

Blat <Russland> und Guanxi Economics Revisited: Warum ist der chinesische Netzwerkkapitalismus erfolgreicher?

Prof. em. Dr. Manfred Nitsch

FB Wirtschaftswissenschaft

Lateinamerika-Institut

Freie Universität Berlin

manfred.nitsch@t-online.de

Gastvortrag am Osteuropa-Institut der FU Berlin
2. Dezember, 2013, 10-12h

Keynes und Schumpeter in Russland und China?

- 1 Geld als Tauschmittel in LPGs, Kommunen und Familienwirtschaften (Schumpeters “Wirte”)
- 2 Geld als Zahlungsmittel in Kreditkontrakten (Keynes) und die *Theory of Finance*
- 3 Kreditschöpfung *ex nihilo* (Schumpeters “Unternehmer” und sein Bankier) - Akkumulation
- 4 Verfassung einer funktionierenden Geldwirtschaft
- 5 *Guanxi* Economy / Economics in China
- 6 *Perestroika* oder *Capitalism from above* in Russland
- 7 Vergleich: Akkumulation durch Sekundärverteilung des Vermögens und durch Kohärenz
- 8 Abkürzungen und Literatur

Vermögensrechnung von Familienwirtschaften, LPGs, Volkskommunen / –brigaden, (Betrieb + Haushalt) – Schumpeters “Wirt”

Bilanz

Aktiva/Vermögen/Assets

- Sachvermögen
- Finanzvermögen
- Humankapital
- Sozialkapital
 - Reziprozität
 - Sozialvers.
 - Öff. Dienste
 - Arbeitsrechte
 - Kulturvermöög.

Passiva/Verbindlichkeiten

- Verwandte
- Freunde und Nachbarn
- Marktpartner, inkl. AN
- Banken / Versicherungen

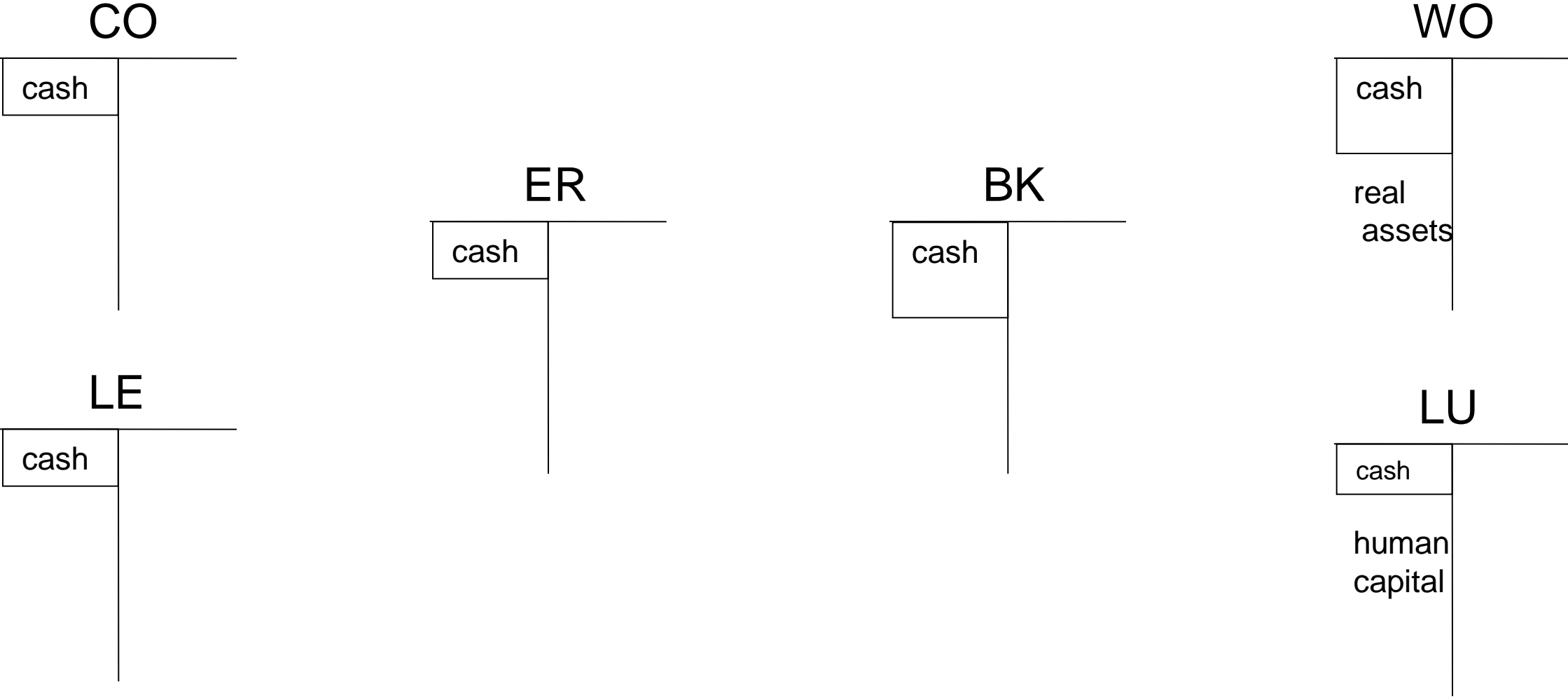
Eigenkapital (Eigentümer)

