

Resource for teachers worldwide: 7-part video series at INET (Institute for New Economic Thinking), “The Economics of China”

About the Institute

We are economists and thinkers from a range of disciplines who challenge conventional wisdom and advance ideas to better serve society.

OUR PURPOSE



We produce & fund research that challenges economic orthodoxy.



We engage students and support a global network of new economic thinkers.



We inform & educate to change the conversation about the economy, problems and policy.



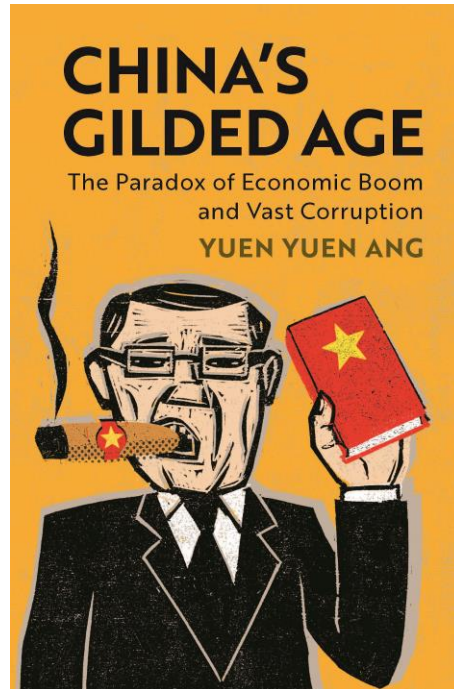
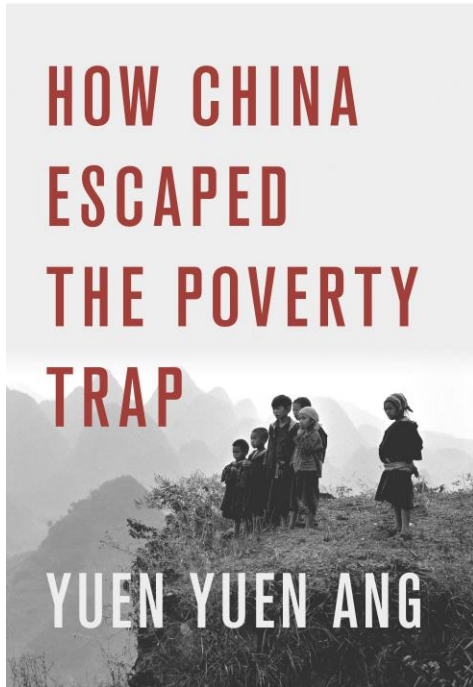
We host events that bring together scholars, students, and policymakers from around the world.



Video

The China Miracle?

Featuring Yuen Yuen Ang



ESSAY GEOPOLITICS & GLOBALIZATION

The Clash Of Two Gilded Ages

Despite their great power rivalry, America and China are more similar than most people think. Both are living through a Gilded Age and struggling to end the excesses of capitalism.

BY YUEN YUEN ANG
AUGUST 31, 2022



Yet for all the advances in material and cultural life, there remained a feeling that things had gone wrong ... a screw had come loose and the wheels fallen out of balance. Prosperity was precarious, as the recent [crisis] had revealed. Inequality ... was more obvious than ever. The capitalists controlled the government.

Yuen Yuen Ang
Chair of Political
Hopkins University
How China Escaped
and China's Gilded
Age
100 Most Influential
Government.



The Economics of China

How can we understand the bright and dark sides of China's gilded rise? Through the lens of American history.

SERIES FEATURING



Yuen Yuen Ang

Alfred Chandler Chair Professor of Political Economy, Johns Hopkins University

Credits: Matthew Kulvicki, Nick Alpha, Kurt Semm

From the collection: Education

In this seven-episode series, Yuen Yuen Ang explains how China escaped poverty and became the second largest economy in the world. Rejecting popular assumptions of Chinese exceptionalism, she shows that China's path to a mixture of wealth and capitalist excesses is more like the American experience than most people think.

After Class

We have gathered a set of online supplementary resources for those who wish to dig deeper into the references Professor Ang presents in the lectures. Click on the "After Class" button beneath each episode to learn more.

To give you a head start on exploring the



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EPISODE 1

Three Chinas: Mao, Deng, and Xi



Professor Ang introduces the differences in Chinese development under Mao, Deng, and Xi

AFTER CLASS

Takeaways

China's rise has two sides: rapid, sustained growth + corruption, inequality, and financial bubbles

- The American analogy of a "Gilded Age" usefully captures the bright and dark side of China's rise.
- It also reminds us that China is not unique.
- Growth is not absolute triumph & running into problems is not tantamount to collapse.

There is not one, but at least three different Chinas since 1949—Mao, Deng, and Xi.

