


Book Review: Unlikely Partners: Chinese Reformers, Western Economists and the Making of Global China by Julian Gewirtz

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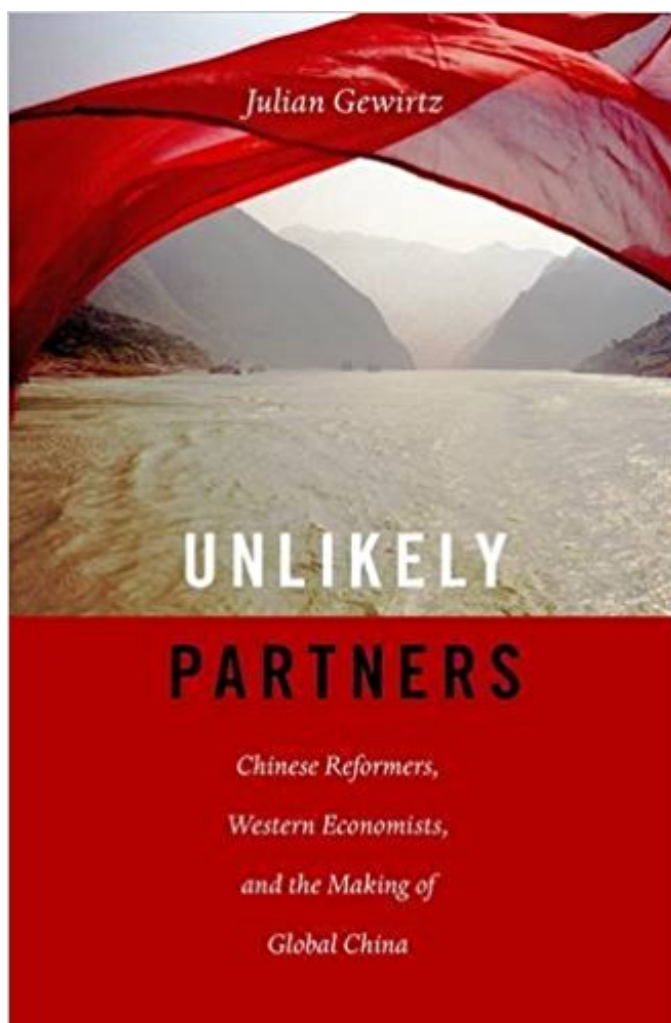
In Unlikely Partners: Chinese Reformers, Western Economists and the Making of Global China, Julian Gewirtz documents the interactions between western economists and Chinese intellectuals and decision-makers in the pursuit of a wealthier China between 1976 and 1993. Yao Han appreciates Gewirtz's work in filling the gap in understanding the influence of western economists and the dramatic debates over ideology and policy regarding China's development.

Unlikely Partners: Chinese Reformers, Western Economists and the Making of Global China. Julian Gewirtz. Harvard University Press. 2017.

Find this book: 

I can still remember the days when we sang 'socialism is good, socialism is good, people are highly valued in a socialist country' at primary school, and the shock at seeing some elders start private businesses. Shouldn't urban people have dignified jobs either in a state-owned company or in the public sector – even if the work is cleaning the toilet?

I also have a clear memory of the teacher in my primary school expressing his longing for the life of a teacher in Shenzhen who had a much higher salary (about 110 dollars per month), and his disdain mixed with complex feelings about what that teacher taught the students: studying for the purpose of earning money and marrying a beautiful wife, a personal life goal that valued money over the welfare of others. Where were the lofty aims towards the ideal human community under communism?



Transformations in everyday life are an epitome of wider society, and the change in the thoughts of ordinary people reflected the change in the minds of those governing the country. In 1976, the Chairman Mao Zedong died. In 1978, Deng Xiaoping launched the 'reform and opening' campaign. In 1993, the Communist Party of China (CCP) formally accepted the 'socialist market economy'. But how did this change happen? Specifically, how did a closed and socialist country both accept and refuse the influences of foreign ideas and transform from 'pure though poor' to 'rich though diverse'?

In *Unlikely Partners: Chinese Reformers, Western Economics and the Making of Global China*, Julian Gewirtz brings the interactions of western economists and Chinese reformers to life. They are 'partners' because they collaboratively contributed to China's development and globalisation, yet 'unlikely' ones because the combination of western economics and the economic development of a socialist country overcame the divergence between socialism and capitalism, with China nonetheless sticking to socialism throughout the process of learning.