- Mann / Mitglied
- Frau / Mitglied
- Kind
- Staat / Kommune

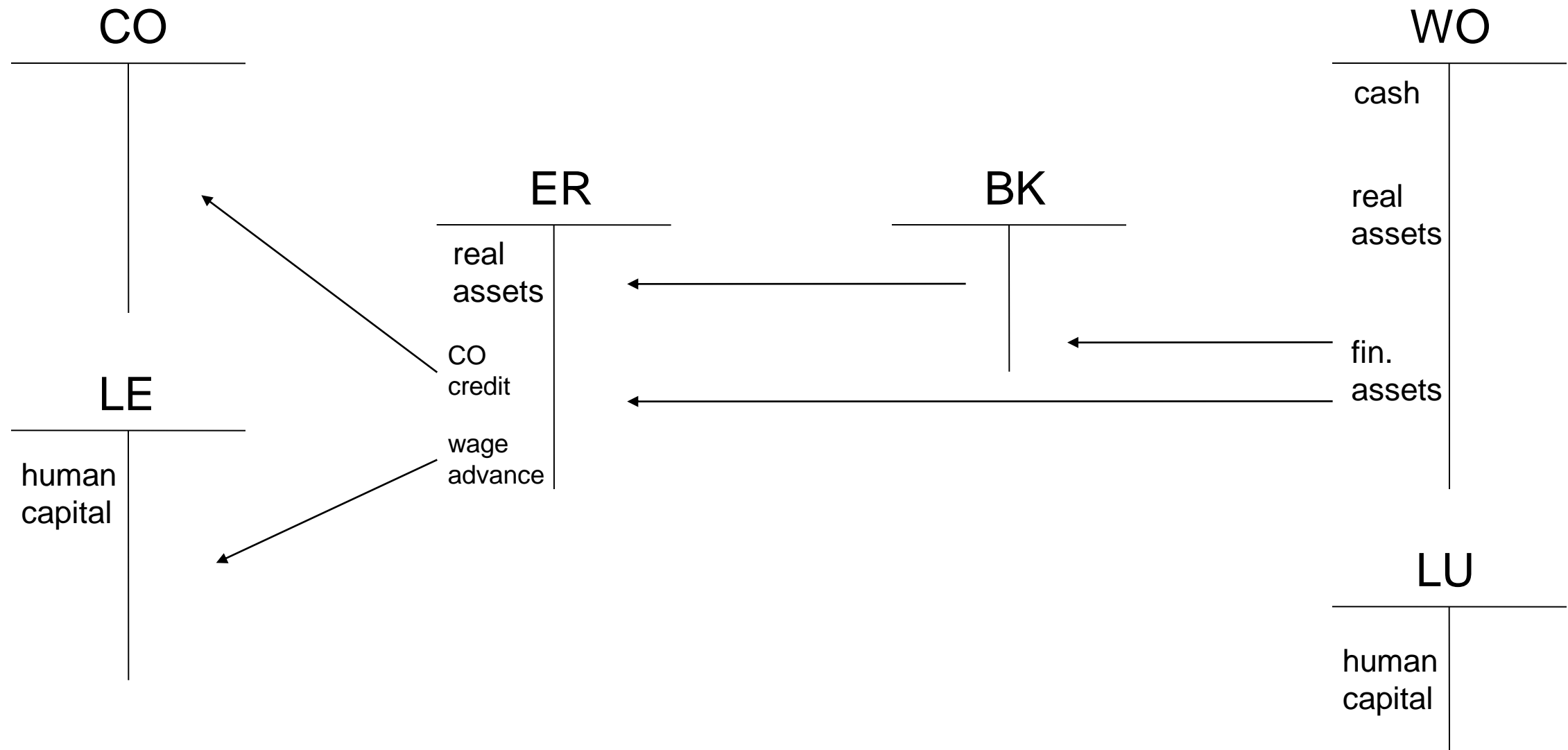
Geld als Tauschmittel und Quasi-Realvermögen

Gesellschaftliche Arbeitsteilung, Friedman's Hubschrauber und die neoklassische Wachstumstheorie:

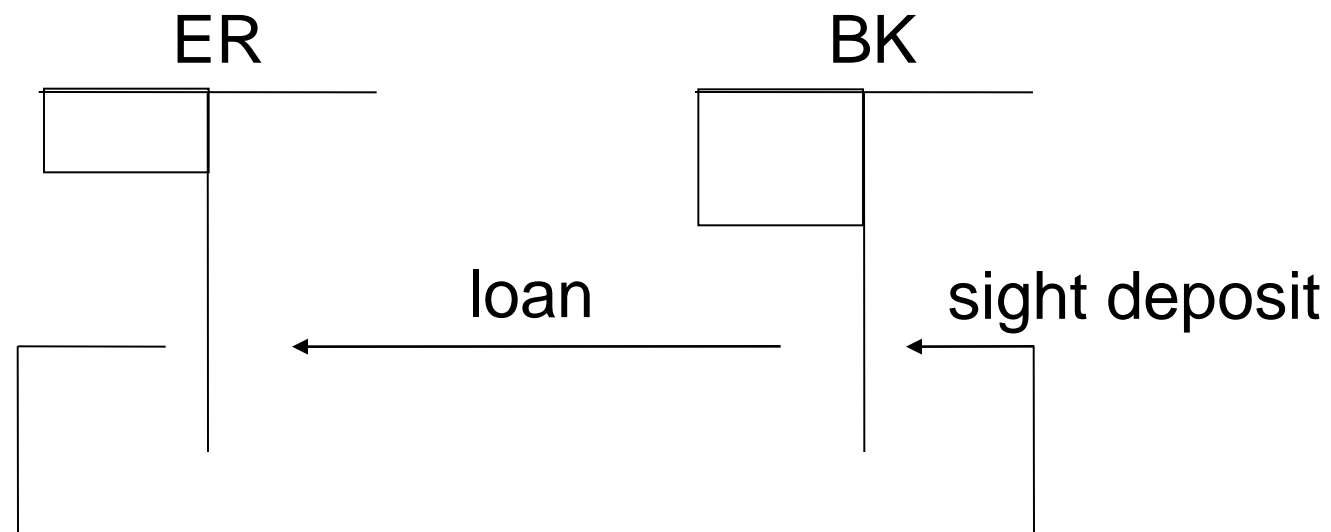
Savings first! Und Vernachlässigung der Passiva – Bias der westlichen Berater (*mainstream economists*) in Russland



Geld als Zahlungsmittel in Kreditkontrakten: Keynes' monetäre Theory der Produktion und die *Theory of finance*: Noch immer – Savings first?

