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By Howard French

During his first trip to China recently, Barack Obama was excoriated by pundits for his meekness on a host of issues, from Tibet to exchange rates to human rights. Newspaper commentary in the United States went on endlessly about the curtailment of American influence in an age where a fast-rising China has become this country’s main creditor. The event that supposedly crystallized all of this was the American-style town hall meeting the president had planned, but which the Chinese government appeared to control. In the end, Obama was limited to a stilted forum with an audience of carefully screened and coached students, and a previously negotiated national television audience was denied him.

It’s an open secret that many in the publishing industry see book subtitles as vehicles for shameless hype, pushing their claims to the limit in order to juice reader interest. During the week of Obama’s East Asian sojourn, though, the subtitle of Martin Jacques’ new offering, *When China Rules the World: The End of the Western World and the Birth of a New World Order*, may have suddenly seemed like it wasn’t such a stretch. At the very least, the appearance of a book like this from a major publisher like Penguin Press is a telling measure of a profound and ongoing shift in perceptions about the staying power of American — and, more broadly, Western — might and vigor, in the face of the challenge of a fast-rising China.

On this subject, a recent Pew survey highlighted the gap between perception and reality, showing that 44% of the American public already believes that China is the world’s leading economic power. Just 27% named the United States.

This, then, surely is a great time for a book to take a hard look at the relative decline of American power along with the stirring rise of China, followed by a host of other emerging global actors, and come to some informed and well-reasoned conclusions. Most see this story as fundamentally based in
economic history, but on this subject, and indeed on economics in general, Jacques has little of interest to say. China will probably continue to grow quickly for another 20 years (186), the author asserts, placing much stock in the hazy art of economic projection, whether quoting the track records of previous takeoffs, from those of Britain, the U.S., and the so-called Asian Tigers, to the now famous work of Goldman Sachs. By 2050, its forecast anticipates the United States ranking a close second behind China, followed at some distance by India (3).

Almost defiantly, though, Jacques proclaims this is not a book about China’s “economic wow factor”(415). Make no mistake, the growth is important. Among other feats, China doubled its economy between 1977 and 1987 (159), and its GDP went from twice the size of Russia’s to more than six times larger between 1990 and 2003 (161). But this analyst is impressed by other things and wants us to share in his awe.

Principal among these features are: the length of China’s history; a population as large as the United States, Europe, Russia, Japan and Australia combined; a land mass that Jacques repeatedly describes as “continental”; and, most of all, the extraordinary potency and cohesiveness of its culture.

Indeed, culture gradually becomes the main story here. China is not so much a nation on the move, but a single-minded civilization bent on regaining its natural place in the scheme of things as number one, the author insists, with grating frequency, and the West is woefully ill-prepared for the challenge.

Conclusions like this, paired with such a sensationalist title, might suggest an alarmist tract in the old “yellow peril” tradition, but the reality is almost the opposite. Jacques, a former editor of Marxism Today, all but cheers the West’s comeuppance. I, for one, found a Chinese friend’s response to the title more compelling. Noticing the book on my desk, her one-word comeback was, “Really?”

I mouthed this same question with dismaying frequency as I read When China Rules the World, and serious doubts about Jacques’ reliability as a guide mounted.

For such a timely subject, this is unfortunate. One is especially dismayed because the book is not bereft of interesting ideas. Among them, the author challenges common, deeply held notions of Western exceptionalism, beginning with the idea that modernity itself is the exclusive preserve of Europe and its American offshoot. “Europe was the birthplace of modernity,” he writes. “As its tentacles stretched around the globe during the course of the two centuries after 1750, so its ideas, institutions, values, religion, languages, ideologies, customs and armies left a huge and indelible imprint on the rest of the world. Modernity and Europe became inseparable, seemingly fused, the one inconceivable without the other; they appeared synonymous” (21). Apart, however, from “an accident of birth it had, and has, no special connection to that continent and its civilization.”

Problematically for a book that is nominally about the future, it is here, and not with his frequently credulous predictions about the coming world order, that the author is most compelling.

In his book’s early passages, Jacques takes pains to show that the West’s dominance is a relatively recent development in world history, and by implication probably a transitory one, too. But for a handful of ancient Chinese inventions — things like paper, gunpowder and the compass — the story of the past in the popular mind is one of long-uninterrupted Western superiority in science, in technology, and more broadly in the process we nowadays fancy as “development.”

