„EASILY DIGESTIBLE ECONOMICS”. THE DRAGON AND THE ELEPHANT

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„By the time you have read it, you will know as much economics as you will probably ever need and more than the vast majority of the population.” (David Smith)

„Free lunch” and the author's portrait

In an attempt to map out in words the portrait of David Smith, the Economic Editor of „The Sunday Times”, well-known radio and TV producer in the UK, author of a couple of writings generally well-reviewed by the audience (The Rise and Fall of Monetarism, From Boom to Bust, UK current economic policy, Free Lunch: Easily digestible economics, The Dragon and the Elephant. China, India and The New World Order), he seems to have captured the public's attention first and foremost through his thought-provoking and, at the same time, nonchalant way of approaching various complex economic topics.

Being well-familiar with the public's expectations, knowing very well his reluctant reactions to overly specialized writings, in the reading of which one needs too many dictionaries, patience and good memory; the journalist writer counts on a more straightforward, editorial style, based on quasi-narrative discourse, without neglecting the use of common questioning and amusements. His target does not exclude the educated public, but with little professional training in economics, who shows interest in the subject of inflation, the balance of payment or in other economic phenomena that influence his daily life. Perhaps the best example of how David Smith commits himself to making economy more accessible for his readers, is Free Lunch: Easily Digestible Economics, published in 2003. As he himself states, in the foreword, ingeniously entitled Appetizer, the author's intention is to offer „an easily digestible book”. Moreover, „Unless something can be easily explained, it has no place here.”

Generously gifted with a ludic character, David Smith is often mixing rigorous research findings and empirical observations and definitions with humorous fragments, pertaining to his autobiography. He makes use of playful word combinations, even ironical citations, avoiding as much as possible getting stuck in the established jargon. He uses the colloquial style as well as the rigorous exposition of facts and data. Undoubtedly, his long journalistic experience shows out: he skillfully organizes his ideas, uses effective catch phrases, gives bold and humorous titles to lengthy analytical sequences, titles that makes us think of literary writings, entertaining productions or even cookery books, rather than of scientific textbooks.

Designed as a “free lunch” of five lectures, whose guest stars are Adam Smith, Karl Marx, John Maynard Keines, Milton Friedman, the book published in 2003, is a successful combination of rigorous data and entertainment, sweeping off the readers' concern that economy would be inaccessible to ordinary man who does not claim to be an expert in this field. For example, the Cordon bleu chapter gets his “ingredients” from concepts such as monopoly, business, competition, prices, privatization, etc. In Bread and Money, there is a detailed discussion on topics such as monetary policy, inflation, the „output gap” and so on and so forth. For Desserts, important names of the American economy are called out (some known even for the the mathematical insights they brought to the field), such as: Irving Fisher, Paul Samuelson, Arthur Laffer. Arguing over coffee is an intriguing debate, without claiming to have reached some fundamental truths, on subjects such as poverty and the rich, globalisation and its positive or malicious outcomes. David Smith also makes use with no hesitation of common sense expressions, comparisons that might as well make us smile, as he tries to
explain abstract ideas by using concrete examples, and thus make it easier for the common reader to have an insight into intricate mechanisms and theories of economics. For example, he says at one point “economy is like when you play football” and “you cannot drive a car without oil, similarly one country cannot have inflation without money”. He genuinely debunks the taboos of scientific discourse and he does this in a nonchalant way, which may puzzle the excessively rigorous experts.

In a playful and relaxed manner, making the volume look like a full menu 1, David Smith tries to satisfy his readers' appetite for economic debates, without overwhelming them with tables and „tricky diagrams” (his book contains only two equations, which is very uncommon for a contemporary economic book). Why not? He only tried to offer, aside from presenting and explaining theories and concepts, a fun, entertaining lecture. He invites us to have a good time, to “have a bite” of economic thinking; and warns us that „Economics dominates and shapes our daily lives, even when we are not aware of it. It is all encompassing.” His pedagogy, if it were for us to find one, is not concerned with producing overnight experts from his readers, but with bringing them to a certain level of insight and understanding. David Smith decides to make them have a grasp on those every-day aspects, pertaining to human development, which they would have omitted otherwise. Introducing the reader to economic topics should be, as the author believes, more than a dull presentation of raw data and materials, instead, it should be a continuous exercise of the mind, which brings along the ability to logically analyze and meaningfully understand socio-economic contexts.