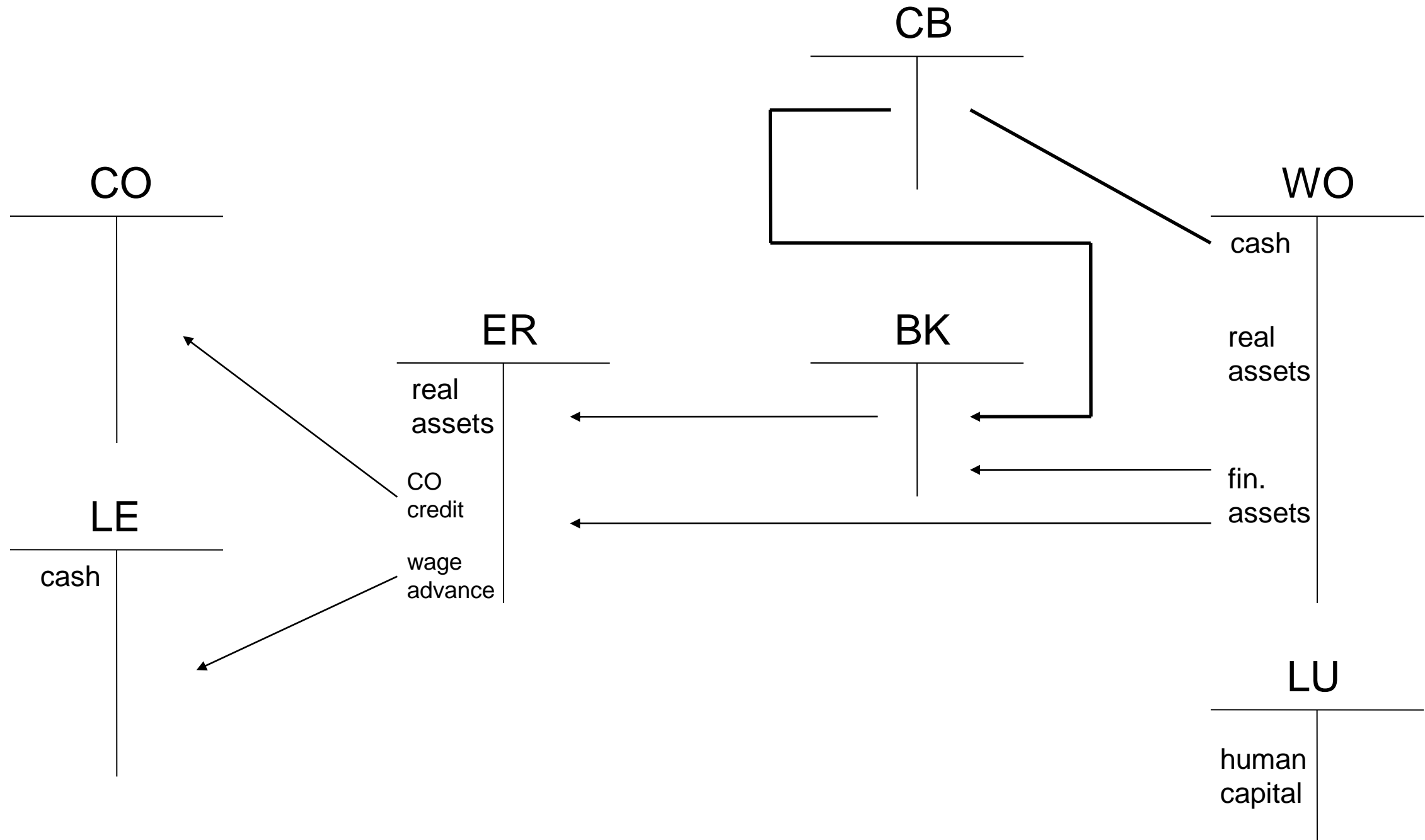


Kreditschöpfung ex nihilo: Schumpeters “Unternehmer” und sein Bankier: “Theorie der wirtschaftlichen Entwicklung” (1912)



Zusammenspiel von Geschäftsbanken und Zentralbank

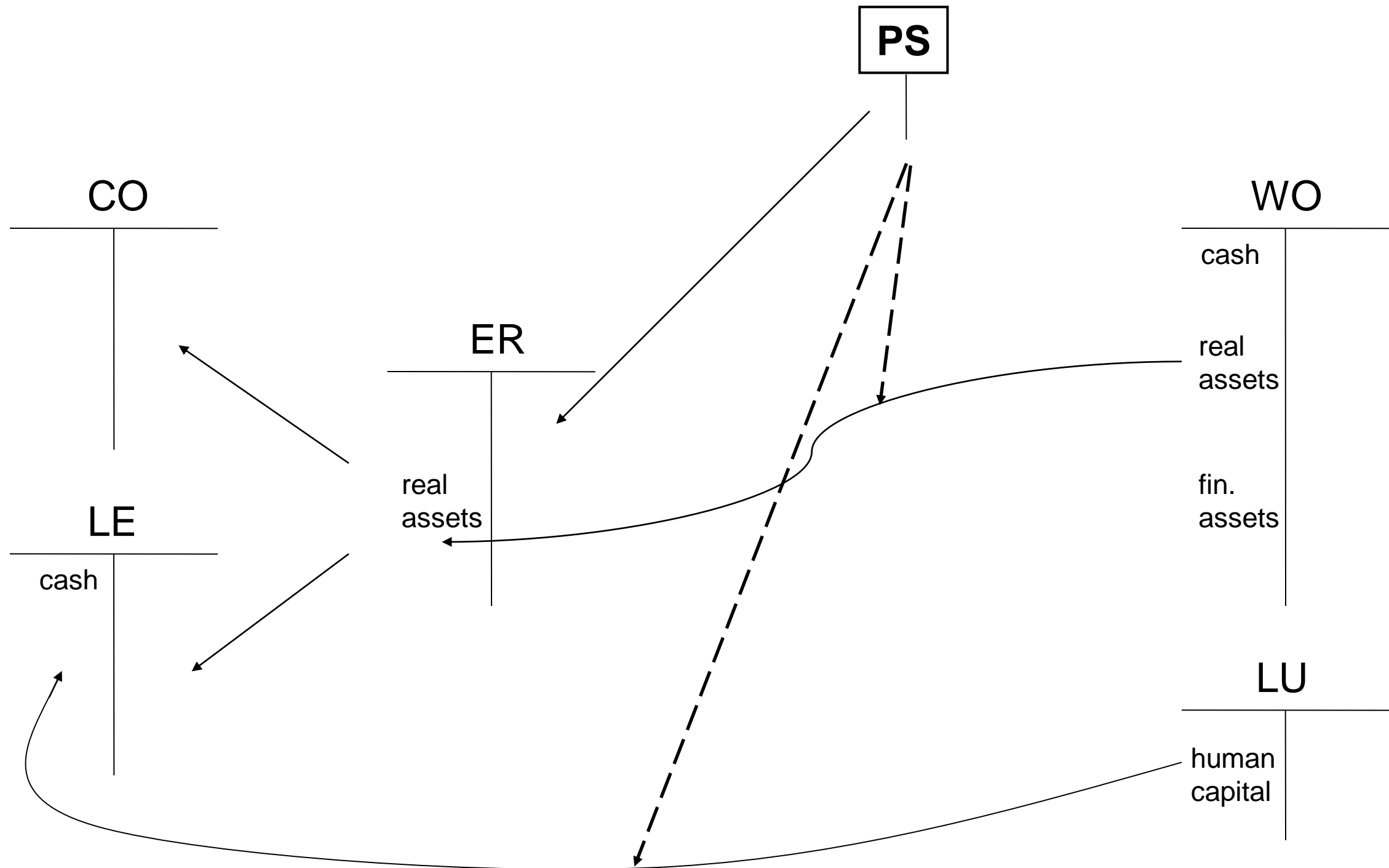
Verfassung einer funktionierenden Geldwirtschaft



Guanxi (= vertrauensvolle Beziehung)

Economics I

ER-PS *guanxi* plus command *ex nihilo*



Definition von Guānxi 关系

- **Principle of reciprocity**
 - trust based on friendship, social, individual, emotional commitment, and long-term relations
 - exchange of favours for mutual benefit
 - between two or more individuals
- **Historical background: Confucian rites and ethics**
 - 禮 lǐ: *rites*, today → 礼物 lǐwù: *gift, present*
 - 五倫 wǔ-lún → **five human relationships**: role model for the traditional Confucian hierarchy
 - care and concern between parents and children
 - mutual respect between husband and wife
 - harmonious relationship of the elderly and the younger
 - righteousness of the superior and his subordinates
 - trust between friends

Verzinsliches Guānxi 关系

你敬我一尺 (nǐ jìng wǒ yī chǐ)

我敬你一丈 (wǒ jìng nǐ yī zhàng)

If you give me a *chǐ*

I will return a *zhàng*

- Every „guanxi debt“ / „guanxi contract“ is interest-bearing
 - therefore it is beneficial to stay in a creditor's position for a longer range
- Considered ignorant/disrespectful to repay a „guanxi loan“ immediately
 - gives the impression: the opponent is not interested in a relationship on a reciprocal basis → no „simple“ spot market relationship
- Immediate repayment more likely by higher-ranking individuals, who don't care about a relationship to a lower-ranking individual

