

## A6 OPINION

# Other actors get lion's share from China trade

Shaun Breslin

CHINA is clearly important and very significant in today's world, but some of the exaggerated understandings of China as an inevitable superpower soon and an engine of the global economy now are mistaken.

Nowadays, the vision of China as the economic power and a challenge to the global order is common. Plenty of people refer to China as already having great power in the global political economy, or say China will necessarily and inevitably assume this role.

Yet, if you read another set of literature, you see a China where there are many problems if not crises: Growth of the urban poor, lack of a social safety net for millions, and so on.

The key issue is that while growth is a quantitative issue, development is more qualitative. Growth does not necessarily lead to development.

There has been an assumption that China "will" follow the path of progression up the value chain. Well, China probably will — but not if people just assume it will.

The conception of China as a threat is also much more evident in the United States than it is in Europe. The majority of the literature predicting a future Chinese superpower challenging US power emerges from writers based in the US, largely intending to influence US policy makers. I suggest that this is because there is a wide-scale acceptance in Europe that there is little we can do to change the evolution of China's future.

But in the US, policy could matter, hence perhaps the intensity of competition to influence policy makers.

## Distorted images

Images of China are also constructed to serve specific US interests in terms of influencing policy towards China. I know of one organization that has different figures that it uses depending on the audience and what it wants them to do.

An overly stark dichotomization here would point to those in the US who see China as a threat — not just militarily — pointing to China's growing GDP, trade, and in particular, trade surplus with the US and massive foreign currency reserves. Others, meanwhile, see China as an opportunity, pointing to the same data to prove how important it is to engage China.

In the past at least, Chinese authorities have not shied away from trumpeting their success in generating growth and doubling, trebling and

quadrupling GDP.

Indeed, the target of raising GDP by a factor of X was an often and loudly proclaimed objective of economic reform in the first place.

It is true that this message has been tempered when it comes to the international level. The message from the Chinese leadership to the rest of the world is:

"Yes, we are important and becoming ever more so — but please, don't forget that we are still a relatively poor and developing country, so don't place the obligations and expectations of a rich developed state on us."

An example of this dilemma is the construction of the image of China's position in the global trading system — yes, we are important and significant and should not be ignored, but we are not the problem that you suggest and US actors actually get far more out of US trade with China than we do.

Although it is the last part of the global production chain, China is "credited" with all of the value of the goods produced in China and exported, even though only 10 per cent of that value might finally reside in China.

And then people look at these misleading statistics and develop misleading conclusions about "Chinese power" in the production of these goods.

For example, the trade surplus with the United States (it is notoriously hard to find an agreed-upon figure) is in many respects a trade surplus with the rest of Asia that supplies production in China.

It is also in many ways a hidden trade deficit with the United States itself. Chinese companies are now doing more than just screwing things together, packing them up and shipping them off.

Chinese companies are occupying more of the supply chain — but still not much, and if we look back from here, then one of the remarkable things about China's growth is the extent to which it has been dependent not only on money coming in from overseas, but also on components and supplies.

It wasn't until 1998 that the value of exports of foreign-invested enterprises actually exceeded the value of imports, and it's still around 86 per cent so far this year (to May — and this is about 60 per cent of total trade).

I know this is a bit of a blunt statistical instrument but only 6.5 per cent of this is equipment, the rest of it is supplies but not just for exporting industries — still, it points in the right direction.

China is clearly benefiting from its position in the global



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economy: Massive foreign currency reserves, employment, some knowledge and technology, and so on.

But nowhere nearly as much as aggregation approaches and headline figures would suggest.

Perhaps not as much as consumers in the West who are paying less for goods than they were 5 or even 10 years ago.

Certainly not as much as the companies that have closed their old factories in the expensive developed world and moved their production.

If we want to keep nations as the unit of analysis, then we need to be much more nuanced and consider how the postfordist production process resulted in a highly fragmented process spanning many different countries.

