

BOOK REVIEW

Michel Aglietta & Guo Bai, *China's Development: Capitalism and Empire*, London: Routledge, 2013.

China has become a trading superpower. The country had been an inward-looking and centrally planned economy during 1949-78, but became an outward-looking and de-centralised economy soon after economic reforms were introduced by the end of 1978. China's mercantile trade had exceeded US\$ 3 trillion in 2010, making it the world's largest commodity-exporter and the second largest commodity-importer.

China has been moving fast economically within global economic crisis and ecological damage. The work accomplished by Michel Aglietta and Guao Bai, *China's Development: Capitalism and Empire, Rethinking Globalizations*, attempts to review the past 30 years of China's development history of economic reforms. The work has been divided into three parts. The first part looks at rural China and post-industrial Capitalism. The next two parts look at the successful accomplishment of economic reforms and examine the purpose of achieving a harmonious Chinese political and social society.

In their narrative on ancient Chinese society and looking at the question as to why Capitalism made a successful attempt in Socialist China, the authors are of the view that ancient Chinese social structure was not detrimental to the nourishment of Capitalist accommodation (p. 36). The authors say that ancient Chinese society made tremendous inroads by making good administrations run by scholar-bureaucrats of the Confucius traditions. They point out that there was a bureaucratic political system with absolute central authority and decentralized administration. Political system linked numerous scattered communities. The kind of society Western democracy later introduced had already existed in ancient China some two millennia ago. Part one of the work is devoted to this subject (pp. 11-39).

The authors maintain that during 1820-1950, much controversial developments took place in China and industrialisation was hampered. There was social chaos in China. Imperial rulers did not care much for trade and growth (p. 44). Merchants were considered a threat to agrarian society and to the unitary State. Externalities were also considered a threat to Chinese society. As a result, capital was shifted from Nanking to Peking and to build the Grand Canal. "Both of these two projects had critical importance for the maintenance of domestic order, which the imperial rules deemed the basis of their governance." (p. 45)

That led to further deterioration of agriculture, and economic conditions worsened.

This period provided more divergence between China and the West. The authors point out that while Industrial Revolution thoroughly changed Europe, China out rightly missed it. They, however, argue that without the Maoist Revolution, China could not have achieved the goals of its modern reforms of 1978, whereby sovereignty was restored. Unlike many, they have bailed out Mao Zedong. The authors are of the view that the Socialist period (1949-78) is crucial to understanding the dynamics of the political economy to capitalist reforms in China. During Japanese occupation of China (1927-49), there was chronic inflation disrupting economic activity. When Communists took over China, the economy was at rock bottom. Industry declined to 50 per cent. So did agriculture. The Soviets plundered the industrial equipment in Manchuria during 1945-46 (p. 54).

The Maoist era pushed the idea of centralised industrialisation under political stability. The Chinese Communist Party (CCP) emulated the Soviet industrial model. New currency, Renminbi, was introduced. Loans were offered to anti-imperialists by the People's Bank to reconstruct the economy. Resultantly, investment increased, especially in heavy industries. Facing a threat from American imperialism and the war in Korea, the CCP went for carving out a full and true socialist economy. Chinese bourgeoisie ceased to play any role. The Maoists formed the new ideology within Confucian tradition and fought against imperialists and capitalists through the Cultural Revolution (1966-76) to enforce Communism by removing capitalist traditions. The authors are of view that the Maoist era "laid down the crucial foundations for the later dazzling economic performance (p. 56), i.e., getting rid from imperialists and creating an opportunity for Communist planned economy that could later transform for more profitability.

The authors note that the economic reforms pursued twin-objectives, i.e., sustainable growth and macroeconomic stability, and acceding to the status of rising economic power (p. 158). Before the Chinese actively participated in world's political governance, they decided to play a pivotal role in financial institutions during their economic transformation. Financial stability was their core concern. According to the authors, China would continuously play an important role in international monetary institutions.

Reforms strengthened the ruling power of the CCP, consolidated the bureaucratic system, and hardened the bureaucratic control over the economy.

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Disequilibrium and disparity, however, were widened (p. 129) in the early phase of reforms; but in the second stage of reforms, disequilibrium was decreased. The overall growth created better living conditions. Such policies created a harmonious society. The authors also detail a relatively long map of China's transition from extensive growth regime to a sustainable and welfare State. (pp. 208-285.)

The final chapter of the book examines the tradition and contemporary Chinese politics. The authors argue that both hard and soft powers are designed to achieve hegemony in world politics and that military or the size of GDP is used to explain national power. According to the authors, China also needs a moral universal order. No regime could deny ethical foundation, and participatory democracy must emerge with a vast sustainable economic growth. This is an appreciable optimism on which the book concludes.

Chinese domestic dynamics might reveal its own type of political opening to the outside world as the economy did in the past 30 years. As Chinese economic dynamics were strikingly different from the Soviet Union, 'Chinese glasnost' would also be revealing a totally different picture to that of the Soviet Union. The Confucius-based wise economic opening of China created a large sustainable society. Its future political transformation would follow suit.

There are sub-conclusions at the end of each chapter, but there is no comprehensive conclusion at the end. It would have been much better if a comprehensive conclusion had been written. Precise references were used, along with a short bibliography and index, and impressive statistics on Chinese economy are cited. Given the large literature on Chinese economic development, the present volume, however, is a good and critical addition to understanding the past 30 years of Chinese reforms. The work is well-argued with a concentration on the Chinese perspective in much length. Arguments are well-balanced. The book focuses on economic development based upon history and culture from ancient China to modern time. The book would be a useful reference for readers interested in China's economic development.

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