? Does a theory yield the same results in all cases? Additionally, how reliable are future predictions made by comparing a country with other countries?

At the beginning of the study, it will be helpful to define the regime type in China using the Polity Project (Polity IV version) dataset, widely regarded as one of the leading datasets in democracy studies. The Polity IV Dataset collects data on all independent countries with populations of 500,000 or more from 1800 to 2013. It classifies them into three categories based on a score ranging from 10 to -10: autocracies (-10 to -6), anocracies (-5 to +5), and democracies (+6 to +10). According to this data, China, with a score of -7, is ranked as an autocracy (Monty G. Marshall and Ted Robert Gurr, 2013).

When it comes to the motivation for selecting these two theories, it is that they have opposite causality. More specifically, while the Modernisation theory argues that economic development induces modernity and reform, the Primacy of Institutions argues that reforms cause economic

development. These two theories represent different views on the correlation between institutional change and economic development.

On the one hand, the Modernisation theory has been a highly contentious subject of academic study since Lipset (1959) introduced it in the latter half of the 20th century. It has had a significant impact on both the academic and political spheres and has garnered much attention. Many academics appeal to this theory to explain political and economic transitions in specific countries, and many policymakers consider it when constructing their policy. It is unsurprising that Lipset's renowned study, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy", is among the most cited five articles in *The American Political Science Review* (*Cambridge Core*, 2022).

Moreover, there is a notable example of the impact of this theory on policymakers. In accordance with the theory of modernization, former president of the United States, George W. Bush, delivered a speech that included these clauses:

"The case for trade is not just monetary but moral, not just a matter of commerce but a matter of conviction. Economic freedom creates habits of liberty. And habits of liberty create expectations of democracy. There are no guarantees, but there are good examples, from Chile to Taiwan. Trade freely with China, and time is on our side..." (The New York Times, 2000)

On the other hand, the Primacy of Institutions Theory is another leading theory explaining variations in the developmental levels of nations with a particular emphasis on the role of institutions. Specifically, Acemoglu & Robinson's (2012) seminal work "Why Nations Fail: The Origins of Power, Prosperity, and Poverty" has generated significant repercussions in the academic literature. In this paper, when analyzing the Primacy of Institutions theory and arguments on China, the work of Acemoglu and Robinson holds a preeminent place.

The first two sections start with the theoretical introductions of the Modernisation and Primacy of Institutions theories, respectively, and proceed with their arguments on China's rise and its democratic future. Following the theoretical introductions, we will evaluate each theory's arguments on China and their criticisms. In conclusion, we will adopt a comparative analysis to assess which theory - Modernisation or Primacy of Institutions - more accurately describes the rise of China. As a result of the analysis, we conclude that while Modernization Theory can explain the growth of certain countries like South Korea, Singapore, and Taiwan, the rise of China is better explained by the Primacy of Institutions Theory. In China, reforms caused development rather than development causing modernization and reform. China experienced significant growth after implementing institutional and radical reforms. However, it was crucial for China to carry out these reforms in a sui generis way.

Modernisation Theory and Its Arguments on China

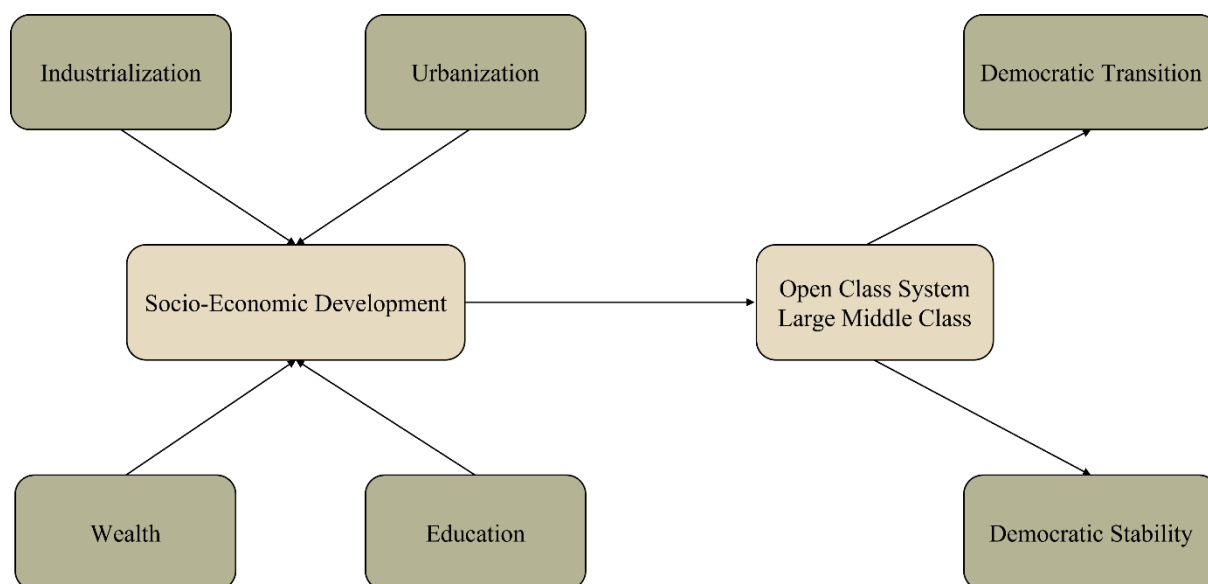
The correlation between economic development and democracy has so far been the subject of many academic studies and discussions, and the Modernisation theory might be one of the established theories on this debate. Since Seymour Martin Lipset, the originator of the Modernisation Theory, put forward this theory in 1959, it has created considerable repercussions in academic circles. Lipset is also recognized as the first academic to establish a correlation between economic development and the possibility of transitioning to democracy (Wucherpfennig and Deutsch, 2009: 1).