However, drawing on a variety of recent economic and historical scholarship, notably that of Kaoru Sugihara and Kenneth Pomeranz, Jacques makes a claim of parity between East and West before Europe and the United States pulled far ahead in late 19th century. “The general picture that emerges is that, far from Western Europe having established a decisive economic lead over China and Japan by 1800, there was, in fact, not that much to choose between them,” he writes. “In this light, the argument that industrialization was the product of a very long historical process that took place over several centuries, rather than a few decades, is dubious” (25).

While our conventional narratives would have it that the West’s advantage lay in byproducts of the Enlightenment, things like reason and law and the scientific method, the factors that Jacques
emphasizes are much less flattering. Around 1800, the fortunes of East Asia and Western Europe began to diverge sharply, after Britain discovered large and easily accessible deposits of coal, relieving the dependence on wood and helping drive the technological innovations that would propel the Industrial Revolution. More crucial still was the conquest of the New World, opening up a continental expanse of “new” land, to be worked in large measure by African slave labor. “Without the slave trade and colonization, Europe could never have made the kind of breakthrough it did.”

China also had large coal deposits in its northwest, but they were remote from the main population centers, and most importantly, far removed from the emerging textile industries and canal networks of the lower Yangzi Valley. It “also had colonies — newly acquired territories achieved by a process of imperial expansion from 1644 until the late eighteenth century — but these were in the interior of the Eurasian continent, bereft of either large arable lands or dense populations, and were unable to provide raw materials on anything like the scale of the New World” (27).

With few notable exceptions, the ideas that Jacques develops to get us from this world of the recent past to the future of the book’s title are considerably less compelling. This is the case, in part, because of the author’s failure to get beyond China’s own official cant. The book often reads like a compilation of ideas gleaned by the water cooler at the Chinese Academy of Social Sciences, the state’s official think tank.

“Despite the wild vicissitudes of Mao’s rule, China achieved an impressive annual growth rate of 4.4 percent between 1950 and 1980, more than quadrupling the country’s GDP and more than doubling its per capita GDP,” Jacques writes at one point. “This compares favorably with India, which only managed to increase its GDP by less than three times during the same period and its per capital GDP by around 50 percent. China’s social performance was even more impressive” (99).

This might seem like a straightforward recitation of fact, but there is far more going on here. Jacques frequently makes sweeping and shallow statements about East Asian cultures, and especially about Confucian societies. But rather than compare growth figures with these putative Chinese peers — Japan, South Korea and Taiwan — he has cherry-picked India to bolster his claims.

In the same passage, he goes on to invoke the United Nation’s Human Development Index to hammer home the point that China did well under Mao. What to make, then, of a death toll of 30 million during the Great Leap Forward, millions killed and persecuted during the Cultural Revolution, and the countless other victims of less famous campaigns that almost continuously punctuated Mao’s rule? With Jacques’ bland treatment of this material, we are not far from Beijing’s own bloodless official reckoning that Mao was 70 percent good and 30 percent bad.

Part of Jacques’ problem is that no matter how prodigious his readings (the footnotes run for 70 pages), the author comes across as a relative latecomer to his subject, and this lack of grounding results in any number of embarrassments. For example, contrary to the prevailing historical record, he asserts that the Communists, and not Chiang Kai-shek’s Nationalists, “played the key role in the resistance to the Japanese” (94).

Chinese Confucianism, in whose influence he places tremendous stock, was “more complete and doctrinaire” than the brand of Confucianism practiced in Japan and Korea (216). In fact, the opposite is closer the truth.

Jacques claims that what he calls “the traumatic events of Tiananmen Square” in Beijing in 1989 — conspicuously avoiding the word massacre — “had surprisingly little effect on the country as a whole” (203). By this point, we are right to wonder if the author was aware that simultaneous protests were held in many Chinese cities, or that the political shock of these events shaped Chinese policies for years to come. As the economist Yasheng Huang, author of Capitalism with Chinese Characteristics, points out, Beijing promptly launched a “systematic crackdown on the private sector,” initiating what has been called the Tiananmen Interlude, which lasted until 2002-2005, when private growth resumed (20-23).
"Throughout the debate and struggles over modernization, from the late nineteenth century until today, the Chinese have sought to retain the fundamental attributes of their political system above all else,” Jacques writes. “This is in contrast to most developing societies, where the government has often been strongly linked to modernizing impulses and leaders were frequently drawn from the Westernized elite — as in India, for example, with the Nehru family. That was never the case in China, with leaders like Mao and Deng having had very little contact with the West” (208-209).