Rolle des Parteisekretärs der KP I

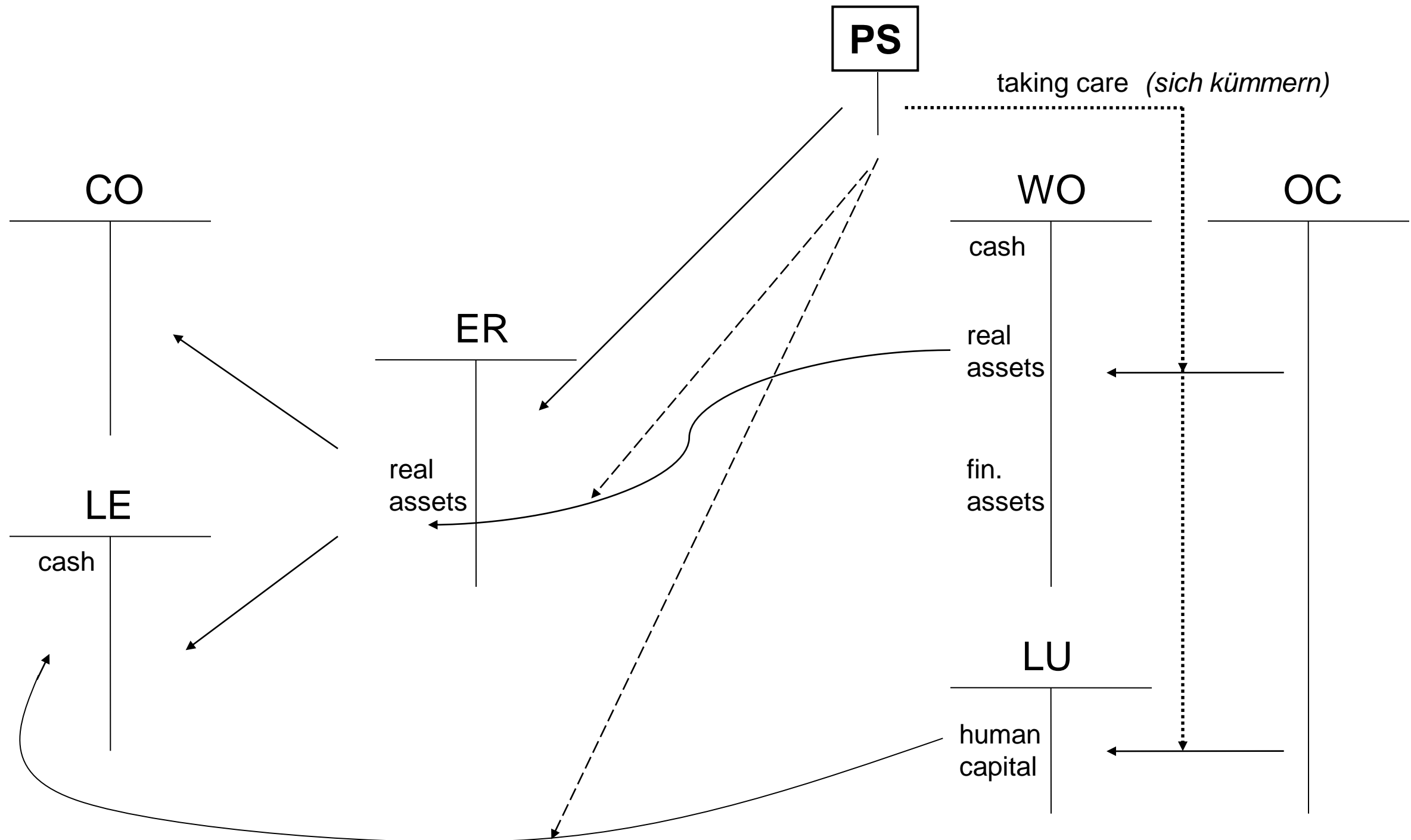
- Kommunistische Länder generell gekennzeichnet durch **Avantgarde-Partei** in allen Produktions- und Reproduktionsbereichen (“vanguard mode of production“)
 - **Kader-Partei** mit strengem Aufnahme-Ritus versus **Massen-Organisationen** für alle
 - Attraktion der KP für Intellektuelle weltweit: „Avantgarde“ sein!
- **Duale** Führung durch DirektorIn und ParteisekretärIn von **allen** Institutionen (Betriebe, Verwaltungen, Uni-Institute, Schulen, Wohnblocks, Militär, Theater usw.)
 - Status quo und **Stabilität** durch die Direktion
 - Wandel und **Innovation** durch ParteisekretärIn, - kann degenerieren zu Bespitzelung.
 - “Catfish“ (Seewolf, Katzenwels) in heutiger chinesischer Firma, nach dem Muster von Lachsfarmen, - damit die Fische sich bewegen und Muskeln bilden (BBC 2013)!

Rolle des Parteisekretärs II

- China
 - Erfahrung der vorangegangenen Kulturrevolution mit maoistischen Roten Garden, - nach 1979 in Führungspositionen (Zitate aus dem “Roten Buch“)
 - Echtes Engagement „für die Massen“ als selbstlose Avantgarde bei den neuen, aus den Roten Garden hervorgegangenen **Kadern** - ?!
- Russland
 - Abgewirtschaftete KP mit gerontokratischen Zügen
 - Jelzin: Verbot der KP !!!
 - KGB und Nachfolge-Organisationen übernehmen die KP-Funktion der Herstellung von Kohärenz (bis heute / heute wieder?)

