

## Summary

This week, it is with pleasure that the Economist's Society invites Mr Jasper Becker, a foreign correspondent who has reported for the Independent and South China Morning Post for nearly two decades, to give a talk at UCL on "China and Globalisation". Mr Becker is also an author who has had experience writing on Asia for 25 years.

Using the framework of seven key myths, Mr Becker revealed to his audience the truth about Chinese history and its true role in the world economy. Contrary to popular belief, China's role in the global economy is not new and trade has always been a major source of revenue for the state to finance its expansion. Mr Becker believes that the objective of the Chinese government today is to use its economic might to avenge its years of humiliation and to recapture former territories so as to reinstate its former glory. Through the talk, the students gained a newfound knowledge about Chinese history that led to a rethinking of their perspectives of current trade and political issues surrounding China.

## Full-length Review on Talk by Mr Jasper Becker, 4 February 2013

This week, it is with pleasure that the Economist's Society invites Mr Jasper Becker, who not only boasts a career as a foreign correspondent for nearly two decades in China, but also have had experience writing on Asia for 25 years. Mr Becker is an author of seven books including the most recent "City of Heavenly Tranquility", enthralled the audience with his talk on "China and Globalisation". Using the framework of seven key myths, he revealed to his audience the truth about Chinese history and its true role in the world economy.

While many of us believe that the role of China in today's global economy is an unprecedented phenomenon, this is in fact a false idea. The topic of China and globalisation is often commonly talked about, however, Mr Becker believes that many people have misconceptions about this issue. He feels that this disillusion has a large impact on how businessmen operate in trade and industry, as well as our understanding of the Chinese government's policies.

Mr Becker's talk revolved around breaking down seven misconceptions that many people have, and they are as follow:

1. China's role in global economy is a new phenomenon.

Many of us seated in the audience were surprised to know that China did play an important role in global trade in the past. In fact, it was the source of key items exported around the world such as silk, tea, porcelain, lacquer and rice. These items were unique to China and there was a mystery attached to how these items were produced, which generated significant interest from the Western world. Through Chinese history, these manufactured products were controlled by the state monopolies. This was a key source of state revenue that funded the expansion of dynasties.

2. Feudal China was not commercial

China had always been a large trading nation but many local Chinese were unaware. This was because most dynasties were non-Chinese. For example, Mr Becker learnt from the American historians that Tang dynasty was actually a Turkish dynasty. Even dynasties such as Mongol and Manchu dynasties were non-Chinese empires. Mr Becker believes that nomadic

tribes living in inner Asia desired to control trade in China as there was a symbiotic relationship between Mainland China and the tribes. For example, the Mongols traded a large amount of silk.

Another reason why trade was unpopular in China was because it was viewed as a form of exploitation. For example, in Jingdezhen's state porcelain factory, people were working in slavery conditions. Luxury goods were exported and the revenues went straight into the government's pocket.

Mr Becker went on to explain that the people in Inner Asia decided to invade China and establish their own dynasty not only due to the trade benefits, but also due to high chance of success brought about by their ability to breed horses for warfare. In Mainland China, minerals and soil necessary for breeding was lacking, leading to dependency of the Chinese on horses from inner Asia. Furthermore, the people in inner Asia were able to ride horses and fire arrows while in midair. Such marksmanship was only possessed by these people and as such, they were heavily recruited by the Chinese government.

Another interesting issue brought up by Mr Becker was the purpose of the Great Wall China. Many people believed that it was build for defense purposes, but upon closer inspection, we find that these walls are ineffective as they are usually in the middle of deserts. Mr Becker suspects that they may act as a barrier to channel trade to certain entry and exit points so that the government can levy taxes on tradable goods effectively. For example, Yongle emperor made a radical decision to shift the capital to Beijing and built a wall surrounding Mongolia. By doing this he forced the Mongols to ship exports all the way up north to Beijing before moving to Central Asia. Again, this illustrated the importance of trade control to the government, unlike popular belief that Feudal China was uncommercial. In fact, China controlled trade with the Roman empire as well as signed treaties with nomadic leaders on silk trade.

Chinese government has always desire a monopoly on manufacturing items such as tea and silk. As such, there is an incentive for locals to discover the production secrets and replicate them. Eventually, they succeeded and brought Chinese manufactured products overseas. Interestingly enough, Mr Becker raised the example of English tea – how England does not produce tea yet tea is named after it – it is because the English who discovered techniques of growing tea started replicating it in Africa. Relating it to the current dispute over rare earth and how China is banning exports from China, Mr Becker believes that such state monopoly will eventually be broken again.

As to why the true extent of trade was never known, Mr Becker believes that the majority of trade did not take place at the silk road. He believes that the Silk Road comprising of deserts and narrow roads in towns could not compare to the grasslands where travellers could travel comfortably and at greater speeds. This meant that the true extent of trade was undermined.