Gewirtz borrows the metaphor of a river used by Chinese reformers: a river which China is crossing by feeling for the stones; a river where contradictory thoughts about how the China vessel should be navigated clash with one another; a river of practice providing the platform for the helmsman to test theories; and also the Yangtze river carrying the real cruise ship S.S. Bashan where the International Conference on Macroeconomic Management ('Bashan Boat Conference' or 'Bashan Conference') took place when Zhao Ziyang was the premier.

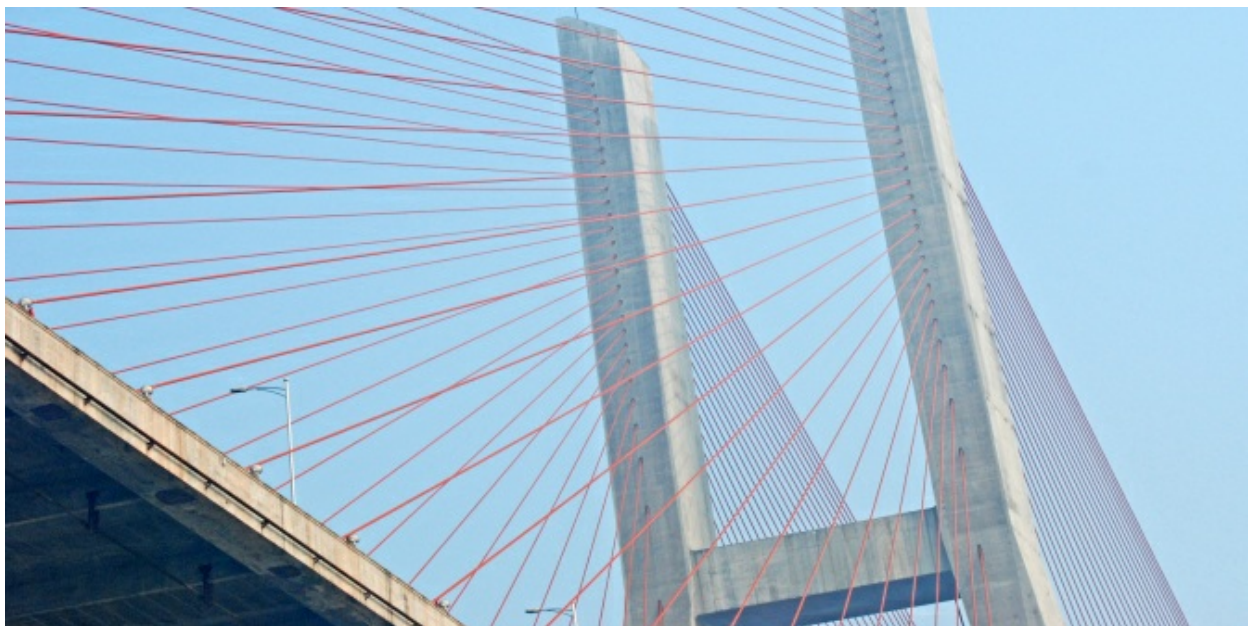


Image Credit: Yangtze River Bridge (Harvey Barrison CC BY SA 2.0)

Gewirtz shows that the primary goal of China as led by Hua Guofeng after Mao's death was to promote economic development. Since practice was set to be the criterion of truth, knowing how to develop demanded seeing how development works. Hence, when China was stuck in poverty after the ten years of the Cultural Revolution, Chinese delegates went to different areas to seek the keys to development. When Chinese leaders thought the economy was out of control, a new round of learning from abroad was launched.

According to the book, Chinese decision-makers and economists learnt from socialist countries such as Yugoslavia and Romania. The prosperity of those countries confirmed that socialism could have multiple modes for China's leaders. Besides, they learnt from developed economies: for example, the trip to Western Europe in 1978, led by Gu Mu, bred the idea of China's special economic zones (SEZs).