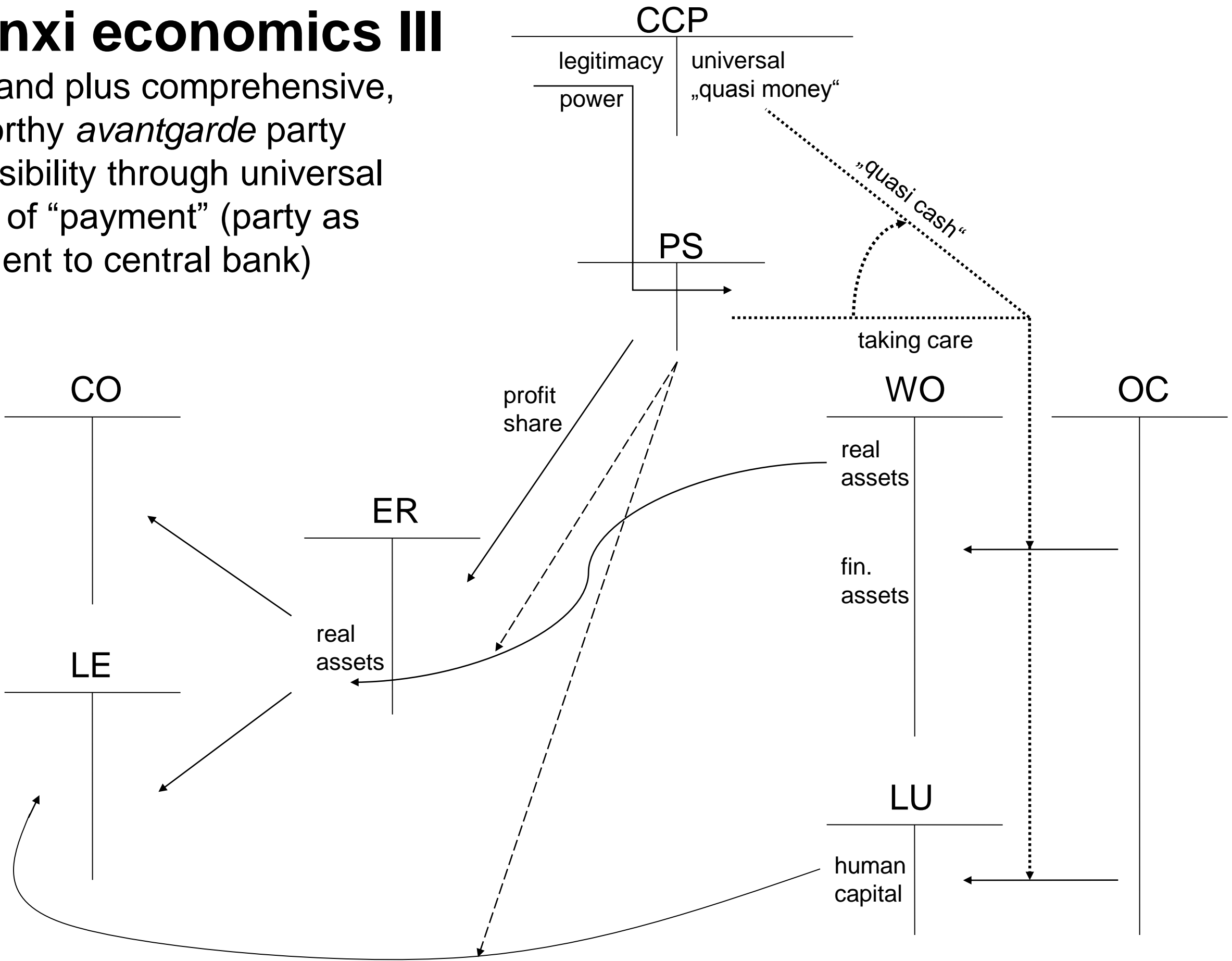
Guanxi economics II

Kommando-Wirtschaft mit umfassender Partei-Verantwortung bei universell-diktatorischem Zugang zu Ressourcen und zu Entscheidungsträgern



Guanxi economics III

Command plus comprehensive, trustworthy *avantgarde* party responsibility through universal means of "payment" (party as equivalent to central bank)



Party Guanxi: A Quasi Domestic Currency

- Main characteristics of the Chinese (as any) **monetary** economy
 - central bank money issue as universal means of payment
 - trust in domestic central bank money, rénmínbì 人民币
- Main characteristics of the Chinese **guanxi** economy
 - issuance of favours toward friends, clients, followers or superiors in terms of access to resources or means of production
 - currency: 人情 rénqíng, based on
 - interpersonal and emotional relationships (basic requirement)
 - favours, gifts, presents (similar to rites in traditional China)
 - trust in human interrelation and mutual benefit
 - **universality** of Party rule and power
- Both economies are built on **credit**
 - monetary economy: central bank money, commercial bank loans and deposits
 - guanxi economy: 人情 rénqíng, trust in human relationships and party loyalty

Pros and Cons of the Chinese Guanxi Economy

- Most important pros

- substitutes financial sector
- generates accumulation
- enables rapid transformation without greater ruptures
- comprises efficiency incentives
 - „Besitz“ → ”possession“ rather than “Eigentum” (private property)
 - vanguard role of the omnipresent party guarantees **coherence**
- reduces transaction costs
- reduces information costs
- reduces procurement costs
- reduces bureaucracy costs

- Most important cons

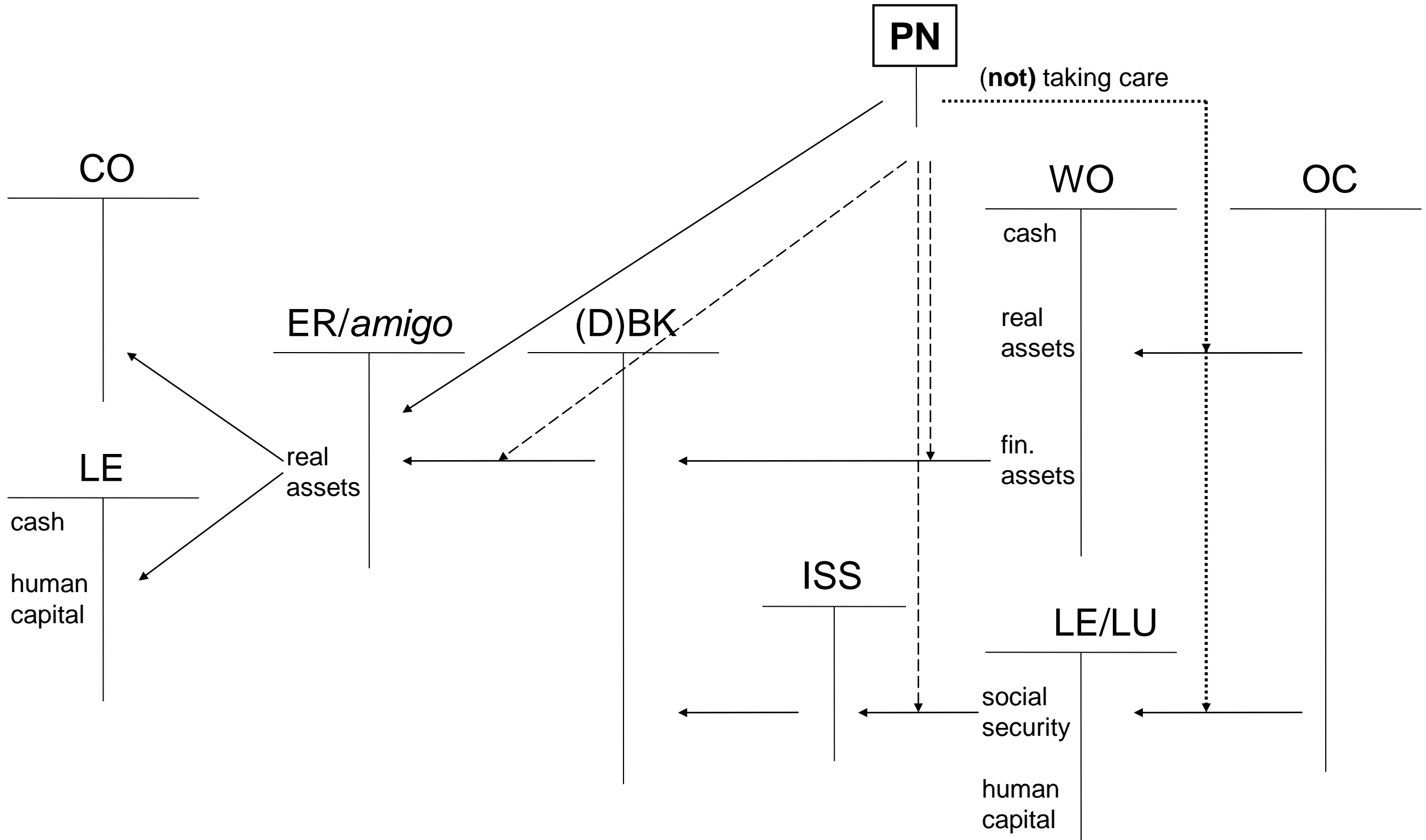
- prone to corruption
- non-democratic one-party rule
- neglect of ecological aspects

- Official reponse:

- „abuse“ of power and exploitation
- negative side effect of the capitalist system
- after-effect of the feudalistic system
- bù xuānchuán, yě bù fǒudìng: 不宣传, 也不否定
- don't propagate, but don't prohibit
- don't talk too much about it!

