THE ELEPHANT AND THE DRAGON: SUMMARY SND CRITIQUE

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*The Elephant and the Dragon*, published in 2008 by Robyn Meredith, seeks to inform readers of the recent economic growth between two Asian economic systems that transformed from poverty and bankruptcy into financial prosperity: India and China. Meredith stresses that readers can see their policies in every single aspect of their lives, including the prices set in America’s businesses, the products that are bought and distributed in stores, and the cycle of creating and cutting jobs in certain sectors.[[1]](#footnote-1) However, in order to understand how China and India got to these levels of success, readers must observe the history, infrastructure, and their openness to multinational companies. Before the early 1970s, China’s economy was in shambles. Chairman Mao established the country as an authoritarian communist regime, with most of the emphasis on an agrarian economy. His Great Leap Forward program launched in 1958 established communes made up of a system of villages, in which province officials demanded one third of each household’s harvest to give to the state.[[2]](#footnote-2) The levies led to food drought, and by the end of 1962, 30-40 million villagers starved to death. After the purge of political opponents and intellectuals and Mao’s death in 1976, economist Deng Xiaoping became the next party leader. Xiaoping’s number one priority was to modernize the economy through industry and end the wheat shortages that Mao imposed on the provinces. He ended the state’s collectivization policy and redistributed the land to families. Afterwards, he toured the city of Singapore to take notes on their industry; his visit inspired the creation of economic zones with tax cuts and revoked business laws. The party leader then installed five-year plans inspired by the USSR to focus on specific sector issues such as infrastructure.[[3]](#footnote-3) India, although a socialist government freed from the constrains of British imperialism, was bankrupt. The country had borrowed too much money from other nations, leading to almost a total depletion of foreign reserve funds dedicated to necessary resources.[[4]](#footnote-4) The lack of funds, Meredith states, is best attributed to India’s nationalist movement led by Mahatma Gandhi and Jawaharlal Nehru. These figures led the nation toward a self-sufficient economy to try and resist foreign companies. By using outdated inventions like the spinning wheel and avoiding modern innovations (including vaccination and other aid), India isolated itself to globalization[[5]](#footnote-5). In 1991, on the verge of total collapse, financial ministers devalued the currency and eliminated raj licensure, and slowly but surely over the decades India has opened up to foreign markets.[[6]](#footnote-6) China’s economy was bolstered by paying strict attention to improving their broken infrastructure and natural resources. Their biggest project was to create a system to link the industrial coastline areas to the rural mainland, forming more accessible commerce routes.[[7]](#footnote-7) By 2004 the government created 21,500 miles of highway, and by 2008 a hundred railway projects were in the works to allow the transportation of natural resources such as coal.[[8]](#footnote-8) Coal mines were created and collected natural gas and oil to establish a modern power grid system.[[9]](#footnote-9) India, however, is struggling to catch up to modernity. Threats of foreign withdrawal prompted India to renovate its airports, leading to a hasty game of catch-up compared to China. Observations of the superpower have prompted them to spend $5 billion on waterway structures to boost freight cargo.[[10]](#footnote-10) Last but not least, Meredith heavily emphasizes foreign businesses as one of the sole factors the economies have been able to launch. China and India’s special economic zones caught the eye of many foreign investors, who immediately scrambled to set up branches. As a reward, these businesses were able to make cut labor costs by offshoring and hiring Chinese and Indian workers willing to work for less.[[11]](#footnote-11) In addition, they also present their products to the populations, who are more than happy to be these products with their new standard of living and purchasing power.[[12]](#footnote-12) India’s main claim to success is due to corporation outsourcing, in which foreign companies hire domestic companies to run a branch. These new opportunities for white collar workers were very attractive to India’s college graduates, especially in programming and research careers. Consequently, luxury complexes and high-end apartments and shops formed around these massive technology hubs. Young employees were able to afford these luxuries at the cost of developing Western lifestyles.[[13]](#footnote-13) China as well as the rest of the global market has increased through what Robyn Meredith calls the disassembly line. Companies break down their products into different pieces, with each piece being created by one company and added onto by another, and so on. The line, although fragile, creates more jobs and reduces the costs of the completed product.[[14]](#footnote-14) Both countries also increase their quantity of raw materials and natural resources by cooperating with other countries. China has made it a point to partner with African nations in signing $1.9 billion in exchanges of oil from Nigeria and Angola.[[15]](#footnote-15) India has also come around to opening up relations with different nations, especially the United States. The once-isolationist nation has decided to share nuclear energy with the U.S., while also developing refining techniques in South Africa.[[16]](#footnote-16) I believe that the author is mostly correct in all of her deductions regarding the two nations. Although some will argue that offshoring can lead to domestic cuts in the United States, I agree with Meredith in that outsourcing ultimately benefits the global economy and raises the standard of living and developing countries. Protectionism and held promises are both dangerous and risky, as there is often no telling which way a market fluctuates and what exports or imports need to be done.[[17]](#footnote-17) Meredith’s observation of China’s air pollution have only gotten worse since 2008. China’s director of the State Environmental Protection Administration passed environmental law in 2006 to clean water and use low emission resources.[[18]](#footnote-18) Inspectors have examined thousands of companies, and found that in the span of 28 cities, 13,000 businesses have failed environmental policies.[[19]](#footnote-19) The administration has developed a notable electric car industry in Shenzhen, a heavily industrialized city and many mines have been abandoned in favor of alternate resources.[[20]](#footnote-20) In this sense, Meredith did make a generalized prediction, and made an interesting point in wishing that China under Deng use less emissive resources to power the economy.[[21]](#footnote-21) The author also stated that China will only increase since 2008. According to an article passed in 2018, China’s economy did seem to grow, but at a cost. Records state the economy grew by 6.9%, but also stated GDP seems to be lower than official reports. The International Monetary Fund also made a statement that China’s debt is equal to 234% of its total exports.[[22]](#footnote-22) If this is the case, China might have to consider international reparations to eliminate or be forgiven of state debt. Meredith predicted that India would also increase since 2008, but a statement from an ex-finance minister last year seems to indicate otherwise. Yashwant Sinha declared (against his own Bharatiya Janata party) that the government was being negligent of monitoring the economy, coupled with a recent currency ban on foreign money.[[23]](#footnote-23)

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2. Ibid., 18. [↑](#footnote-ref-2)
3. Ibid., 23. [↑](#footnote-ref-3)
4. Ibid., 39. [↑](#footnote-ref-4)
5. Ibid., 42-44. [↑](#footnote-ref-5)
6. Ibid., 39-40. [↑](#footnote-ref-6)
7. Ibid., 23. [↑](#footnote-ref-7)
8. Ibid., 28. [↑](#footnote-ref-8)
9. Ibid., 27. [↑](#footnote-ref-9)
10. Ibid., 54. [↑](#footnote-ref-10)
11. Ibid., 78, 118. [↑](#footnote-ref-11)
12. Ibid., 140. [↑](#footnote-ref-12)
13. Ibid., 86 [↑](#footnote-ref-13)
14. Ibid., 99-101. [↑](#footnote-ref-14)
15. Ibid., 166. [↑](#footnote-ref-15)
16. Ibid., 184. [↑](#footnote-ref-16)
17. Ibid., 202. [↑](#footnote-ref-17)
18. Ibid., 181. [↑](#footnote-ref-18)
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