Lipset employed a comparative analysis of political behaviour in European and Latin American democracies and tested his hypothesis by comparing European, English-Speaking and Latin

American Countries in terms of more or less democratic countries. Lipset's main argument is that "the more well-to-do a nation, the greater the chances that it will sustain democracy." Furthermore, he clarifies the socioeconomic factors that enable a democratic political system, such as economic development, legitimacy, and system of government. (Lipset, 1959: 70–75).

The simplistic interpretation of this statement is that an increase in GDP leads to the emergence of democracy, but it is more complicated than that. According to Lipset, "all the various aspects of economic development—industrialization, urbanization, wealth, and education—are so closely interrelated as to form one major factor which has the political correlate of democracy" (Lipset, 1959: 58). In essence, wealth is not the only requisite for democracy and is not enough alone; it must be accompanied by other factors such as industrialization, urbanization, and education. Together create social and economic development. And this social and economic development leads to a rise in the open class system and sizeable middle class, and this open class system and large middle-class caused to transition to democracy. However, if a country is already a democracy, these factors contribute to the stability and consolidation of democracy in the country.

Graph I: Modernization Theory



Source: Wucherpennig & Deutsch, 2009, p. 2

One of the initial criticisms against the theory was that it was West-oriented and Eurocentric (Wang, 2009: 3). However, in subsequent years, the theory began to attract attention beyond the West. For example, in China, one of the countries where the Modernisation Theory is excessively discussed, the Chinese Academic Journal Database (CNKI) recorded over 400 studies only between 1994 and 2009 that focused on Modernisation theory (Wang, 2009: 5).

One of the most important reasons for this fame is that China meets some essential criteria outlined by the theory itself. As China has undergone significant economic growth over the past decades, it has experienced some socioeconomic developments, which is one of the primary driving forces of Modernisation Theory. That is why, it can be argued that this socioeconomic development in China may lead to the emergence of democracy. Some are optimistic about this possibility and believe the Modernisation theory will also work in China.

Henry Rowen was one of the leading optimistic academics. He thinks there are some apparent signs of modernizing in China, such as the growth of grassroots democracy, the push for the rule of law, and the liberalization of the mass media (Rowen, 1996: 61). The first sign, grassroots democracy, means democratic implementation at the grassroots level. When the peasants left the local communes and returned to their countryside, some problems regarding their needs, such as education and infrastructure, came to light. The Communist Party was required to devise a solution for the village committees and officials.

The essence of the matter was how these officials would come to the office. In 1987, the central government decided that villagers would choose them. Despite the lack of organization in the electoral process, the influence of party membership on candidacy, and the lack of secrecy in voting, the method was a secret ballot. By the early 1990s, 90 per cent of village committees had been elected through this process. First, the voting system in the village was based on one vote per house, and in 1991 it changed to one vote per person (Rowen, 1996: 61,62). Furthermore, Rowen believed that this application of grassroots democracy would gradually expand from the village to the national level.

The second sign is the rule of law. In his view, the Supreme People's Court began legislating independently through its interpretations and decisions. Moreover, in 1994, China established local taxes and tax services. These practices contradicted communist doctrine, which permits no space for independent institutions. The third sign is the liberalization of the mass media. According to Rowen, some developments after the 1980s demonstrate the liberalization of the mass media, such as the publication of some books critical of the government, the emergence of private publishing houses in 1984, the publishing of non-partisan newspapers, the abolishment of the state's monopoly on TV in 1992, and a heightened tolerance for journalists. As far as Rowen is concerned, these things were indications of a democratic future in China (Rowen, 1996: 62–67).