Guanxi economics IV everywhere:

Politicized development banking between *developmentalism* and *amigo* banking plus administration

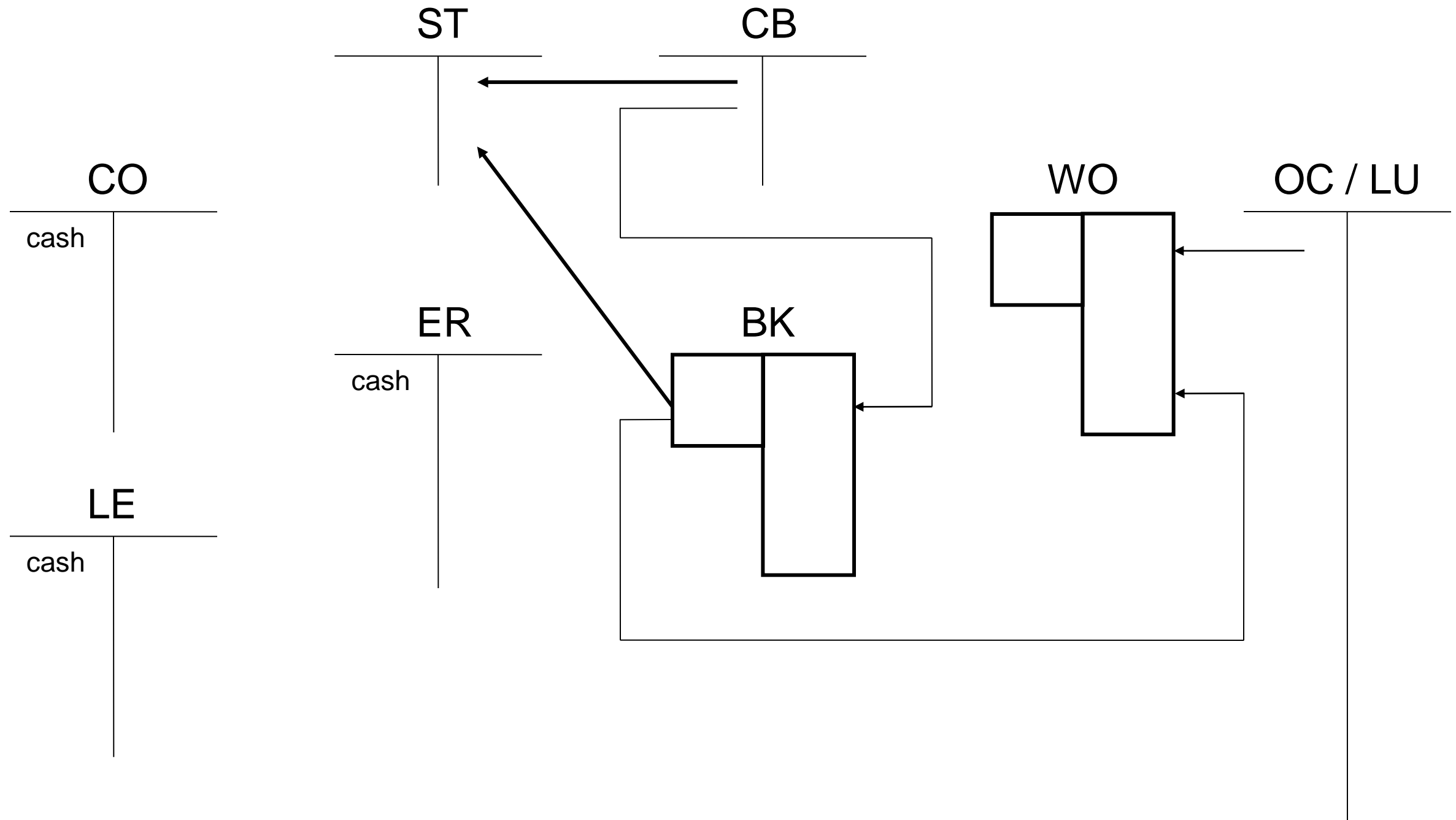


***Perestroika* / big bang economics / “blat” <sorry for this indecent? word>**

Paralyzing loss of innovation because of no secondary distribution of capital

Chaotic loss of coherence because of non-existence of monopoly party, nor substitute

Cause of chaos: pervasive over-indebtedness



King / Szelényi: Post-Communist Economic Systems

- Capitalism from below
 - China, starting with village
 - Characteristics: economic dynamism, authoritarian/totalitarian politics, transformation through political bureaucracy + technocrats, weak civil society
- Capitalism from above
 - Russia
 - Characteristics: economic shock therapy disaster, mass privatization, former political state bureaucracy as “substitute bourgeoisie“, but without much “accumulation drive“; authoritarian politics, weak civil society – “patrimonial capitalism“ with self-enriching “avantgarde“; no secondary distribution of capital
 - Puffer/McCarthy: “Svyazi“ (connections); clan structure; mafia-type, **exclusive, not universal** networks
- Capitalism from without
 - Hungary, GDR East Germany
 - Characteristics: liberal democracy, strong civil society, transformation through dissident intellectuals + technocrats + “the people“ („Wir sind das Volk!“)