- Deng's capitalist revolution delivered the first Chinese Gilded Age.
- Xi inherited the Gilded Age, and Ang characterizes the last 10 years of his tenure as a "Red Progressive" platform—socially progressive policies carried out through commands and campaigns combined with increased political control.

Takeaways

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Main References

- 2022. "Has China's Economic Success Proven that Autocracy is Superior to Democracy?" In China Questions II: Critical Insights into US-China Relationship, Harvard University Press.

Secondary references

Economic take-off under Deng

- 2016. How China Escaped the Poverty Trap. Cornell University Press.

Xi takes over the Gilded Age

- 2020. China's Gilded Age: The Paradox of Economic Boom and Vast Corruption. Cambridge University Press.

Xi's Red Progressive Platform

- 2022. "The Clash of Two Gilded Ages," Noema, 31 August 2022.

SUBJECT	REFERENCE	LINK	TIME STAMP
Intro			0-1:26
Gilded Age	HW Brands	Google Books	1:30-3:21
	Mark Twain & Charles Warner	Penguin	2:33
U.S. Progressive Era 1890-1920	Library of Congress State Department	LOC USDS	3:22-3:50
Three China's: Mao, Deng, Xi			3:51-4:25
	Mark Twain Quote		4:21
Mao Zedong 1949-1976			4:52-5:39

EPISODE 2

Deng's Hidden Political Revolution



Professor Ang rejects the popular impression that China undertook economic reforms without political reforms. In reality, she reveals, Deng launched a hidden political revolution in the manner of bureaucratic reforms rather than Western-style democracy.

AFTER CLASS

Takeaways

- In reality, Deng launched political reforms with economic reforms, except his political reforms took the manner of bureaucratic reforms, rather than Western-style democracy.
- Through these bureaucratic reforms, Deng injected “democratic characteristics” of accountability, competition, and partial limits on power into a single-party autocracy.
- Thus, the real political foundation of China’s economic takeoff was “autocracy with democratic characteristics”—not simply authoritarianism.
- But Deng’s model was fragile and reversible. When Xi came to power in 2012, he steadily demolished many of Deng’s norms and checks, and concentrated personal power.
- We should not think of political liberalization or reforms narrowly as only elections. Profound political changes can happen without any changes in regime type.

EPISODE 3

Let Many China Models Bloom



In Episode 3, Professor Ang explains that China can fit any “China model” depending on where and when you look within the country, given its large size and rapid changes. The one consistent feature since market opening is an adaptive model that she calls “directed improvisation”—a blend of top-down direction and bottom-up improvisation that produces diverse solutions.

AFTER CLASS +

Takeaways

- What the “China Model” is not:
 - The “China model” is not top-down planning and authoritarian control.
 - It is not a blueprint pre-planned and executed by leaders in Beijing.
 - China can seem to fit any particular model, depending on where and when you look.
- What the “China Model” really is:
 - If there is a model, it is best understood as “directed improvisation” (an adaptive system of governance that produces localized solutions)
 - Direction from top + improvisation from below = numerous “models” across China and over time
- China under Xi:
 - But, in the recent decade, as China has entered into a Gilded Age and faces policy trade-offs, it is harder for Xi’s leadership to give clear directions than before, when China was poor—and the only goal that mattered was GDP growth.

EPISODE 5

China's Gilded Age



Why didn't corruption impede economic growth in China?

In Episode 5, Professor Ang explains the paradox of Chinese development paired with a crisis of corruption. Why didn't corruption impede economic growth in China?

AFTER CLASS

Takeaways

- The assumption that corruption impedes growth is partially flawed and premised on glorified narratives of Western development and biased global corruption metrics.
 - In fact, when America was a developing country during its Gilded Age, it also saw rapid growth with corruption.
- Different types of corruption have different effects on the economy. Ang unbundles corruption into four types: petty theft, grand theft, speed money, access money.
 - Whereas petty theft, grand theft, and speed money all impede, access money can fuel corrupt deals but worsen inequality and risks over time.
- In China, corruption evolved over time from theft and speed money toward access money.

EPISODE 6

Clash of Two Gilded Ages



Despite their great power rivalry, America and China are more similar than most people think. Both are living through a Gilded Age and struggling to end the excesses of capitalism.

In Episode 6, Professor Ang shows us that while the U.S. and China are similar, this does not mean they are identical. America is a democracy, whereas one party rules China. Thus, the two countries are pursuing progressive reforms very differently.

AFTER CLASS



Takeaways

- Contrary to popular cultural tropes, America and China today are not caught in the “clash of civilizations.” Rather, we’re witnessing a curious form of great power competition: the clash of two Gilded Ages.
- Both the U.S. and China confront sharp inequality, corruption or capture of state power by economic elites, and persistent financial risks.
- However, that the U.S. and China are similar does not mean they are identical. America is a democracy, whereas China is ruled by one party. Thus, the two countries are pursuing progressive reforms, in response to capitalist excesses, very differently.