Liu & Chen (2012) confidently argue that China is about to validate classical Modernisation Theory and initiate democratization around 2020. According to them, this prediction is grounded on four major trends: economic development, the changing political culture, leadership transition and globalization. First, the level of economic progress and the degree of inequality in China impact its potential for democratization. Second, economic and technological development also affect China's political culture. Specifically, young generations have less trust in the government. Third, the power of Chinese leaders is gradually diminishing. Each leader in China will have less power than their predecessor. Lastly, globalization also affects China's democratization in three ways, the contagion effect, the spread of liberal norms and practical benefits.

Chin (2018, pp. 64–66) classifies optimistic arguments. He argues that optimism regarding China's democratic future is founded upon five major assumptions. The first assumption is the declining tendency in the number of world autocracies. They believed China's authoritarianism would not survive against this declining tendency. The second is that China has reached the level of development assumed by the Modernisation Theory. The third is that the Chinese Communist Party (CCP) is in a "state of decline" and "atrophy." The fourth is the rise in support for democracy in China. The last is the potential outcome of a slowdown in the Chinese economy, which would make the Chinese population less tolerant of corruption and increase demands for greater transparency. Moreover, one of their essential arguments is that no single-party autocracy has survived for more than 70 years.

Evaluation

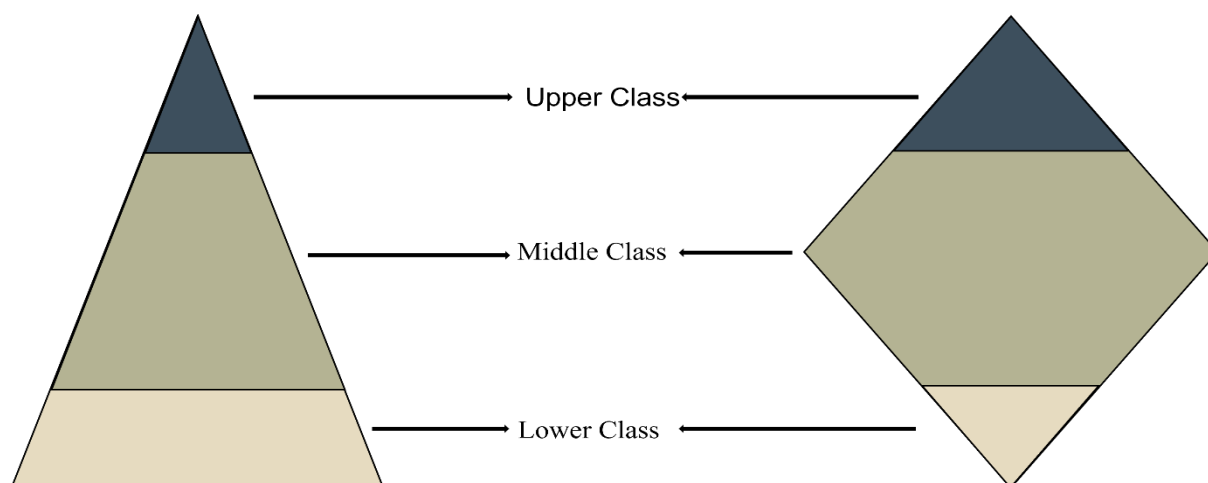
One significant criticism of Modernisation Theory was Przeworski and Limongi's paper "Modernization: Theories and Facts." Przeworski & Limongi (1997, p. 159) argue that political regimes do not transition to democracy as per capita incomes increase. However, this ensures the

stability of the political system. On the one hand, democracy survives if a country is modern, but this is not a result of modernization. On the other hand, GDP also impacts the survival of autocracies. According to Przeworski & Limongi (1997, pp. 159–177), transitions to democracy are more probable as per capita income in dictatorships increases, but only until it reaches a threshold of about \$6,000. Beyond that, dictatorships become more durable as nations become wealthier. Since a wealthy autocracy will be stable, a transition to democracy is improbable. The crucial level is a per capita income of \$6,000. According to this perspective, dictatorships would survive in wealthy nations for years.

Increasing prosperity in an authoritarian regime is likely to have an adverse impact on democratization. Pei (2006, p. 19,45) states that the ruling elites may not be willing to abandon their power since increasing prosperity will make their monopoly more valuable. Moreover, this prosperity will enable them to strengthen their repressive capacity. Such a situation can be observed in China as well. In the mid-1980s, when the reforms were in the early stages and had not yet yielded results, the CCP was more open to criticism. However, as economic reforms improved living conditions in the country, the CCP has moved away from democratization, has not allowed public discussion about political reform and has adopted a zero-tolerance policy toward dissidents.

