China: copying without bowing

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Brazil could grow at a double rate if we manage the interest and the exchange rates like the Chinese.

I write this article still under the impact of my trip to China. By the time I wrote my last column in *Folha*, two weeks ago, I had only seen Beijing, which had already impressed me. But my amazement started as I arrived at Xian, the former capital of the Chinese Empire, where the terracotta army - buried along with the emperor who united China in 221 BC - was found. It is a city of 7.5 million inhabitants. A city under construction. On the way from the ultramodern airport to downtown, I saw hundreds of huge buildings being built. Nearly all of them with 35 floors and four apartments of about 90 m^2 on each floor, with central air conditioning. The other average-sized cities that I visited, Guilin, Hangzhou, and the large Shanghai also display an extraordinary economic development: big and modern airports, very good roads, wide and tree-lined avenues, radically renewed towns, high-speed train station connected with airport and subway in Shanghai, new and expensive cars on the streets, large stores of all international luxury brands, and ravishing office buildings, more impressive than those in Chicago.

There is nothing more modern than the China that I saw. It has literally destroyed everything that was not worth much and rebuilt, by following a logic initiated by Japan in late XIX Century and resumed by China in the second half of the XX Century: copying without bowing; modernizing everything without accepting “advice” from the more modern ones. In order to overcome the humiliation suffered in the XIX Century, when they were subjugated to Western imperialism, those two great nations realized that it was necessary to copy Western institutions and technology, that is, it was necessary to strengthen the nation, introduce a modern State, spark the industrial revolution, and ensure the proper operation of regulated markets – the four conditions for a national strategy towards development or international competition.

I was so impressed by the Chinese economic development (not the political) that I decided to calculate: how many times did China and Brazil grow between 1980 and 2010? Given an annual GDP growth of 10.06 % in China and 2.55% in Brazil, the Brazilian income increased 1.3 times (hardly doubled), whereas the Chinese income in 2010 was 16.7 times higher than in 1980! In the last ten years, Brazil has improved its performance, but we are witnessing the slow deindustrialization of the country and consider it “natural”, whereas the annual industry growth rate in China today is 32% (!). Once victims of the colonial inferiority complex, we used to bow to England and France; afterwards, to the United States; now we bow to China: we accept as “fate” the supplying of commodities to China. When I say that we could grow at a double rate, if we had a national development strategy and if we decided (mostly but not only) to manage the interest and the exchange rate like the Chinese do, people look at me with a mix of surprise and suspicion. It is an indication of the acceptance of being defeated by “better” and “more modern” competitors – a defeat that China has refused to accept, and so it astonishes the world.