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Clash of Two Gilded Ages | The Economics of China Episode 6

Great corporations exist only because they are created and safeguarded by our institutions; and it is therefore our right and our duty to see that they work in harmony with these institutions. ”

PRESIDENT
THEODORE
ROOSEVELT



11:15 / 27:28

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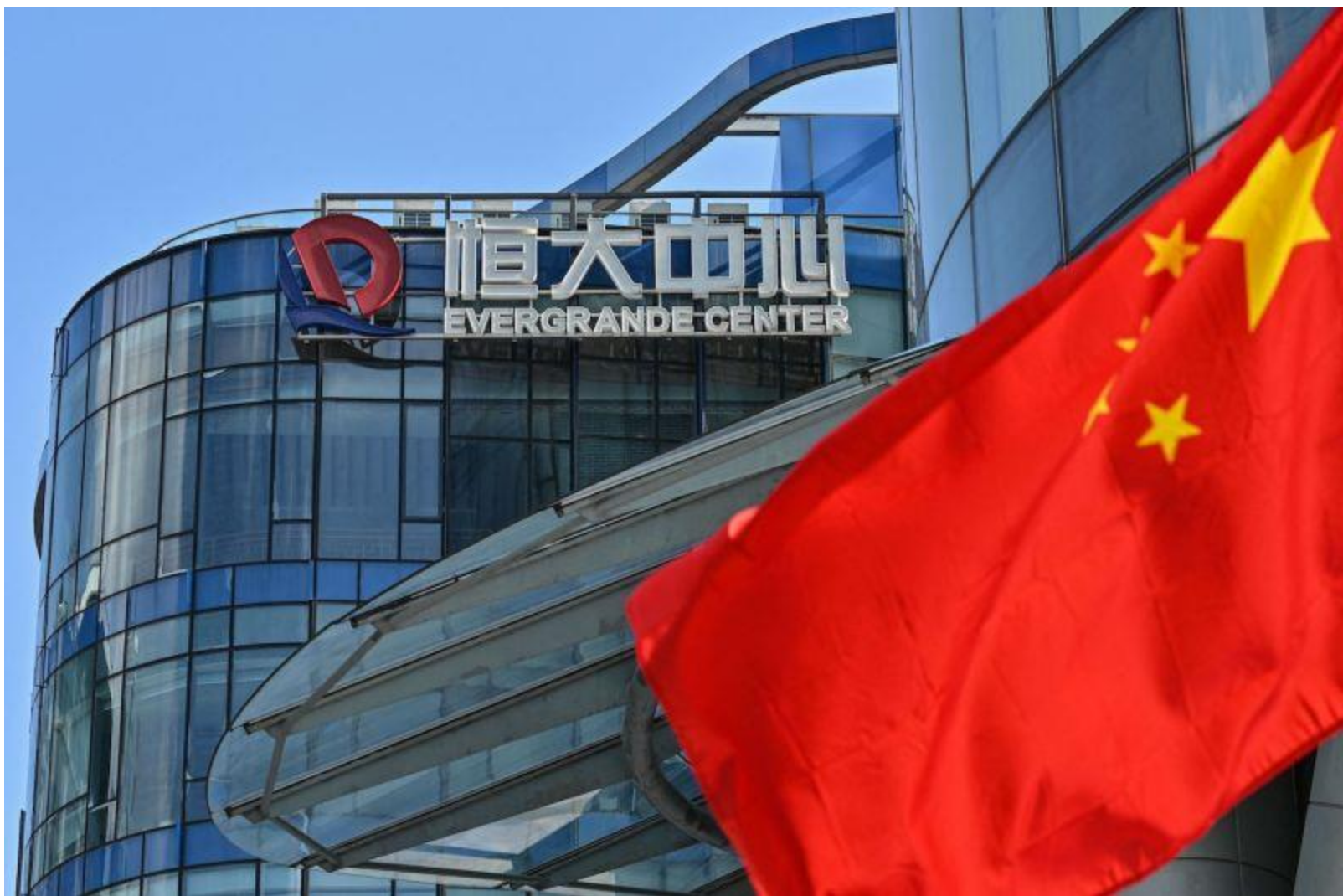
Clash of Two Gilded Ages | The Economics of China Episode 6



Clash of Two Gilded Ages | The Economics of China Episode 6



Image source: *The Economist*





“It is imperative to try all possible means to consolidate achievements in poverty alleviation, and then focus on rural vitalization to ensure a better life for rural residents.”

-- Xi Jinping, in north China's Shanxi Province, May 11, 2020.



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Thank
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