According to Modernisation theory, the large middle class's role in the transition to democracy is significant because it is the middle class that will demand democracy. However, G. Wang (2016, p. 10) argues that the middle class in China does not act as the Modernisation Theory predicts. Those who desire democracy in China also oppose various democratic activities because their demands for democracy do not stem from a desire for democracy but rather from dissatisfaction with the current political system. Nathan (2016, pp. 9–10) argues that there are several reasons why the middle class in China acts differently than the Modernisation Theory predicts. One of the reasons is that the middle class in China is not independent, mainly dependent on the government. Most of them either work directly for the state apparatus, such as civil servants or are employed in companies that are either owned or controlled by the state. It is unrealistic for a middle class that relies on the government to demand democracy. Another reason is the proportion of the middle class in the Chinese social structure. Lipset referred to a large middle class. As Graph II illustrates, it is like a diamond-shaped social structure consisting of a substantial middle class in the middle, a small lower class at the bottom, and a small upper class at the top. However, China's reality is a pyramid-shaped social structure with a tiny upper class at the top, a small middle class at the centre and an enormous lower class at the bottom.

Graph II: Chinese Social Structure: Lipset's Expectation And Reality, Respectively



The declining tendency in the number of world autocracies deserves a more comprehensive perspective. The transition rate from autocracies is different from the transition rate to democracy. As for Chin (2018, p. 72), while the number of autocracies has declined, the number of mixed regimes has risen. Diamond (2002, p. 27) asserts that in 1974, the number of electoral autocracies was half a dozen, while in 2002, the number increased to at least 45. For instance, after the collapse of the Soviet Union, many former Soviet Union countries in Caucasia did not transition to democracy. According to Polity IV data (Monty G. Marshall and Ted Robert Gurr, 2013), Azerbaijan, Belarus, Kazakhstan, Turkmenistan, and Uzbekistan are categorized as autocracies, while Russia is classified as an anocracy. Therefore, even if China is to abolish autocracy, it cannot be ensured that the new system would be a democracy.

Reaching the limits of the development level assumed by modernization theory does not necessarily mean that the democratic transition is inevitable. Chin (2018, p. 74) argues that even after achieving economic modernization, autocracies can survive for a long time, as in the case of Singapore. Furthermore, unlike the Modernisation Theory suggests, some steps have been taken to consolidate China's autocracy. A good example is the 2018 constitutional changes made by the National People's Congress in China, which cancelled the term limit for the president and enabled Xi Jinping to remain in power for good (BBC News, 2018). Furthermore, China is consistently expanding its police power as a tool for suppression. The police force of China is enormous, better funded, more equipped technologically, and very well at suppressing. They punish individuals whom are viewed as a threat to the regime, prevent the dissemination of discourses that challenge the regime, and promote the propagation of discourses that support the regime (Nathan, 2013: 22). Pei (2006, p. 45) also asserts that since 1990, as living conditions have improved in China, the CCP has become more conservative towards democracy, enforcing a zero-tolerance policy towards calls for political reform and dissents.

2020 invalidated Liu & Chen's (2012) democratization prediction on China. Moreover, Xi Jinping is currently the longest-serving leader of China since the 1970s and has no political rival to his power. Noone is able to claim for sure that this will be his last term (Bagshaw, 2022). Therefore, we have excuses to say that the assumption that each leader in China will have less power than their predecessor has been falsified. 2019 also invalidated the blanket statement that no one-party autocratic regime has ever survived much longer than 70 years. 2019 and 2018 marked the 70th anniversaries of the Chinese Communist Party's rule in China and the Workers' Party of Korea's rule in North Korea, respectively. As illustrated in this, history abounds with falsified projections regarding China's political future. Chin (2018, p. 78) summarised some of them:

Jack Goldstone (1995) predicted a CCP collapse by 2005-2010. Zbigniew Brzezinski, I-tzu Chen, and Arthur Waldron (1998) each surmised the end of CCP one-party rule by 2008. Gordon Chang (2001) famously predicted that the "shock therapy" of WTO accession would trigger the collapse of CCP rule by 2011. In 2011, he predicted the collapse in 2012 (Chang 2011). None of this came to pass. Similarly, predictions of China's "creeping democratization" (e.g. Pei 1995) have not been born out. For example, village elections have not expanded to the township level as many had expected (e.g. Craner 2006). Nor has the National People's Congress become "a potential challenger to the CCP's monopoly of power" (e.g. Pei 1998, 74). Similarly, as many hoped, the internet has yet to liberate China's media and foster freedom of speech fully.

