Democracy, Authoritarian Capitalism, and China: Crash Course World History 230

Crash Course: World History
https://youtube.com/watch?v=k7dTDjRnBqU
https://nerdfighteria.info/v/k7dTDjRnBqU

Hi, I'm John Green, this is Crash Course World History and today in our final episode of this World History series we're going to return to some of our favorite themes, like the rise of the state; maybe the idea of "The West"; and also we're going to speculate a little bit about the future. Mr. Green! Mr. Green! No, no, no...I-I thought you were from the future. Nope! I'm from your future, Me From the Past, so I know that NSYNC doesn't stay together, but I'm from my present. Although, now I'm from my past. No, present again. That's the problem with the future, me from the past. It keeps briefly becoming present and then becoming past. And then of course people watching the videos will be watching them in their present, which will be my ever more distant past. And they could be watching them in ten years, the things that I have predicted will have come true or not come true, and I will look like a genius or an idiot. Ahhh I'm freakin' out Stan! Just roll the intro. Man, I'm glad that intro pulled me out of that logic loop. I could have been stuck in there forever, which reminds me that forever itself is a very weird concept. I think the only thing we can say about forever is that the future is forever. So Americans are pretty proud of their democratic government and its history, but in world historical terms, democracy has not been the norm. Like the 20th century was the high tide for democracy worldwide with the number of democratic governments increasing dramatically, but the 2000's so far have seen something of a anti-democratic renaissance with the number of democracies that shouldn't actually be called democracies, doubling between 2006 and 2009. Like the People's Democratic Republic of Korea, despite having democratic the name, not particularly democratic... I'm sorry for saying that Kim Jong-un, but it's true... He's behind me, isn't he Stan? You'll be gone in 20 years, that's my first prediction. Also, while democracy can sound great, no countries have ever actually practiced pure democracy. Unless you count Ancient Athens which a) was not a country, it was a city state and b) it excluded women and slaves from the political process so it wasn't really a pure democracy. Because you know, like, most people didn't get to participate in the government. What we call democracies today are actually the result of a number of revolutions in political thought that happened mostly in the west between the 17th and 20th centuries. Like, we've talked a lot about the first of these revolutions in political thought which happened in the 17th century with the creation of the centralized nation state in Europe. And then there was the political breakthrough put forth by John Stuart Mill, who envisioned a night watchmen state that was like too small to infringe on individuals' freedoms but efficient enough to be functional and useful as a government. Then in the late 19th and early 20th century, the west developed the idea of the modern welfare state, enshrining the belief that the state should provide things like education, health and unemployment insurance to enable citizens to lead fulfilling lives. The welfare state relies on government planning and bureaucrats who get their jobs not based on high birth but on merits and also data-driven answers to problems. And so we saw the rise of technocrats and intellectuals influencing government policy. To quote the book called "The Fourth Revolution," there were two things new about this welfare state. "The taxation of the entire population to provide benefits for the unfortunate and the removal of the 'poor law' stigma from social welfare. The poor were now victims, not layabouts." So, in contemporary Europe and the United States, everyone pays taxes, right. Whether it's consumption taxes or property taxes or income taxes or whatever. And we don't view poverty merely as personal failing but as a problem that needs to be addressed. And although imperialism certainly made it problematic for these ideas to spread completely throughout the world, the ideas did prove very powerful, like India adopted a heavily top down welfare state based on British principles once it became independent. And even when the liberal democratic state came under ideological attack from fascists and communists, it was able to triumph by mustering the resources to win World War II and meet the Soviet Challenge during the Cold War. And for most of the 20th century, western democracies have been on the whole, pretty successful in providing peace and stability and prosperity to their own citizens. And yet, many parts of the world are turning away from these ideas now. Why? Well, one of the reasons democracy may be falling out of favor is that many of the most successful countries in the world, at least in terms of economic growth are not democratic. There are democracies experiencing tremendous economic growth like Brazil and India. But then of course there's China. And China along with countries like Singapore have looked to the west for guidance on how to create capitalism but they've been much less interested in adopting Western models of governments. Let's go to the Thought Bubble. So Singapore might only have 5.2 million inhabitants but it has very effective government. The architect of its success, Lee Kuan Yew, has argued that cultural values are the explanation and that Asians are quote, "More focused on the family, more devoted to education and saving; and more willing to put faith in a Mandarin elite than the West." But it's probably more due to Singapore's being more authoritarian, more interventionist, and more bossy in following Lee's Hobbesian view that, "Human beings, regrettable though it may be, are inherently vicious and have to be restrained from their viciousness." Although Singapore isn't technically a one party state it's also very far from a traditional democracy. Like in 2011 Lee's People's Action Party won 60% of the vote and 93% of the seats in Congress. That may sound terrible but it has an upside. Knowing that their party will win elections allows Singapore's politicians to focus on something else. Namely long-term planning. If any of the particularly "Asian" traditions cited by Lee have fueled Singapore's success it's that Mandarin ideal of choosing and promoting skilled bureaucrats based on merit. The most interesting thing about Singapore's government is that, at least by Western standards, it's remarkably small, with like, for instance a world class education system that consumes only 3.3% of Gross Domestic Product. They also have a required retirement fund in which Singaporeans contribute 20% of their paycheck and their employers kick in another 15.5%. AND as you'll already know if you watch our show Healthcare Triage, Singapore has one of the most efficient and fascinating health care systems in the world. Thanks Thought Bubble. And then there's China with its gleaming skyscrapers, enormous number of billionaires, and what is now the second largest economy in the world. Now, of course, there's also the air pollution, the growing income disparity, the terrible working conditions, but hundreds of millions of people in China have emerged from poverty in the last 50 years. And this was all accomplished by a very repressive state, so repressive, in fact, that they can't see this video. The Chinese model of governance has often been called authoritarian capitalism and its architect was Deng Xiaoping. He was very impressed by Singapore and sought to copy them, and in many ways, the Chinese Communist party has been very successful at that. Despite some official corruption, the Chinese state is very efficient and has presided over an incredible economic and social transformation in the past 30 years. So we expect, like, rigid central planning from Communist parties, right? But in China, rather than setting goals for every facet of the economy, the party makes sure that it's represented in most big companies, private and state-owned. And the biggest companies owned by the government dominate strategic industries like energy and transportation and telecommunications. The Communist Party's Organization Department appoints all senior corporate figures in China. And in general they've done a good job of promoting good managers that help the companies to grow. And China certainly wants this model to go global, since its state owwned companies have funded 80% of China's direct foreign investment in the last 30 years, which allows commerce to advance Chinese diplomacy, extending the nation's so-called "soft power." So who knows if this will actually work, but when Chinese state companies are able to build the new African Union headquarters in Ethiopia, for instance, it sends a powerful signal to African nations that this is a system where people can get things done. Meanwhile, in the United States and much of Europe... a little bit of a struggle to get things done. So Chinese state capitalism may