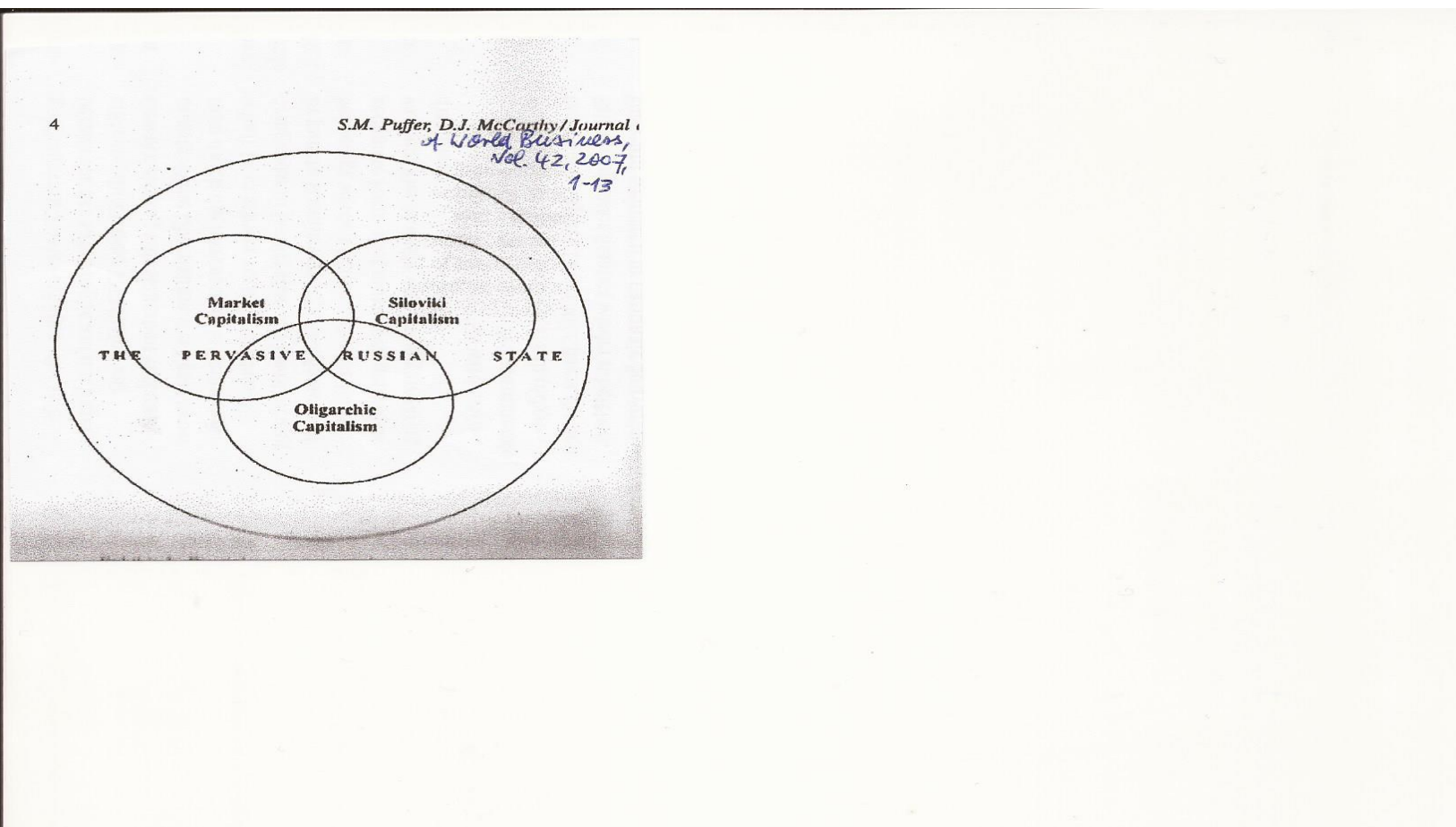
Puffer / McCarthy: Russia's network capitalism competitive?

“Network“

- Russia: mafia-type, exclusive membership
- China: party, cadre membership, universal coverage

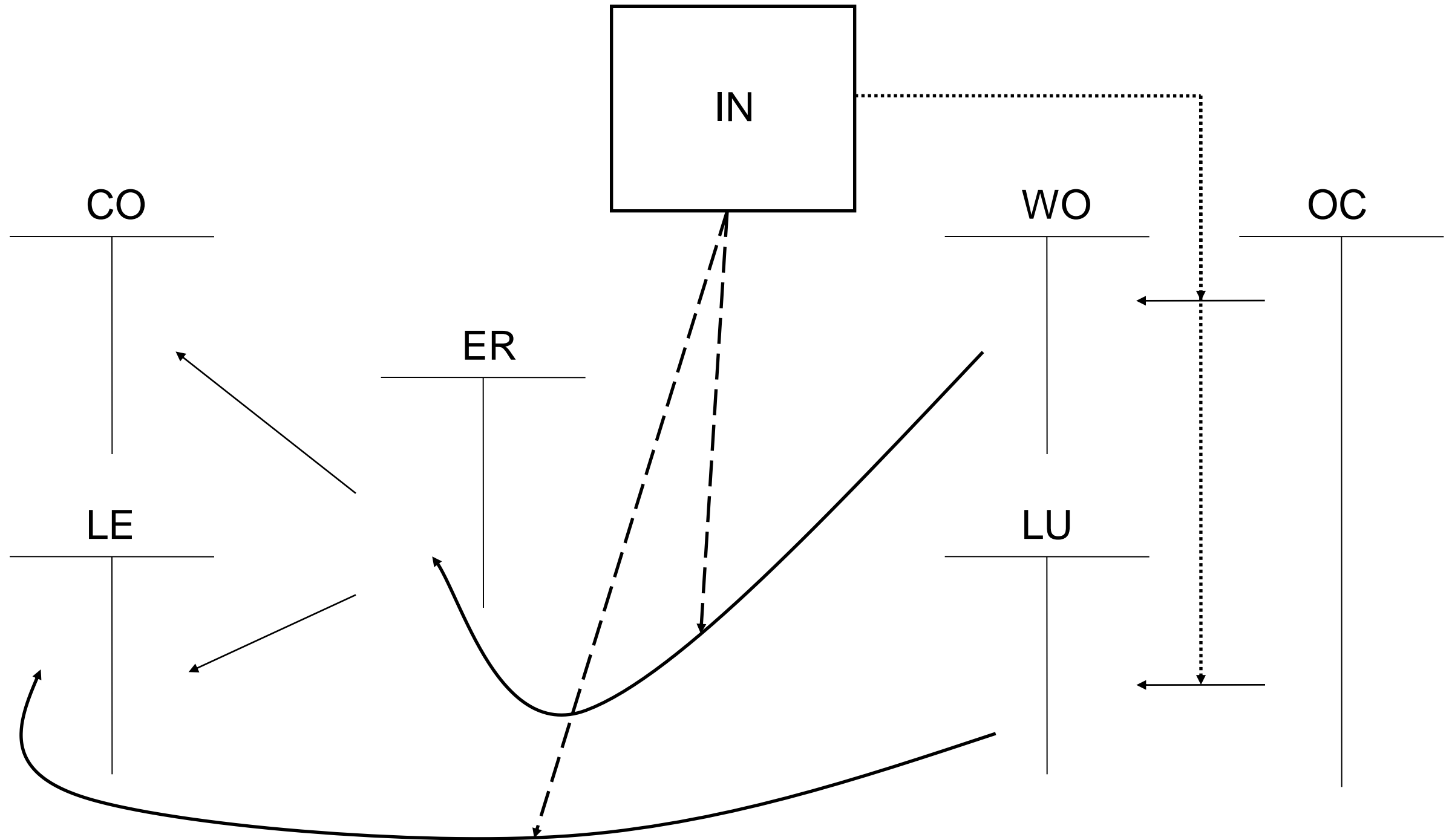
“Capitalism“

- Russia: market, oligarchic, siloviki ... plus: Familienwirtschaften
- China: State-owned enterprises (SOE), Guanxi Economy, ... plus: Familienwirtschaften; isn't that “communism“?