The Primacy of Institutions Theory and Its Arguments on China

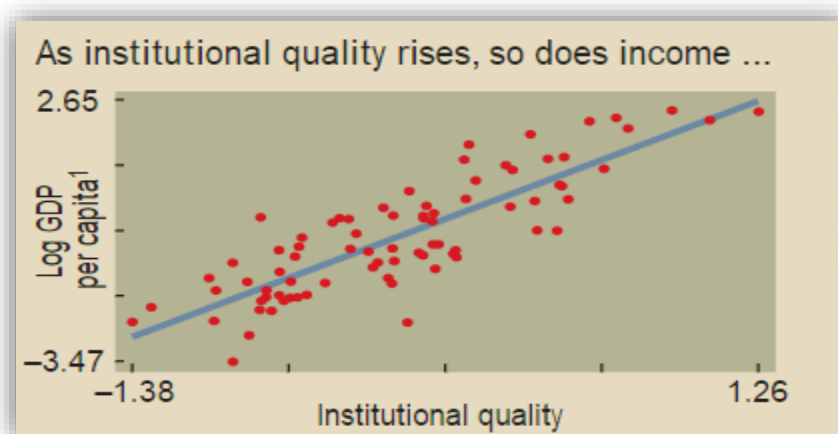
The Primacy of Institutions, also called the Institutional Theory, New Institutional Economics, or Institutional Approach, is among the leading theories employed by experts to understand China's unique path of economic development. While the theory is primarily associated with Nobel laureate Douglass North's works in the 1980s and 1990s, its assumptions date back to old times. Limiting the

power of the rulers, a king or emperor, by distributing it among various institutions was asserted by both Montesquieu (1949) and A. Smith (1977) in the 18th century.

In North's (1990, p. 3,4) words, the institutions are the rulers of the game, humanly devised constraints that shape human interaction. Institutions determine what actions to take and what to avoid, as well as when to do them. The primacy of Institutions theory suggests that institutional quality plays a crucial role in driving economic development and income level. A well-established institutional framework in a country can significantly influence income level and a society's capacity for modernization. Rodrik & Subramanian (2003, p. 32) find that institutions' quality is the only positive and significant determinant of income levels. Moreover, Dollar & Kraay (2003, p. 161) suggests that rapid growth in the very long-run, high levels of trade, and good institutions are interrelated. The Primacy of Institutions theory has an opposite causality compared to the Modernisation Theory. In other words, unlike the latter, countries and their citizens do not demand better institutions when they reach prosperity. Instead, better institutions lead to prosperity.

It is insufficient for an institutional mechanism to be in force, and investors must also have confidence in it. Rodrik et al. (2004, p. 157) find that the economy grows when investors have confidence in the security of their property rights in the country to invest. They compare the experiences of China and Russia. Today, China maintains a socialist legal system, whereas Russia is a country where the right to private property is in force. However, Russia's score in institutional quality indicators is significantly lower than China's. Therefore, investors feel more secure in China, so they have invested more in China. Investors feel insecure, and private investment remains low in Russia. In sum, ensuring that property rights are effectively protected is more important than just enacting them. Moreover, as Acemoglu et al. (2001, p. 1395) assert, the 1868 Meiji Restoration in Japan and the reforms in South Korea during the 1960s show how improving institutions can lead to economic gain.

Graph III: Institutional Quality and Income



Source: Rodrik & Subramanian, 2003, p. 33

So, this raises questions about which institutions are crucial for this economic growth and how these institutions should be. Rodrik & Subramanian (2003, p. 32) calls them market-creating institutions. In the absence of these institutions, markets either do not exist or perform inadequately. Moreover, they also argue that three types of institutions are necessary for sustainability. These are market-regulating institutions (e.g. regulatory agencies in telecommunications, transport, and financial

services), market-stabilizing institutions (e.g. central banks, exchange rate regimes, and budgetary and fiscal rules and market-legitimizing institutions (e.g. pension systems, unemployment insurance schemes, and other social funds).

As for Acemoglu and Robinson (2012: 428-429), two types of institutions shape political and economic life; inclusive and extractive institutions. Therefore, the precondition of development is having a central authority and inclusive political and economic institutions. Furthermore, inclusive institutions are pluralistic; in other words, the country's resources are not monopolized by small elite groups, they are accessible to all people, and these institutions protect property rights. Conversely, extractive institutions utilize the country's resources for the benefit of a small, privileged group rather than for the general population. On the other hand, Przeworski & Curvale (2006, pp. 2-4) asserts that it is vital for institutions to be stable and capable of preventing conflicts between elites rather than being egalitarian. They show the difference in the level of development between North and Latin America as evidence for their argument. They assert that institutional stability is the reason for the sharp distinction between North and Latin America.

Acemoglu & Robinson (2012, p. 430) also argue that their arguments do not mean extractive institutions do not lead to economic growth.. On the contrary, those elite groups exploiting the country's resources encourage growth for further exploitation. If an authoritarian country with extractive institutions has a central authority, growth can be achieved to a certain degree. Nevertheless, this growth is far from sustainable economic growth. At the end of this limited growth, if the country switches from extractive institutions to inclusive ones, their growth will become sustainable.