European and North American economists also helped China to increase levels of technical sophistication, such as through econometrics, to the benefit of both sides. Western economics were introduced into China. Besides the interactions depicted in the book (e.g. between János Kornai and Wu Jinglian), my impression is that economists such as Milton Friedman, James Tobin, Lawrence Klein and Alec Cairncross also played an active role in shaping China's history. Some have been in contact with China and active in conferences, seminars and classes. The thoughts of some are frequently referenced in Chinese websites on economics or economic affairs. Some have entered Chinese books on Chinese development history, such as *Sixty Years of Studies on Economics in China (1949-2009)* (*Zhongguo Jingjixue 60 Nian (1949-2009)*). 'Western Economics' became a name of a typical module for economics major students in Chinese universities. Various kinds of economics textbooks in English and their Chinese versions were introduced into classrooms. Some Chinese economists also wrote textbooks to introduce western economics, such as *Western Economics (Macroeconomics)* and *Western Economics (Microeconomics)* by Gao Hongye. (It is often helpful to read both types of textbooks since their writing styles differ a lot, with western texts more concrete and Chinese ones more abstract.)

Chinese decision-makers not only learnt to develop from western economists and experiences, but also from those in Asia, such as the four Asian tigers (Singapore, Taiwan, South Korea and Hong Kong) and Japan (though the intellectual interactions with the latter were much less systematic compared with Eastern European and Western capitalist countries). For example, after the death of Mao, Chinese leaders feared inflation. They sought experiences and knowledge from abroad while the pressure still existed. In 1989, Sho-Chieh Tiang, a Taiwan economist, proposed to raise the interest rate – a strategy Taiwan had used in the 1950s – and encouraged bolder price reform.

China was nonetheless suffering from conflicting ideas. Should China indiscriminately mimic western economies or selectively imitate them? What should be imitated and what not? Should the change be based on the existing system or a new one? Regarding the same case, such as Hungary, economists' opinions could also diverge. Price reform or enterprise reform had been the focus of debate. During the development by learning and trying process, how to maintain stability had been a headache for Chinese reformers. How did China figure a way through these clashing ideas according to the book? A critical point is that Chinese reformers learnt that they should not copy from western economics or models indiscriminately. Instead, these needed to be adapted to Chinese situations.

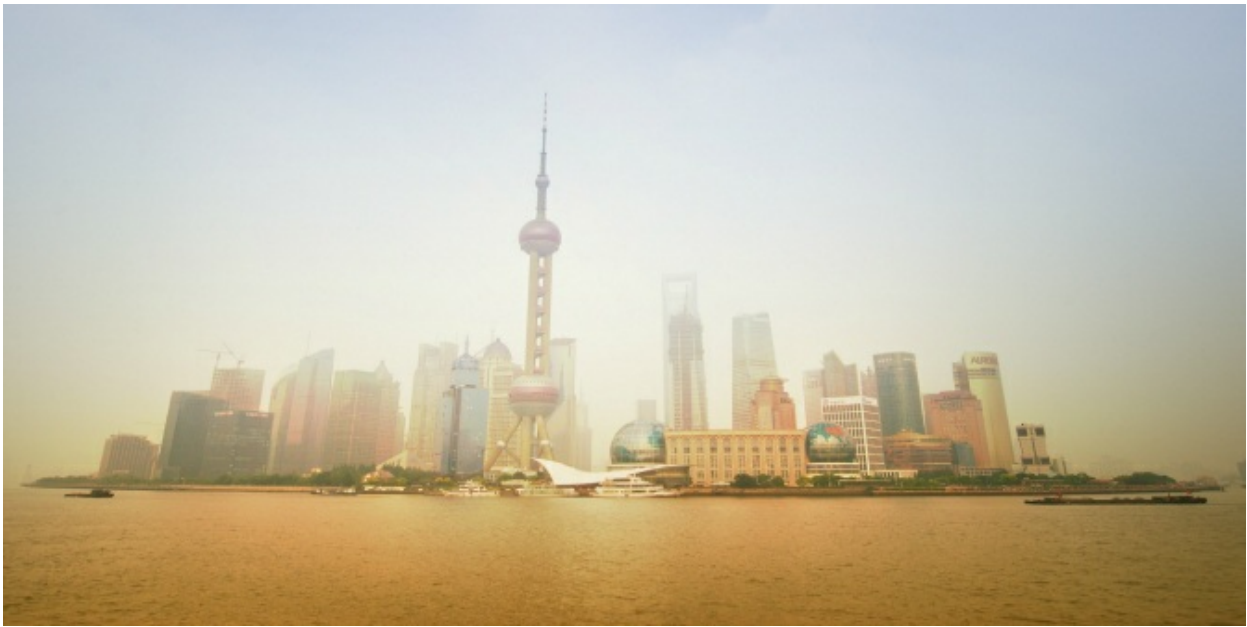


Image Credit: Pudong Skyline (Kamal Zharif Kamaludin CC BY SA 2.0)

