

## EUROPE IMPORTED THE IDEA OF BUREAUCRACY FROM CHINA



FRANCESCO SISCI is an Italian journalist and historian, an expert on classical Chinese philosophy, Asia Editor of the Italian daily 'La Stampa', and was director of the Institute of Italian Culture between 2003 and 2005  
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The issue of bureaucracy is something that has intrigued me for a very long time. **The Chinese were the first to invent bureaucracy**; it was described by Mo Zi, a philosopher of the 5th century BC.

Europe imported the idea of bureaucracy in the 17th century through the translations of Chinese texts made by Jesuits. However, bureaucracy arrived in Europe in a very different context and at a very different point in history. For example, at that time, bureaucracy helped the kings of England and France to centralize power against the aristocracy in alliance with the bourgeoisie and entrepreneurs.

The difference between the situation in the 17th century and today is that modern bureaucracy has to be balanced by enterprise. How can bureaucracies be restrained without a very strong civil society? Take China for instance: why did reforms work successfully? How did bureaucracy enable this? It is because **at the point after the Cultural Revolution there was no Chinese bureaucracy**. Or rather it had no entrenched interest to defend. So when Deng Xiaoping said 'Get rich! Go out and get rich!' – it was not a challenge to anybody's power, and

accordingly it encouraged many people into enterprise.

Yet, now, after 30 years of reforms, China is facing big difficulties. Over these 30 years the bureaucracy has taken shape and has grown in power and influence. It has its own corporate interest and has a large role in Chinese enterprise. Even though private enterprises and non-state enterprises now make up over 70% of the GDP, objectively the bureaucracy has more power.

It is true that the situation in China could go in any direction, but this is a critical moment as right now the government must decide which side it will look to accommodate more. **Of course, it is impossible for the Chinese state to go against its own bureaucracy**, but there is a choice to be made nevertheless.

On the one hand there is the crowd of small enterprises, most of which are not big or strong enough to face the modern market, and on the other hand is corporate business controlled by the state, which is doing quite well as it enjoys some of the privileges of monopoly. This is the crucial moment for China to decide how it is going to balance the interests of large state-owned enterprises and small private ones. ■

## ALL POWER TO THE NATION STATES



BARRY C. LYNN is an American economist, a senior fellow at the New America Foundation, and director of this think tank's Economic Growth Program. He has written a number of works, the most recent of which is 'Cornered: The New Monopoly Capitalism and the Economics of Destruction' (2009)

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There is no such thing as *the market*, per se. **In reality, there are institutions that are run by human beings and these institutions are used to achieve different ends.** In the past, such institutions were designed and utilized as tools with which a state could encourage harmonious relations among nations and bring about positive change for its citizens. In the years since then, however, the same institutions have in fact been used to concentrate power and wealth in the hands of the few.

The same can be said about transnational enterprises. They have been moving industry from the United States to China, where labor is cheaper, bringing with it super-profits. As a consequence, industrial output in America is naturally falling, and levels of wealth are falling with it. **It is clear that nation-states need to pay more attention to today's system with the ultimate emphasis placed on the need for increased regulation.**

Nevertheless, integration is still something that we should strive towards. Over the past two decades the countries of the developing world have made no great advances – with the possible exception of China and to a lesser extent India.

The last 20 years have

not been a good time for Latin America for example. Output has plummeted and today some of those countries have actually become quite seriously impoverished. In Africa there is a similarly bleak outlook. And while countries such as Malaysia or Singapore might be performing relatively well, this can be put down to the potential they had accumulated before, not to their current state.

**At the same time, countries such as China, Korea, Japan and Thailand are using their state powers to try to secure new technologies or even whole industries and ensure that they have monopoly control in these areas.**

If we let things slide from here, we will usher in a system that will be dominated by China. I have no confidence in the Chinese state to run a complex global economic system in the way that America has led the system during the forty years since World War II.

But we do have a choice. China does not have complete control over the system yet, and we still have the chance to return to the multilateral system that is run not by banks or financiers, but by nation-states. We still have that chance. ■