### 3. China failed to develop because it was isolated.

China was never isolated. Venetian traders such as Marco Polo created links with the Chinese government and Turkish empire invaded China but only to close off some trade routes. Geopolitical shifts gave the opportunity for North Europeans to develop international trade and send delegations to China. This meant that many new crops were brought to China at that time including peanuts, chilli etc., falsely believed to be Chinese

food products. What really changed the economy was the import of maize as it was able to grow on hillsides. This meant that Chinese population started to expand.

Despite this, trade was never viewed as a good phenomenon in China. The Chinese government was susceptible to whether opening trading posts will build peace across countries. Also, the discovery of silver mines in Latin America led to a large demand of exports from China. As the basic currency of China was silver based, a large inflow of silver into the economy created inflation problems. This led to destabilization of the economy and some historians believed this caused the collapse of Ming dynasty.

During the Qing Dynasty, the Manchus wanted to control international trade and believed that it should be land based. This method of trading contrasted to the local Chinese who saw huge potential of international free trade in transforming the economy.

4. China's trade surpluses are something new.
5. China was never an expansionist Empire.

Mr Becker points out that China's role in the economy was never entirely new; It was just that the Manchus focused on military power and conquest of foreign territories as opposed to gaining economic power in international trade. For example, during Qianlong's empire, the size of the empire doubled. This desire for conquest have had a huge impact to how Chinese policies are shaped today. When the Qing dynasty collapsed, Mr Becker believes that the nationalists were driven not so much by the desire to create a country at the centre of international trade, but the drive to regain the lost territories under the Manchu empire.

6. The KMT was pro-capitalist

Long before KMT's control, the Treaty of Shimonoseki was signed to allow foreigners to develop factories in China. Cotton spinning mills were built in 1858 that fuelled Chinese capitalism. The main commercial struggle faced was that of cotton manufacturing between the Chinese and Japanese. Mr Becker highlights that the reason why Chinese could not do well against Japan was due to its state run monopolies contrasting to the privately owned industries in Japan. In fact, after 1945, KMT wanted to nationalize these industries and were very anti-capitalist.

However, China did have its own experience of the wonders of the free market for a short period of time. After the collapse of Qing dynasty, there was freedom for Western ideas about free market economy, independent judiciaries and universities to flourish. Then, the Chinese economy expanded by 10 per cent and became a major player in global economy. This was driven also by a collapse in the European industry after First World War that caused a huge demand for cotton goods around the world. This was the first time that Chinese who engaged in trade experience the wealth brought about by it. The people regarded globalization as beneficial and wanted more ports to be opened. In fact, Shanghai was able to compete very successfully against Japanese textile industry and it was the greatest city in Asia after Japan. Mr Becker believes that had China chosen to pursue international trade then, China's economy would be very different today and could have had a significant impact on the world.

7. China has learned the right lessons from the past

China did not open up international trade primarily due to lack of silver currency, making it difficult to create a domestic trading system. The nationalist government had to create state monopolies to finance its expansion and created bonds which fuelled inflation. Mercantilism was a common phenomenon. The Americans even intervened and advised the government to confiscate all silver assets and then redistribute.

After demystifying the seven misconceptions have about Chinese history, Mr Becker ended his talk with his insight on the implications of this knowledge. He reinforces the idea that the communist party has the objective of avenging hundred years of humiliation such as that suffered during the opium war. The Chinese government hopes to restore China's former glory and recapture lost territories. It believes that economic foreign policies can be used to gain political objectives. For example, China's trade position has always been to monopolize industries and create subsidies for local industries. This has yet to change. Furthermore, he believes that the Chinese government is using its favorable trade position to finance military means. Mr Becker enlightened the audience by saying that many of the international trade and political issues surrounding China currently can be understood better when viewed in this light.

Before, it was the Maoist influence and the talk about evil capitalism – today, these ideas are still present, but introduced in a form of neo-mercantilism. Mr Becker believes that such manipulation by the Chinese government has created a lot of tension in the economic system and will eventually destabilize the economy. The talk ended with an interesting discussion of KMT foreign policies, China's future leadership and its political stance as well as the changing demography of China.

For many of us seated in the audience who have always thought of China's role in the globalized world to be a new phenomenon, this talk challenged many of our preconceived notions. Personally, this has reshaped how I view international political and economic issues related to China and Chinese foreign policies. Mr Becker's years of interaction with the locals in China has rewarded him with a clear outlook of the political situation in China. As I leave the lecture theatre and reflect upon the newfound knowledge that I have gained, I cannot help but feel privileged to have been enlightened by him on the truths about Chinese history.