

China's Modernization and Reform Strategy

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Abstract: This article provides a systematic analysis of the modernization process and reform strategy of the People's Republic of China, focusing on their conceptual foundations and practical implementation mechanisms. The study examines the distinctive features of the Chinese modernization model, including the socialist market economy, the regulatory role of the state, institutional reforms, phased transformation, and strategic planning. From a scholarly perspective, the article evaluates key issues such as economic growth stimulation, industrial and innovative development, technological modernization, the digital economy, and the maintenance of social stability. Furthermore, the article analyzes the impact of China's reform strategy on national development, its position within the global economic system, and its methodological significance for developing countries. The conclusions drawn contribute to a comparative understanding of China's modernization experience and help identify its universal and nationally specific characteristics.

Keywords: Chinese modernization, reform strategy, socialist market economy, institutional transformation, strategic planning, innovative development, digital economy.

Introduction: The concept of modernization is considered in political science as one of the important theoretical frameworks explaining the interconnected transformations between social structures, economic order, and institutional governance. This approach allows us to analyze the transition of society from traditional forms to rationalized, differentiated, and legally and institutionally ordered models.

There is a historical fact that in the process of modernization, some small states have low average wages, but they receive financial and technical support from large, developed countries, therefore they develop very quickly. Such countries include Singapore, Hong Kong, Taiwan, and South Korea. This opportunity is practically impossible for a country as large as China. China relies only on its own strength and comprehensive development. China has its own historical traditions and historical conditions. History has proven that there is always a contradiction between the process of modernization and traditions. In this sense, Chinese history has a dual nature: China

is a country with an ancient civilization that has made a great contribution to the history of mankind, but on the other hand, China has millennia-old feudal traditions that condition the process of modernization.

Adaptation of the ideological and political foundations of socio-economic development made it possible to preserve the previous effective means of economic growth and, at the same time, to begin the relatively painless use of new means corresponding to the principles of market economy. Long-term national economic plans, partial directive planning, and stable state prices were maintained. In the targeted model of socio-economic development, the significant role of non-economic factors has been preserved. These factors made it possible to timely strengthen the foundations of socialist society with reliable supports in the form of moral, socio-historical, and spiritual-ethical traditions of a Confucian nature.

From this point of view, the experience of the People's Republic of China during the period of reforms shows that modernization is not a "one-way" universal

scenario, but manifests itself in various institutional configurations depending on the national context, state capabilities, and the level of external integration. This, in particular, serves to theoretically substantiate the multi-variance of modernization trajectories in accordance with the idea of "multiple modernities."

In research, modernization is usually not limited to economic growth: it also covers such dimensions as the institutionalization of the political system, the effectiveness of administrative management, the stability of the legal order, the sources of legitimacy, and the formation of channels of social participation. Therefore, in the example of China, the development-stability relationship, the state's ability to strategically plan, and social mobilization mechanisms should be considered as a single system [4; 12].

Classical modernization theory emphasizes that in the transition from traditional systems to modern institutional order, economic development, urbanization, the popularization of education, and the expansion of the communication environment stimulate political change. However, empirical experience also shows that the results of modernization do not automatically equate to the inevitable expansion of democracy.

While Talcott Parsons' structural-functional analysis reveals functional connections between parts of society, S. Huntington's concept of "political order in changing societies" explains the increased risk of instability in conditions where the pace of mobilization exceeds the stability of institutions. In China, the logic of "renewal while maintaining order" in reforms demonstrates the practical confirmation of this theoretical thesis [8, 9].

Views that emphasize the issues of dependent modernization and unequal integration (the approaches of A. Frank and I. Wallerstein) consider modernization within the framework of the center-periphery relationship in the global capitalist system and describe development as a process conditioned by external markets, access to technology, and investment regimes. China's modernization has demonstrated in practice that external openness can be harmonized with national institutions, state macroregulatory policies, and the gradual development of the domestic market [12, 13].

The Chinese modernization model methodologically strives to define modernization through the mechanisms of strengthening national statehood, increasing management capacity, and social distribution of development results, in contrast to the trend of Westernization. In this approach, "modern" criteria are measured not by institutional forms, but by how institutions work and what results they produce.

In the political and economic turning point after 1978, the Chinese leadership defined the "reform and openness" strategy as the main direction of state development. In December 1978, at the 3rd Plenum of the 11th Central Committee of the Communist Party of China, the focus of party and state work was shifted to socialist modernization and economic construction [1; 278].

The concept of "Socialism with Chinese characteristics," proposed by Deng Xiaoping, redefined modernization within the Marxist paradigm, but grounded in national realities and practical outcomes. While not rejecting the need to study foreign experiences, it emphasized the ineffectiveness of blind imitation. As a theoretical principle, the idea of "practice as the criterion of truth" was put forward [2; 98].

The initial strategic framework for modernization was defined through the "Four Modernizations" initiative (industry, agriculture, science and technology, and defense), later complemented by the gradual establishment of socialist market economy institutions, restructuring of state-owned enterprises, and controlled expansion of the private sector [5; 128].