Never mind that Mao leaned on Marxist theory, a pure Western import, to attempt a radical remake of his society. What of Deng Xiaoping, who (like Zhou Enlai) studied and worked in France in the 1920s, telling his father the night before sailing for Europe that he aimed to “learn knowledge and truth from the West in order to save China”?

Discussing Japan and democracy, Jacques tells us “it is doubtful whether the term is very meaningful” (62). Unfortunate timing, then, that the opposition there has just won a historic victory and is pushing through major policy changes.

What then, in sum, is the picture of the future China and of the world it is remaking? Despite the book’s length it is possible to summarize Jacques’s main arguments rather quickly:

“China has little in common with the West” (149). It is “not just a nation state; it is also a civilization and a continent” (196). Its frequent experience of chaos has “served to reinforce its commitment to unity, a tradition that began with Confucius” (82). Despite the traumas and humiliations of the past, because of their deep wellsprings of shared history and culture, “Chinese never lost their inner sense of self-confidence — or feeling of superiority” (93).

Jacques then asserts that the “political traditions of China are neither favorable nor oriented towards democracy” (215). In the Chinese political tradition, he says, “politics has always been coterminous with government, with little involvement from other elites or the people” (207). There is a cultural preference for state sovereignty, as opposed to popular sovereignty, and the central values, all drawn from Confucianism, are “sincerity, loyalty, reliability and steadfastness” (215). Given these realities, there is little cause to believe that Communist Party leadership is “fragile or vulnerable” (221). Ever less intrusive, the Party has fashioned a new social compact: the task of the Party is to govern, while the people are left free to get on with the business of transforming their living standards” (224). “As China progresses down the road of modernization, it will find itself less constrained by the imperatives of development, increasingly at ease with the present, and anxious to find inspiration from its past for the present” (150). As China rises, its history will become as basic and important to learning as Western history. Its language will rival English, as will Chinese soft power, particularly in the developing world. What this means for the economy is “a new kind of capitalism where the state is hyperactive and omnipresent in a range of different ways and forms” (185). Jacques says China will be in a position to pick and choose whichever elements of the Western model it wishes to adopt, and adds, “the proposition that the inheritance must, as a precondition for success, include Enlightenment principles such as Western-style rule of law, an independent judiciary and representative government is by no means proven.”

What this means for the world, meanwhile, is a radically new order, one less based on the ideas of Westphalia and more akin to China’s ancient system of international relations. Beijing will become the world’s capital. China’s neighbors will revert to a modern form of the tributary system. India will have to accommodate China as a south Asian power. And the rest of the world will be dealt with according to China’s hierarchical view of race, prestige and importance.

Some of this is familiar and intuitive and indeed reflected in current events, such as the tributary state-like behavior of aid-dependent Cambodia in recently handing over Uighur Muslim refugees to China in contravention of international conventions.

With many of these thoughts, however, big problems arise. If the leadership is not fragile and democracy so unappealing, why does the Chinese state expend so much energy suppressing civil society — for example, the prosecution of a leading rights advocate, Liu Xiaobo, or the ongoing ratcheting-up of controls on the Internet?
Jacques says there is little evidence of balancing against China, but from India to southeast and northeast Asia, that is precisely what is going on, and this trend will arguably increase as China’s power and assertiveness does.

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For someone like Jacques, the less said on the economy, the better. To read Capitalism with Chinese Characteristics is to understand why. Huang, who teaches political economy and international management at MIT, is so contrarian about China that it is easy to miss the subtleties of his argument. Much of its force is directed at knocking down the widespread hype that characterizes so much writing on China. His point is not to dispute the gaudy headline numbers surrounding the country’s growth, or even to suggest that China won’t continue rising fast. Rather, his book explores the ways in which this expansion has been engineered and tallies its extravagant costs.