The Dragon and the Elephant

For a couple of years now, India and China continue to be „the hot economic story”; there have been many papers written and debates organized on this issue. If we also include the media, with all the documentaries, tv and radio shows, and articles published, that focus on the “Two giants”, we can clearly see that the economic rise of China and India (which sent out a blast all around the world and continues to shatter it) has been a subject of great interest in economics, finance and business, even to media and the general public throughout European countries, US and Canada. Moreover, some people on the American business market, have recently talked about a certain „psychological dysfunction” creeping into the American society, as it attempts to foresee the extent to which “Chindia” (a term first introduced by Jairam Ramesh in his work Making sense of Chindia, then later on used in the title of a volume published in 2006, by Pete Engardio as editor) would change the face of global economy. This is nothing to be surprised of, as it has been the first time in the history of human kind when a country with huge population develops at such a rapid pace and to such an extent.

During one of his lectures, on the 24th of July 2007, on his book The Elephant and the Dragon: The Rise of India and China and what it means for all of us (W.W Northon & Company, 2007), Robyn Meredith pointed out that we need to understand what is going to happen in India and China, otherwise we may risk to be left behind. Along with the emergence of a global market place, as one Forbes journalist stressed out, the changes in India and China, spanning over the last centuries, sent out a “tsunami” which would profoundly impact the global economic tectonic plate. L. Allan Winters and Shahid Yusuf shared a similar view in Dancing with Giants: China, India and the Global Economics (World Bank Publications, 2007). Characterized by an exceeding growth in wealth, China and India may soon become, using various strategies, the main players in the global financial system: „Moreover, the growth of these giant economies will affect not only goods markets but also flows of savings, investment, and even people around the world, and will place heavy demands on the global commons, such as the oceans and the atmosphere.” According to Pete Engardio, China tends take monopoly over manual production, whilst India, an “emerging power” (M. Mohanty2), may soon become the “Center of Knowledge”. Therefore, Dancing with Giants (Winters& Yusuf), “without getting one’s toes stepped on”, seems to be, for an ever increasing number of companies, as complex as it is difficult.

1 For example, as the table of contents shows it: Free lunch: Easily digestible economics (2003):
Appetizer, Starters, Main course (I), Adam – but not apple, Main course (II), Classical recipes, Cordon bleu business, Mulled Marx, Paying the bill, Keynes get cooking, Just Desserts – the Americans and, as an Addenda, for those still „hungry”, Bite-size glossary and Post-prandial reading.
2 M. Mohanty (Indian Institute of Management, Calcutta), L’Inde, une puissance émergente?, www.cerium.ca
David Smith's *The Dragon and the Elephant. China, India and the New Order* (Profile Books Ltd., 2007) is a valuable contribution to the vast collection of works devoted to the subject of “Chindia”, and authored by various economists and journalists. The British author didn't change significantly his writing style and method for this particular book, as compared to his previous works. He admits from the very beginning, in a playful manner, that „The genesis of this book came, not in Beijing or Shanghai, or Delhi or Mumbai, or even from gazing into an economic crystal ball.”, but was instead triggered by an apparently innocent question, raised by a number of businessmen, mainly industrialists, during a discussion they had in London: „What about China and India?”. We can further state that the questions with regard to the role these superpowers have in world's economy are part of this century's “zeitgeist”. „What will we do when China and India do everything?”, „How will their markets be, and how accessible?”, „Will the Giants' influence be beneficial?”, „How much ground will US, Germany and other European countries lose before India and China?”, „What major changes will have to be made globally?”

But since the author does not actually have „an economic crystal ball”, he therefore raises significant questions, from various points of view, on this extremely vast and exciting issue, drawing on the preliminary premises for further analytical investigation, instead of trying to reach absolute answers. In the first chapter, *The Return of History*, he talks about the possibility that the recent economic boom of the two “Giants” may not be as surprising as it seems, instead it may actually be a second comeback of the world's state of affairs going back to 2000 years ago, when China and India represented 59% of the world’s economic power. „The rise of Europe, North America and Japan – the author writes – has been, in his view, just a brief interlude in the grand historical sweep. (...) For most of the ancient and modern eras they were the twin pillars of the world economy, bastions of health and progress.” (pp. 8-9).