The rise of China is a good example of this extractive growth, as stated by Acemoglu & Robinson (2012, pp. 438-442). Following the death of Mao in 1976, Deng Xiaoping and his allies took to power and initiated political and economic reforms, which was a move towards inclusive institutions. As a result of these moves, China began to experience growth. After these reforms, China's institutions are not as extractive as they once were, but they are not inclusive in the modern sense. Therefore, if China fails to transition to inclusive institutions, its growth will gradually decline and become limited. On the other hand, if China successfully transitions to inclusive institutions before reaching the limits of extractive growth, its growth will last. Nonetheless, there is little reason to wait for the transition to more inclusive institutions in China.

Evaluation

Following the radical reforms of Deng Xiaoping, the paramount leader of China, in the fields of agriculture, trade and education, China reached one of the enormous growth rates in world history. The effect of these radical reforms during the post-Mao era on China's growth is widely recognized. Eric X. Li, a venture capitalist and political scientist, regards these reforms as "something unimaginable during Mao's rule" (Li, 2013).

So, what kind of economic growth was China experienced? Was it an authoritarian growth, as Acemoglu & Robinson mentioned? In fact, when the methods of reform are scrutinized, it is understood that it is not a very democratic reform. Indeed, upon closer examination of the reform methods, it becomes apparent that the ways reforms were made were not particularly democratic. Firstly, Deng Xiaoping's Reforms were not for bringing democracy to the country but to increase the economic level of the country. They also attempted to implement political reforms but failed to achieve them. Therefore, in China, the concept of 'reform' has become nearly synonymous with economic reform (Brødsgaard, 1987: 43). Secondly, one of Xiaoping and his allies' first actions after taking power was 'smashing' the "Gang of Four" headed by Mao's wife (Cook, 2016: 20). Moreover,

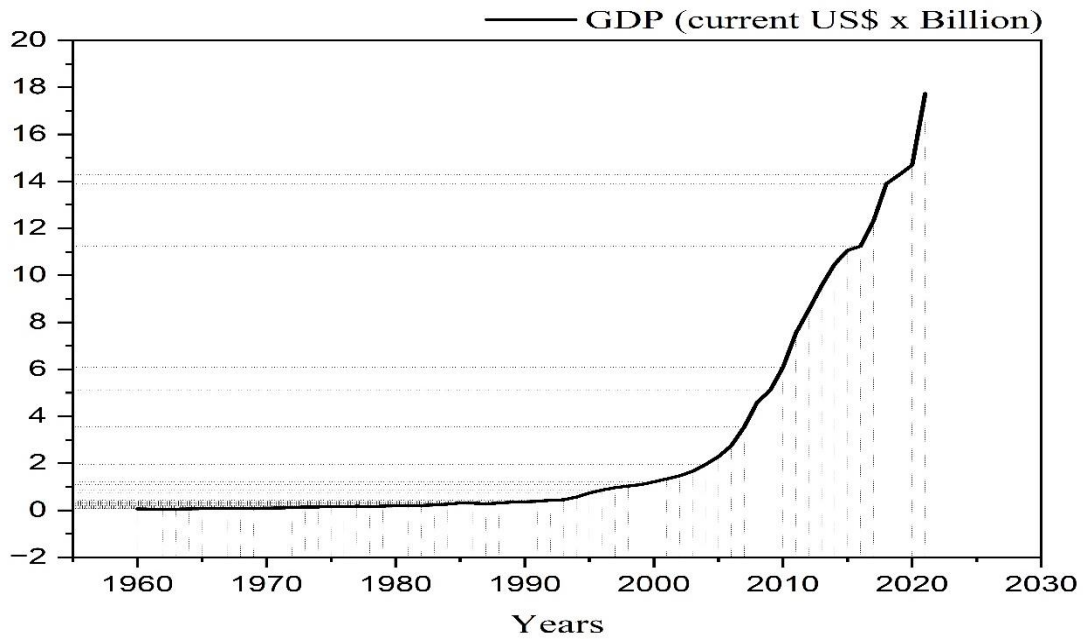
when he took office, Xiaoping appointed his own supporters to important positions in the party, army, and government by purging old ones (Acemoglu and Robinson, 2012: 420).

Moreover, despite many private companies in China today, many elements of the economy are still under the party's control. For example, the CCP gives orders to companies regarding their operations, investment timings and locations, and appointments of executives for these big companies (Acemoglu and Robinson, 2012: 438). Additionally, China is gradually extending its control over the economy. When Xi Jinping took power, private companies accounted for half of China's investment and 75% of its economic output. Nevertheless, today, the state assumes a more significant role in the economy. Under Xi's leadership, the CCP has significantly strengthened its role in both government and private enterprises (McGregor, 2019). All these things show us that this is an authoritarian growth based on extractive institutions.