The institutional architecture of modernization was based on the principle of gradual reform. In practice, this meant first experimenting at the local level, then scaling up effective instruments nationally to strengthen legal and administrative rules. Consequently, reforms manifested not as rapid "shock therapy," but as institutional renewal while maintaining order and stability.

The socio-political context of modernization in China was primarily determined by its vast population, regional disparities, and the long-standing agrarian structure of society. By 1978, approximately 80% of the population lived in rural areas, posing significant challenges for state policy in terms of resource

allocation and social service coverage. Thus, demographic policy and labor resource management became integral parts of modernization. In the late 1970s, birth rates were estimated at around 32-33 ‰, and mortality rates at about 7 ‰; to reduce population growth rates, the state implemented birth control policies from the 1980s onward. This policy is interpreted as an institutional measure aimed at ensuring the sustainability of social expenditures, education, and healthcare systems [2; 106].

The initial impulse for economic reforms emerged in the agricultural sector. The family contract and responsibility system enhanced producer incentives, improving productivity by harmonizing state procurement policies with market instruments. These changes laid the foundation for increasing rural incomes and ensuring food security.

In industrial and foreign economic openness, special economic zones became the most prominent form of institutional experimentalism. New rules for investment, export, and management procedures were tested in areas such as Shenzhen, Zhuhai, Shantou, and Xiamen; this experience was later extended to coastal cities and broader regions [14; 228].

The policy of external openness was gradually expanded through various instruments. Literature typically distinguishes forms such as openness through special economic zones, coastal cities and ports, cross-border cooperation through border areas, and comprehensive openness within large regions. This differentiation served to harmonize external integration with the process of regional reforms.

The effectiveness of economic zones became evident in specific indicators by the late 1990s: according to some estimates, they accounted for about 5.6% of GDP, approximately 11% of industrial production, and nearly 25% of foreign exchange earnings. This fact serves as important empirical evidence showing how institutional mechanisms of openness relate to national economic growth [14; 306]. On the organizational aspect of economic openness, China built cooperation with international financial institutions on a pragmatic basis. Notably, the state established relations with the International Monetary Fund and the World Bank in the 1980s, utilizing credit lines for infrastructure and sectoral reforms; however,

maintaining its own model and retaining macroregulatory tools remained a priority in domestic policy.

In the political sphere, modernization was linked to the logic of maintaining stability and enhancing governance capacity. Instruments such as restoring the legal framework, reorganizing administrative structures, strengthening professionalism and accountability in personnel policy, and expanding consultation channels for state-society dialogue were gradually introduced. In the context of political culture, Chinese modernization sought to balance ideological boundaries with historical and cultural heritage. Alongside the class paradigm of Marxism-Leninism, concepts inherited from Confucianism, such as social hierarchy, meritocratic elements in appointments, and collective responsibility, became increasingly integrated into management practices. This situation demonstrates that when analyzing the content dimensions of modernization, it is crucial not to overlook indicators of political culture.

The role of the state in the economy remains one of the main distinguishing features of the modernization model. The policy of corporatizing state-owned enterprises, maintaining control in strategic sectors, supporting macroeconomic stability through planning tools, and gradually fostering a competitive environment for the private sector was pursued in parallel. In analytical literature, such an institutional synthesis is often described by the concept of state capitalism.

The social dimension of modernization is practically measured by the standard of living, coverage of social services, and poverty reduction. World Bank materials note that China managed to lift hundreds of millions of people out of poverty during the reform period; World Bank reports link long-term growth in the Human Development Index to the dynamics of education, healthcare, and income [15].

The economic results of the period from 1979 to 1997 reveal the scale of modernization. Specifically, trends in real per capita income growth, improved food supply, increased agricultural production, and technological renewal in industrial sectors were noted. In 1997, the grain harvest exceeded 492.5 million tons, which is an important indicator from the perspective of food

security [11; 316].

Simultaneously, there is also a socialization of this growth model, and factors such as urban-rural disparity, regional inequality, environmental pressure, and labor migration create new institutional demands for state policy. Therefore, when assessing political modernization, along with economic efficiency, redistribution mechanisms and the quality of public services should also be considered as separate measures.

Based on the above, the following conclusions can be drawn:

The Chinese experience has shown that the modernization process is highly effective only when it is carried out based on an acceptable synthesis of national traditions and modern institutional changes, rather than importing Western models. The Chinese model demonstrated the possibility of effectively implementing economic freedom and market mechanisms even under conditions of strict centralization of the political system and the leadership of the Communist Party, challenging the universality of classical liberal modernization theories. In China's evolutionary transformation strategy, the choice of gradualism and the principle of plan-market harmony, rather than "shock therapy," in transitioning from an administrative-centralized system to a market economy played a decisive role in preventing socio-economic crises.

The preservation of the state's regulatory and supervisory functions in the process of economic liberalization, ensuring sovereign control over strategic sectors, guaranteed that modernization would proceed in line with Chinese national interests. The use of a selective integration strategy through special economic zones in the foreign economic openness policy ensured that China did not become peripheral in the global financial and economic system. The uniqueness of Chinese modernization is that reforms began at the grassroots level, particularly in agriculture. This strategy created a strong social base and political legitimacy for the modernization process by making the majority of the rural population direct beneficiaries of the reforms.

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