China has grown at double-digit rates every year since the late 1990s, but for Huang, this figure is deceptive. “It is in part due to the fact that state can mobilize a huge amount of resources very quickly and thus can invest a large quantity of capital within a very short period of time, whereas had there been investment spending by the private sector, this would have stretched over many years. This growth is thus more compressed as compared by investments by the private sectors, but the quality is likely to be poorer” (287). “Compressed,” here, is another way of saying unbalanced. China’s top-down, growth-at-all-costs approach has required ever-greater investments to achieve results, imposing serious social costs and raising long-term questions about sustainability. Huang asserts, for example, that between 2000 and 2005 “the number of illiterate Chinese adults increased by 30 million” (xvii).

This is the work of a careful and deeply skeptical mind; one that excels in mining difficult to obtain and dodgy economic data and eschews received storylines. It is unfortunate that Huang’s work, which is clearly written, but contains many technical arguments, is not aimed at a more general audience. To read it is to powerfully experience a kind of cognitive dissonance, precisely because for so long we have been so inundated with a kind of over-awed, two-dimensional story of China’s transformation.

Huang’s upshot is that China’s most meaningful economic reforms took place in the 1980s, and involved peasants and agriculture — not manufacturing, foreign trade or the construction of high-sheen, globalized cities, as we imagine today. It was in the space of 8 years in this early period, and not during the subsequent go-go years, that most of the country’s widely touted poverty reduction took place. Since then, China’s policies have shifted in ways that heavily favor urban areas, and while growth has continued, returns on investment have sharply declined.

Shanghai emerges here not as a fitting symbol of the country’s ascendancy, as the journalistic cliché would have it, but as the surprising embodiment of statist hubris and waste. The indigenous private
sector there is among the smallest in the country. “The poorest section of the population has lost income absolutely” (xvi) since 2000, during a period of double-digit national growth. Asset income has stalled, and huge investments in infrastructure and prestige projects of various kinds have failed to spur innovation.

What has happened in China since the 1980s, Huang argues boldly, is not the story of the unstoppable march of opening up and reform that we are familiar with, but instead, a gradual backing away from this process, and in particular, the strong reassertion of the state. For all of China’s evident recent success, he suggests, this is a process whose inevitable costs have not been reckoned, or even widely recognized amid the generalized celebration of progress. In a chapter provocatively titled “Just How Capitalist is China?,” he concludes that “the private sector’s share of industrial output in China in 2005 was broadly similar to that of the India of Indira Ghandi, not that of Manmohan Singh” (26).

If it is possible to come away from this impressively informed account of China’s recent evolution still believing in the country’s continued rise, it is well-nigh impossible to come away from exposure to Huang with one’s faith in the standard narratives intact. This is all the more so because Capitalism with Chinese Characteristics takes some of the most talismanic tales in this story — from the successful transformation of town and village enterprises into vibrant capitalist enterprises to the emergence of a clutch of new corporate giants, companies like Lenovo and Huawei — and stands them on their heads.

In 2004, when a Chinese company named Lenovo bought IBM’s laptop business, the deal was trumpeted by the Financial Times as “a symbol of a new economic era, of how a fast-rising China had suddenly grown powerful enough to subsume an iconic American brand” (1). For Huang, the lessons of Lenovo (which is now struggling) are about something else altogether. China is seriously lacking in world-class companies not for any shortage of talent, energy, or money. It is stalled because of its “poorly functioning financial and legal systems” (6).

Lenovo had been able to rise only because its acquisition of IBM’s business had been arranged through Hong Kong, whose governance boasts the Enlightenment-style foundations that Jacques says may not be so important. “But for each Lenovo type success story, there are untold cases of failure of indigenous entrepreneurs for whom access to Hong Kong is not an option” (7).

This example holds lots of importance in the debate about what Third World countries, and African nations in particular, can learn from the Chinese experience. It must be said that Beijing has always cautioned others against simply copying its model. Huang goes further, though, saying in effect that to conclude that one can build a successful, modern capitalist economy without transparency, rule of law and independent institutions is the wrong lesson to draw from China.

Howard W. French is a longtime former correspondent and senior writer for The New York Times. Between 1990 and 2008, he served as bureau chief for Central America and the Caribbean, for West and Central Africa, and in Tokyo and Shanghai. He is the author of A Continent for the Taking: The Tragedy and Hope of Africa, and teaches at the Columbia University Graduate School of Journalism.