Is it China that is leading the way, for example, in the production of TVs and computers or even training shoes?

Or is China still largely the conduit through which money and technology from other countries is processed (and much more of it has its roots in the United States than the

bilateral figures can show us, but that would take another presentation)?

Is China the engine of global growth, or is China dependent on both the supply of money from elsewhere and the demand for goods elsewhere?

Is the engine still where it used to be — but perhaps fuelled now in a different way?

But to be honest, I think the focus on states as actors is misplaced.

Is it China that's leading or the United States? The aggregate GDPism approach based on the state as the unit of analysis simply does not capture the importance of non-state actors.

Let's re-embed the study of China's global role in the domestic, and not treat transnational production networks as international.

(The author is professor of politics of University of Warwick, UK. This is adapted from his speech at the Second World Forum on China Studies held by the Shanghai Academy of Social Sciences last week.)

## Public, private financing of live classical music debated across Atlantic

Melvyn Krauss

SEPTEMBER is traditionally the time when many opera companies and orchestras return to their home cities from Aix, Salzburg, Tanglewood, and countless other summer festivals.

This reentry is also marked (on both sides of the Atlantic) by the return of worries about how classical music is financed.

American symphonic life is Euro-centric in almost every respect except for its funding.

Whereas most Americans depend upon tax-deductible private donations and box office receipts to finance live classical music, Europeans prefer direct government support for the arts.

Ironically, while arts advocates in the United States have long argued for adoption of the "European model" — which has produced a rich and varied artistic life for Europeans — Europe is being forced to change its system of support to one that depends more on private money and the box office.

Unfortunately, Europe's system of direct government financial support is falling victim to Europe's slow economic growth and budget deficits.

Particularly for those countries that have adopted the euro, government spending on the arts will be constrained for some time by the requirement that fiscal deficits be kept to 3 per cent of GDP.

Performing arts advocates in Europe point to the US where, among other things, music directors of even major orchestras are now expected to fully participate in fundraising activities and be active in the local community on their orchestras' behalf.

The same thing, they fear, will happen in Europe. Some conductors, not wanting to carry a tin cup as they wave their batons, have rejected important posts in the US for this reason, feeling that it would interfere with their art.

Daniel Barenboim is rumored to have left the Chicago Symphony Orchestra in part because he objected to the fundraising demands that were being made of him.

But US experience shows that getting artistic leaders to participate in fundraising need not be bad for the artistic side of the job.

Michael Tilson Thomas in

San Francisco, for example, has combined effective fundraising and artistic leadership to propel the San Francisco Symphony to the top rank of US orchestras.

It also should be reassuring to Europeans, who are concerned that greater reliance on private money necessarily means conservative programming, that the San Francisco Symphony has one of the most adventuresome repertoires in the US.

If the audience has progressive tastes, private money and innovative programming are entirely compatible.

A corollary is that public money makes it possible for adventuresome programming, even if audience tastes run to the conservative side.

## Cheap is not good

This is one reason performing artists in Europe like public money — it liberates them from a diet of only Beethoven and Mozart.

Moreover, the audience may come to appreciate an adventuresome repertoire the more it becomes exposed to it.

Of course, with reduced public spending on the performing arts, not only will there be greater reliance on private money, but ticket prices will have to rise as well.

Some argue that this is a bad thing, because they prefer queuing to the price system and fear that higher prices will compromise future audiences by excluding young people.

But cheap prices for the performing arts do not solve the thorny problem of access for youth.

First, youth may not take advantage of cheap tickets to the extent that they are not interested in going to hear live classical music at any price.

Second, even if they do want to go, they may not be able to get seats, which often are not available because subscriptions stay in the same hands year after year.

What good are cheap prices, which serve mainly to subsidize the same subscription holders, if there are no seats? If a taste for classical music is to be subsidized, some more targeted subsidies should be preferred to cheap prices.

(The author is a senior fellow at the Hoover Institution, Stanford University. The views are his own. Copyright: Project Syndicate.)

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