

Superpower China

By Alan Caruba

As the sun begins to set on an America whose dollar set the standard and whose capacity for manufacturing was unchallenged, a new superpower is emerging and it is China.

Many of the economists and China-watchers have been quick to seize on any bad news coming out of the Asian giant, but for the most part they have marveled how, since the new century began, China has proven adept at maintaining a fast growing economy. Indeed, so fast, it is beginning to show signs of protectionism.



In July 2007, an article in The Washington Times noted that “China, this year for the first time, has dislodged the United States from its long reign as the main engine of global economic growth, with its more than 11 percent growth eclipsing sputtering U.S. growth of about 2 percent, according to the International Monetary Fund’s 2007 projections...”

Further down in the article, the IMF’s deputy director of research, Charles Collyns, was quoted saying, “if you add together Russia and India as well, you get over half of global growth coming from the emerging-market countries.”

C-Span recently aired a segment in which John and Doris Naisbitt answered questions from a group of students at Tenafly High School (NJ) when they launched a tour to promote their book, “China’s Megatrends: The 8 Pillars of a New Society.”

Why, I wondered, start a book tour in a school, but it later occurred to me that these students will grow up and live in a very different world than either their parents or grandparents. It will be a world in which China will be a superpower and American may be in decline if current trends continue.

Up until the death of Mao Zedong in 1976, China had suffered grievously from the communist takeover he had led, beginning with the founding of the Peoples Republic of China (PRC) in 1949. Prior to that from the 1930s on through World War Two, the Chinese had suffered from Japanese occupation. Mao, a dedicated Communist, was clueless regarding how to create a successful economy.

The story of how China embraced capitalism while retaining its communist government is quite remarkable, if for no other reason, than the progress it has made. John Naisbitt authored “Megatrends” in 1982, a book that was on The New York Times bestseller list for more than two years, was published in 57 countries, and sold more than eight million copies. Many of those copies were bought by an emerging generation of leaders in China after Mao had decimated much of the nation’s educated classes.

Naisbitt, long before most others, knew that China was embracing change on a scale that most Americans and others could barely comprehend. He and his wife began to spend a lot of time there. Today, his wife Doris is the director of the Naisbitt China Institute in Tianjin and is a professor at the prestigious Nankai University where John is also affiliated.

My generation enjoyed all the fruits of the post-WWII bounty that accrued to an America that had no real economic rivals. Along with the Soviet Union, China was regarded as a threat because it was communist, but to his credit President Richard Nixon understood China should not be ignored and began the process that has led to an extraordinary economic partnership.

The Naisbitt's book focuses on how China rose from the ashes of Mao's horror show, asking "Why has 'autocratic' China succeeded while many other, democratically governed states have failed to make economic progress? Why is it that despite all efforts by westerners to push China toward western-style democratization, there is no similar outcry for such a shift in China?"

They conclude that "the constancy of the Communist Party has worked not against but for the well-being of the Chinese people. Long-term strategic planning could be carried out without the distractions and disruptions of elections that characterize western democracies."

That transformation has been overseen by Deng Xiaping, Jiang Zemin, and Hu Jintao, three remarkable CEOs who created "an entirely new social and economic society with a 'company culture' that serves the needs of the enterprise and its people on its own path to modernity and prosperity."

In the process, the Communist Party itself changed, adapting a "top-down, bottom-up" approach to governance that set the objectives at the top and allowed the people to introduce their "bottom-up" answers. As a result, "China, often thought as a monolith, is actually decentralizing power more than any other country in the world." It has unleashed a torrent of entrepreneurial activity.

When one considers how the battle over healthcare "reform" has torn apart Americans in the struggle to avoid turning the nation into a European-style socialist economy and society, China's "highest goal is a harmonious society and governance that is based on trust."

This has worked in China because "Chinese gain power and self-confidence in the family, in a group, in the network in which they are integrated." Not surprisingly, "The first reforms took place in agriculture, where today 40 percent of the Chinese still work..." What is often overlooked, however, is that by 2008 two-thirds of China's economy was in the private sector!

Some of the results are remarkable. With a population of more than a billion people, "China has a literacy rate of 90.9 percent; life expectancy at birth is 73 years; and the per capita GDP is \$5,962." India, often noted as the other emerging economy, still has a lot of catching up to do. Its literacy rate is 61 percent, life expectancy is 69 years, and a per capita GDP income of \$2,762.

It is not my purpose to load you down with statistics. It is to say that, while America suffers from a surfeit of too much government spending and borrowing—debt—the Chinese are forging ahead and doing so, ironically, with an economic system that has to be considered western in origin.

It is folly to not recognize the economic and societal miracle that has allowed the Chinese to move from a rigid system to one in which its people had a GDP in 1980 of \$209.3 billion to about \$1.2 trillion by 2000. A decade later, it continues to show growth.

Some time ago my nephew asked me what language his little girl should begin to study. I told him it should be Chinese.

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