Summary I:

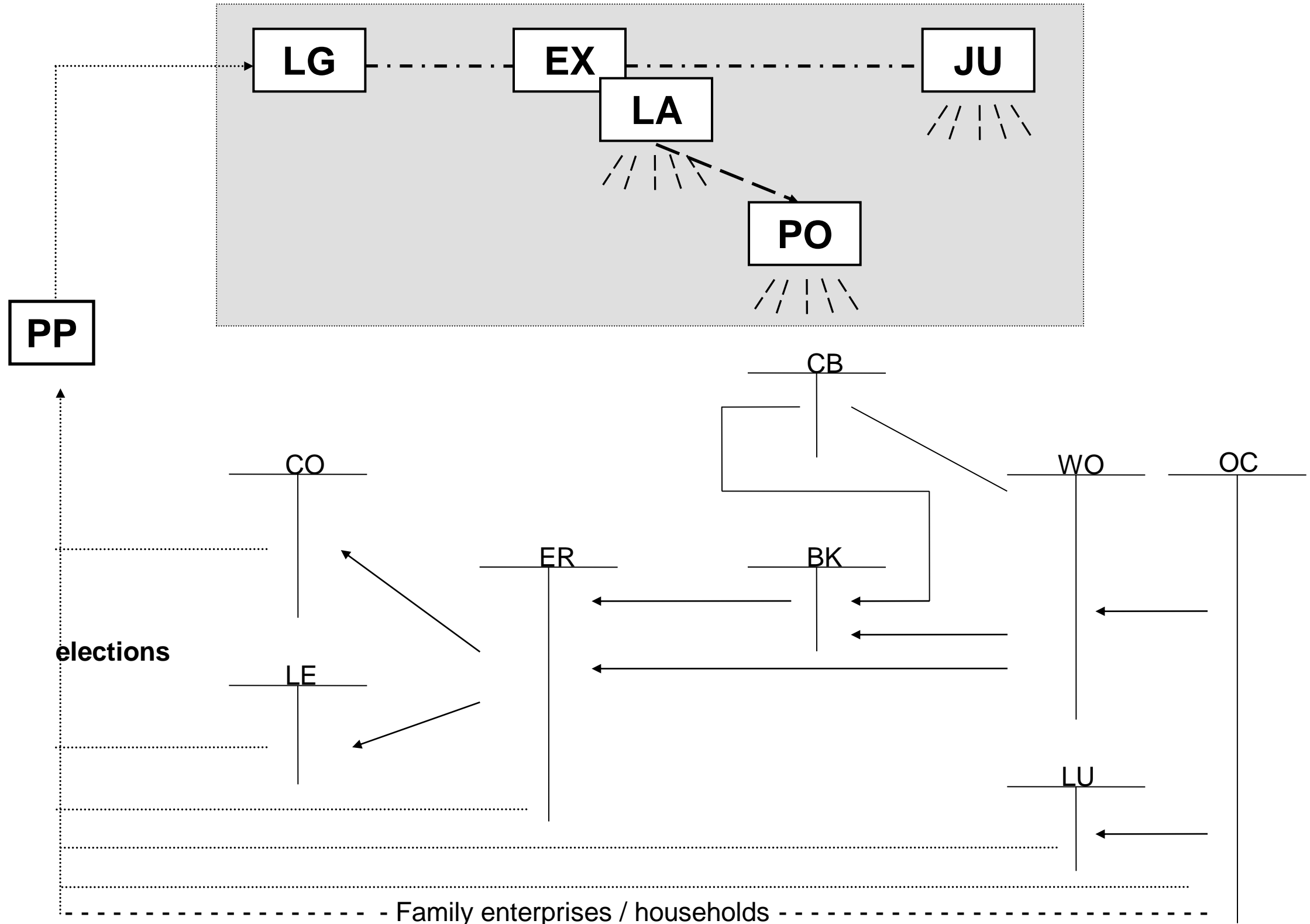
Economic development requires institutionalized, permanent *secondary* distribution of capital.



Summary II:

Economic development requires *coherence* through markets, common currency, Weberian administration, and – hopefully - a democratic welfare state.

Nota bene: The (any/modern?) economic system is blind with regard to nature (and thus sustainability)!



Selected Literature

- BBC World Service (2013): Report about the world's biggest white-line firm in China, having introduced a "catfish" in its management structure in order to guarantee innovation, November 10, 11.45-11.55h.
- Davies, Howard et al. (1995): The Benefits of "Guanxi". The Value of Relationships in Developing the Chinese Market, in: *Industrial Marketing Management* 24, 207-214.
- Hodgson, Geoffrey M. (2004): *The Evolution of Institutional Economics*, New York: Routledge.
- Huang, Guangguo 黃光國 (1988): *Konfuzianismus und die Modernisierung Ostasiens 儒家思想與東亞現代化*, Taipeh.
- King, Lawrence P. / Szelényi, Iván (2005): *Post-Communist Economic Systems*, in: Smelser, Neil J. / Swedberg, Richard (eds.): *The Handbook of Economic Sociology*, Princeton-Oxford-New York: Princeton University Press / Russell Sage, 205-229.
- Kornai, János (1995): *Das sozialistische System. Die politische Ökonomie des Kommunismus*, Baden-Baden
- Lebowitz, Michael A. (2000): Kornai and the Vanguard Mode of Production, in: *Cambridge Journal of Economics* 24, 377-392.
- Nitsch, Manfred (1999): Vom Nutzen des monetär-keynesianischen Ansatzes für Entwicklungstheorie und –politik, in: Schubert, Renate (ed.): *Neue Wachstums- und Außenhandelstheorie – Implikationen für die Entwicklungstheorie und –politik*, Berlin: Duncker & Humblot (Schriften des Vereins für Socialpolitik Bd 269), 183-214.
- Nitsch, Manfred / Diebel, Frank (2008): Guanxi Economics: Confucius Meets Lenin, Keynes and Schumpeter in Contemporary China, in: *Intervention* 5 (1), 77-104.
- Puffer, Sheila M. / McCarthy, Daniel J. (2007): Can Russia's State-managed, Network Capitalism be Competitive? Institutional Pull versus Institutional Push, in: *Journal of World Business*, 42, 1-13
- Riese, Hajo (1995): *Geld: Das letzte Rätsel der Nationalökonomie*, in: Ders.: *Grundlegungen eines monetären Keynesianismus* (1989), Bd. 1, Regensburg: Transfer, 344-397
- White, Lynn T. III. (1998): *Unstately Power: Local Causes of China's Economic Reforms*, New York: East Gate.
- Yang, Mayfair Mei-hui (1994): *Gifts, Favors, and Banquets – The Art of Social Relationship in China*, New York: Cornell University Press.

Abbreviations

AN - Arbeitnehmer

BK – bank

CB - central bank

CO – consumer

ER – entrepreneur

EX – executive branch
of government

GDR – German Democratic
Republic

IN - intermediary institution

ISS – institute of social
security

KP – Kommunistische Partei

JU – judiciary

LE – employed labour

LG – legislature

LU – unemployed labour

OC – other creditor(s) /
owners / victims?

PN – politician/s

PP – political party/ies

PS – party secretary

ST – state (as fiscal entity)

WO – wealth owner

Vielen Dank / Thank you

Prof. Dr. Manfred Nitsch

FB Wirtschaftswissenschaft

Lateinamerika-Institut

Freie Universität Berlin

manfred.nitsch@t-online.de