Although China has experienced authoritarian growth, one might wonder whether this growth results from some institutional reforms. To investigate the potential correlation between institutional reforms and growth, it is necessary to briefly analyze some key reforms that were initiated in 1978. The reformist team's first priority was the agricultural sector because most of the problems in the Mao period were due to agricultural issues (Brandt and Rawski, 2008: 8). They initiated The Household Responsibility System. This reform brought a quota system to villagers. Before this change, the villagers used to take as much as they needed from their harvest and give the rest to the government. Under the new system, they were required to submit their quota to the government first, and the rest of the harvest would belong to them. This led to a significant increase in production. Furthermore, in 1980, China established Special Economic Zones, which marked the end of over two decades of isolation. Subsequently, in 1984, China began implementing a socialist market economy, which merged socialist principles with market-oriented policies. Taxation, banking, and real estate were also significant areas of reform. (Hou, 2011, pp. 421–423).

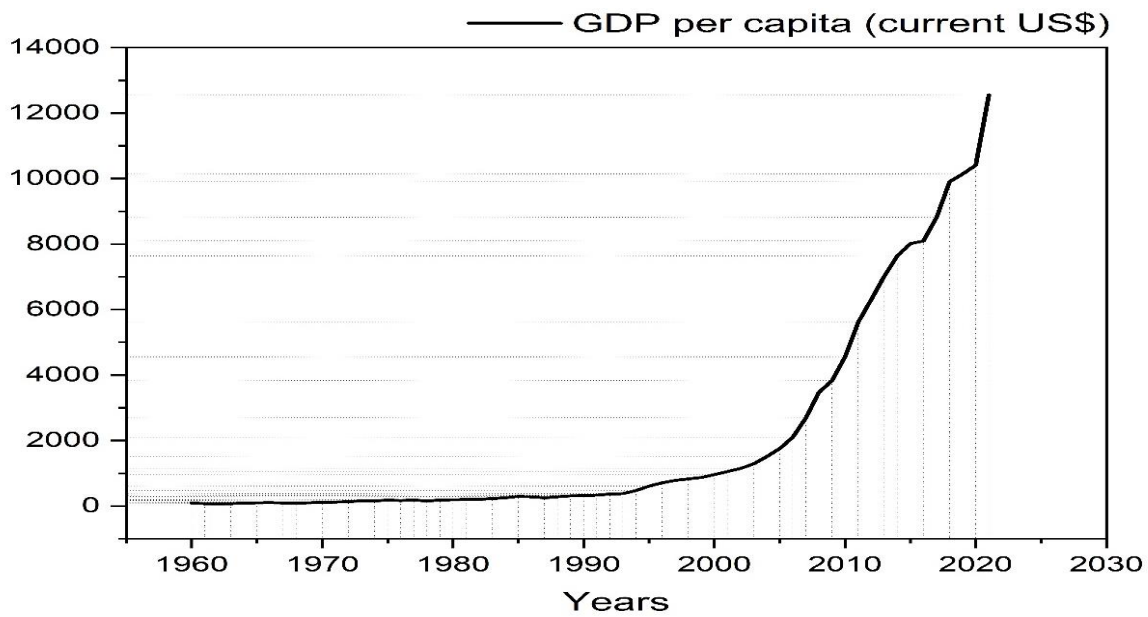
Since the implementation of the 1978 Reforms, China has transformed from a country where people suffered from starvation to the world's second-largest economy. After these reforms, many people rose above the poverty line, the quality of life for citizens improved significantly, and life expectancy increased (Yao, 2018: 75). The graphs below show that China experienced significant growth following the 1978 reforms. Moreover, this growth resulted from institutional reforms, as depicted by the Primacy of Institutions theory, and was an authoritarian growth that relied on extractive institutions, as highlighted by Acemoglu and Robinson.

Graph IV: China's GDP (current US\$ x Billion)



Source: World Bank

Graph V: China's GDP per capita (current US\$)



Source: World Bank

On the other hand, Acemoglu & Robinson (2012, p. 442) predict that unless China's extractive institutions are transformed into inclusive ones before its growth reaches its limit, this growth will lose its energy. However, Acemoglu & Robinson do not provide a duration for their prediction. In other words, there is no answer to the question of when China's economy will slowly evaporate if it fails to transition to inclusive institutions. Additionally, as noted in previous sections, China is a game-changer in forecasts. With its *sui generis* structure, China falsified many predictions deduced by comparing China to other countries, as Acemoglu and Robinson compared with Soviet growth.