In order to support his theory, he finds evidence in historical data pertaining to the Chinese and Indian civilizations, from various sources, some of which have already been mentioned in ecopnomic literature. Once again, making use of common sense expressions, he says that „It takes a lifetime to understand China and perhaps longer, if that were possible, to get to grips with India.”The author admits that his point of view can in no way rival with scientific and cultural studies on China and India, neither with the current studies on this topic. Moreover, we have to mention that, unlike Robyn Meredith, *Forbes's* correspondent in Hong Kong, the British writer, only spent short periods of time in China and India, and therefore resumed to the “visitor's point of view”. As he could not rely on personal observations, David Smith tries to make a selection of the bibliographic material available, which he uses use for the historical part of this chapter, with regard to the evolution of the two countries, from the Arian migration, the first medieval Chinese dynasties, to the medieval times, Mao's “era”, Gandhi, up until now. He successfully outlines a plausible scheme that does not strike through any particularity. Far from making any bold affirmation in interpreting the data, the main relevance of the author's point of view consists of stressing the importance of historical perspective on the present economic status quo.

The transition of China and India from their initial condition of „pariah State”, and „economic backwater” to their actual status as global leading forces makes the focus of the next two chapters, *Enter The Dragon* and *India Rising*. The author is continuously bringing to our attention the interdependence created between political, social and economic aspects. He brings into discussion Deng Xiaoping's reforms after a long period of the Maoist line domination; but also, he talks about the Tiananmen massacre in 1989. He points out the constant economic growth of China, starting with 1978, which later on, during 2001-2005 ensured the country’s third position on the scale of global economic growth, and also the uncanny formula of a “socialist market economy”.

China's opening up by expanding its market areas led to an unexpected flow of foreign capital, changed it into a real “magnetic force” for direct investments from all around the world, but this didn't completely solve all the economic and political weaknesses of China. India's development followed a similar route, from the image of violence and political instability in 1991, after Rajiv Gandhi's assassination, to its comeback on the market, in the “civilized”, economically prolific world. Although, as David Smith clearly points out, as compared with China, India had a slower start, implementing a couple of reforms merely 15 years ago, by the end of 2006, it had been showing an economic growth rate of 8%, for 3 years in a row. Perhaps that, despite the fact that some reforms proved inefficient, despite a feeble development after independence, despite the high corruption rate and social inequalities, yet unresolved, „there was a political method in the softly aproach approach towards reform.” Was there a better strategy?
China Roars, and World Listens și India’s Networked Economy chapter ponders upon the ever increasing role the two “Giants” played in IT and telecommunications. The statistical data is indeed very impressive and seem accurately predict that by the year 2015, China will have become a technological superpower, while “the Communist Party is sitting on a powder keg of unrest that will one day explode” (p. 173). India tripled in a four-year period its “offshoring” sector, outshined the other countries in IT, but has not yet found a solution to its social development crisis. „Is the glass half full, or half empty?”, rhetorically asks the author, coming back to an informal style, after having presented the statistical data and reports. In the chapter entitled China versus India he attempts a comparison between the two “Giants”, not only from an economic perspective, but also with regard to each country's underpinning mentalities (the continuous endeavour that the Chinese have always valued, obsessed with the idea of “growing” and trespassing the barriers of time; the Indian people's slow pace, from the European's point of view, obviously); with regard to the way each country's policy, protecting the human rights, dealing with unemployment, the banking system, the entrepreneurial spirit, urban and environment related policies.

In the last chapter, Ten Ways China and India will (and won’t) Change the World, the author comes with a well-thought Decalogue that successfully encompasses the contradictory complexity of how the two “Giants” may influence the world economy. Why won't they change the world? Because: 1. „They are the biggest thing to hit the world economy”; 2. „But they are not so big as they seem”; 3. „They will stretch the world resources”; 4. „But they won’t destroy the planet”; 5. „They will flex their diplomatic and military muscles”; 6. „But they won’t start a new Cold War”; 7. „They will provide huge market opportunities”; 8. „But they will remain relatively poor”; 9. „They will hit turbulence and trigger protectionism”; 10. „But they don’t change the rules of globalisation.... for the poor.... and for the rich....

Apart from the author's sense of humour, which we noticed on several other occasions (even Lech Walensa made a humorous comment, that he is „for and even against” this idea), the journalist instinct must have guided him towards a very inspired way to end his volume. The topic stays open, fascinating and alarming at the same time, any radical position on the topic being thus ridiculed. Although the topic he chose had always attracted numerous authors, David Smith has once again successfully written another “digestible”, intelligent and informative book.