Deng Xiaoping's idea of developing a market economy to strengthen and enliven socialism first found its practice in Hungary and Yugoslavia in the late 1970s. Then, the endeavour to accept the co-existence of 'market' and 'socialism' featured in the development of China's model through the learning and trying process. To smooth the adaptation, new concepts were created to fill the theoretical gap as to how China, as a socialist country, could develop its economy influenced by foreign knowledge. New practice allowing the co-existence of 'the market' and 'planning' under socialism was introduced.

For instance, since a 'commodity economy' was taken as being incompatible with a 'product economy' in Marxian economics, the concept of a 'planned commodity economy' was finally approved and used in the October third plenum of the CCP Central Committee in 1984. To give another example, on S.S. Bashan, Tobin, recipient of the Nobel Memorial Prize in Economics, presented the basic tenets of macroeconomic policymaking in the USA, including the fundamental idea of aggregate demand management and the tools of fiscal and monetary policy. Subsequently Edwin Lim and Wu Jinglian invented a new word, '*hongguan tiaokong*', meaning 'macroeconomic management', to help western economics be situated in the Chinese situation.

The combination of a market economy, Chinese political institutions and the fast economic development of China during the last 40 years since 1978 created a model for development. Gewirtz shows that during the process of learning and practising western economics in China, Chinese leaders stuck to 'reform and opening up'. The book nonetheless provokes further questions: in which direction will this combination continue to travel? When the country becomes richer, will it enter the higher stages of socialism? Western economics have contributed to the development of China as a socialist country. Will western politics be transplanted to China's politics in the future, or will the West learn from China's political economy model instead?

Besides this, the deeper roots of the interactions during 1976-93 and their subsequent development could enrich further study. For instance, the influence of the western economists as supervisors when Chinese intellectuals or Chinese reformers were studying abroad could be explored. Chen Daisun received his doctoral degree in economics from

Harvard University and taught western economics to undergraduate students, including one important economist, Liu Guoguang, during the reform at the National Southwestern Associated University in Kunming, Yunnan province of China during the 1940s. Their pursuit of education in western countries and the subsequent dissemination of western thought in Chinese universities already implied their potential influence on the future of China. Gewirtz's focus on the role of western economists during 1976-93 also ignites interest in other actors and other regions, such as businesspeople and economists from Asia as well as the mass workers and peasants at a time when interactions within Asia surged and the world economic centre shifted towards the East.

In all, *Unlikely Partners* examines the impact of western economists on China by documenting the interactions of western economists and Chinese reformers during 1976-93 when China eagerly sought to change its poverty status. It is a process of liberal idea diffusion from the West to the East: a process for the West to transfer macro-economic policy to the East and also a process for the East to learn policies from the West. Elegantly framed by the metaphor of a 'river', this book helps readers enjoy a discovery trip on the China vessel led by Gewirtz. The book is valuable for readers interested in history, economic development and theory, policymaking and Chinese politics. Besides, the book is full of interactions among various people, conferences and meetings, organisations and locations, providing the potential for researchers favouring quantitative analysis to turn this study into network graphs and data.

Yao Han, PhD in Quantitative Social Sciences Program, School of Politics and International Relations, University College Dublin, 2017; Researcher, Geary Institute for Public Policy, University College Dublin (2012-2017); Visiting Research Fellow, Department of Asian Studies at the Hebrew University of Jerusalem, 2017. Beyond her doctoral research on global trade and conflict embedded in networks, she has broad interests such as development and history. She wishes to thank Dr. Rosemary Deller for her edit. Twitter: @hanyao_sara. [Read more by Yao Han.](#)

Note: This review gives the views of the author, and not the position of the LSE Review of Books blog, or of the London School of Economics.