Comparison and Final Remarks

China's rise and differences among nations' development levels are two fascinating academic subjects. Many academics have studied those issues and proposed some explanations and suggestions for developing countries. We have discussed the Modernisation Theory and Primacy of Institutions theory's arguments on China's rise and democratic future and try to assess which theory more accurately describes the rise of China in this study. As a result of the discussion above, we concluded as follows:

First, expecting a theory to explain everything and yield the same result everywhere is unfair, especially in the social sciences. Theories serve as tools that try to explain the world around us. Every country, event, and phenomenon has its own dynamics, and a specific process in a country may produce opposite results in another country or vice versa. As S. Smith (2013, p. 11) suggested, we should view theories as different coloured lenses. By wearing one of these lenses, we can perceive things differently and gain an alternative understanding of the world. While a theoretical lens may adequately explain an event, process, or phenomenon in one country, it may be inadequate in another country.

Second, Modernisation Lens effectively explains the developmental progress in countries such as South Korea, Singapore, and Taiwan. However, it does not imply that it can explain every phenomenon everywhere. Indeed, the Modernisation Lens fails to explain China's rise precisely. Therefore, the arguments based on Modernization Theory have not been confirmed yet, and there are no indications that they will be. On the one hand, China has continued to grow and modernize; on the other hand, it has increasingly consolidated its authoritarian rule.

Furthermore, Pei (2006, p. 18) states that all former communist regimes have transitioned to democracy only after a sudden collapse of the old ruling regime. No communist regime has completed a step-by-step democratic transition as envisioned by the Modernization theory. This is partly due to the reluctance of the elite to give up power, which has become more valuable due to increasing wealth. As wealth increases, they consolidate their monopoly. If the economic indicators for China remain positive, expecting such a transition would be pointless.

Third, despite some of its shortcomings, the Primacy of Institutions theory provides a better description of China's rise than the Modernisation theory. As a result, its arguments regarding China's rise are more accurate. China's rising was primarily due to reforms made in the post-Mao period. As Acemoglu and Robinson correctly stated, this rise was an example of authoritarian growth that depended on extractive institutions. However, we must say something different about other arguments of this theory, especially regarding China's future. As we mentioned above, Acemoglu and Robinson do not provide a limitation for their prediction. They argued that if China fails to transition to inclusive economic institutions before growth under extractive institutions reaches its limit, its growth will gradually evaporate. Conversely, the argument will be invalidated if China's growth continues after reaching this limit. However, questions like where this limit lies and when China will be reached this limit still need to be clarified for this theory to be tested.

Fourth, explaining China's rise only with fundamental and fundamental reforms would be inadequate. One of the critical reasons for China's rise following its institutional and fundamental reforms is that China implemented these reforms in a *sui generis* way. Qian (2002) claims that China did not simply adopt "best practice institutions" from other nations but instead opted for "transitional institutions" that were better suited to their unique circumstances. These included a dual-track approach to market liberalization, an innovative form of firm ownership, a specific type of fiscal federalism, and certain limitations on the government to safeguard private incentives in the absence of the rule of law. Moreover, China implemented these reforms in three ways: gradual, experimental, and with a bottom-up approach from the sphere to the centre. The reason for implementing reforms "from the periphery to the centre" was opposite approach had been attempted and failed during Mao's rule. The primary reason for adopting "gradualism" was to overcome political resistance to reforms because the reforms encountered significant challenges in each stage. Additionally, they were aware that Mao's rashness was not helpful. The motivation behind "experimentalism" was to evaluate the effectiveness of a policy by testing it in a specific region before implementing it on a broader scale. Namely, reforms were first initiated in a particular area, and if successful, they were extended more widely. Conversely, if a reform failed, it was abandoned (Garnaut, 2018: 36; Hofman, 2018: 58,59).

Another important conclusion is that forecasting a country by comparing it with other countries may not always provide correct results. Each country may have independent variables that can significantly impact the result. Especially in *sui generis* countries like China, these variables may be more. Consequently, as evidenced by many examples mentioned by Chin, China has falsified many predictions about it. The one last word is that we do not claim that the Primacy of Institutions Theory is superior to the Modernization Theory. Likewise, we do not intend to suggest that the Primacy of Institutions Theory will always be accurate. It is possible that, in another case, a puzzle could be better explained by the Modernization Theory instead of the Primacy of Institutions Theory. However, for now, this is not the case for China.

In summary, while Modernization Theory can satisfyingly explain the growth of countries like South Korea, Singapore, and Taiwan, the rise of China is better explained by the Primacy of Institutions Theory. In China, reforms cause development, not development cause modernity and reform. China experienced significant growth after enacting institutional and radical reforms. However, it was crucial for China to carry out these reforms in a *sui generis* way.

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