sound like the wave of the future, or at least the wave of the present. But maybe not. It has some serious drawbacks. First, the close ties between business and politics opens the system up to massive corruption. Fortunately, here in the United States, we don't have any ties between business and politics, so you won't see any corruption here! But there are also other drawbacks to authoritarian capitalism, like state-run industries tend not to be responsive to investors, which limits private investment. And in the long-term, that may limit the money available to them to keep growing. Also, with a lot of these state-owned industries, it's not actually clear that they're productive or profitable because they rely so heavily on government subsidies. And finally state-owned industries don't to a great job of encouraging the freedom of expression that fuels a lot of, like, cultural and intellectual industries like, for instance Hollywood. Which is more cultural than intellectual. The Fourth Revolution quotes one Chinese commenter as saying: "We have [kung-fu] and we have pandas, but we could not make a film like Kung-fu Panda." Also, this kind of state-run industrial policy is very effective sometimes, but it's not clear that it's going to be effective all the time. Like it may work better for building roads and cell towers than for creating software, for instance. So it seems to work for less developed nations that need to create infrastructure and industry; it's much less clear that it will be effective when they need to move over to being service economies. And what I find fascinating is that China has created this new path to economic growth in part by looking to its ancient past to revitalize its government. Because they've created a new education-based meritocracy, which is a modern version of the Han examination system. It's sort of like a state run version of Plato's Republic, and polls indicate that most Chinese people are largely comfortable with it. I mean, things ARE getting better in China. Like philanthropist Nicolas Berggruen argues that "Chinese-style meritocracy is good at focusing on long-term problems and bringing in independent experts." That said, China's government isn't always as meritocratic and effective as some might want to believe. I mean, the Chinese version of twitter is a litany of complaints about poor schools and dirty hospitals and inept local officials. And in the wake of the Sichuan earthquake, when many children died because of poorly built schools, there was widespread outrage over the government's inability to like, get things built well. All that noted, it's important to be aware that China embodies a challenge to the idea that the West has all the answers in terms of economics and government. Particularly after the 2008 financial crisis, the Chinese were the ones lecturing about government and fiscal policy and claiming that the American political system was rewarding mediocrity over talent. And lots of Americans would agree with these Chinese critics. I mean, we can't even get a long-term highway bill passed, let alone like, long-term planning for the overall economy. In a representative democracy, the best way to get elected is to make promises, usually for lower taxes or for more or bigger benefits. Or my favorite -- for both. Also, democratic governments are very susceptible to interest groups extracting benefits for themselves. Just as autocratic governments are very susceptible to, you know, autocrats extracting benefits for themselves. And the problems of democracy can be a bit of a vicious cycle. Like in the United States at least, we're incredibly dissatisfied with our government, especially Congress, and this is partly because we've come to expect so much from government that they constantly let us down. Also, for the last 35 years or so, because people are so dissatisfied with government, one of the main strategies for winning political office is to talk bad about the government and to say that government is the problem. But of course, if we have too much government, that's a problem that can only be fixed… by the government. So where does this leave us? Well, maybe we have reached the end of "the rise of the west?" that began with the nation state. But it's really hard to predict the future! Like when I was in high school I wouldn't have predicted that so many people would be learning about history and science from YouTube videos, much less that China would become the world's second largest economy. If you'd asked me if 500 million people would emerge from absolute poverty between the time I graduated from high school and the time I started hosting Crash Course World History, I would have been like, no way! But I wouldn't have said that. I would have cursed in class because I was a surly, terrible student. But here are my predictions -- I think that China will continue to be a one party state, and a very successful one, as long as that combination of state and industry continues to provide a rising standard of living. But I don't think it's going to happen in the U.S. or Europe, even if it would lead to more efficiency. The major differences between these two models of governance is that unlike communism and western style capitalism, they aren't in direct conflict. Like, they can coexist. And I think authoritarian capitalism and western style capitalism WILL coexist, but I also think that probably in that process Western style democracies will find that over time, they have money to do less. And I think we may have a lot to learn from countries like Singapore, especially as new technologies enable greater efficiencies in providing services, thereby making a lot of jobs obsolete. Possibly including mine. I mean, these days robots are writing some reasonably good short stories, and Stan now has enough tape of my voice that he could make an excellent artificial me. One of the reasons we focused so much in this world history series on the factors that go into making a nation state is that while lots of people think that nation states are about to go away, I don't. Yes, corporations are becoming more powerful and multi-national, but in many ways China's rise to power was the result of a nationalistic desire to amass wealth and power that has its roots going back at least to the 19th century, if not earlier. But I want to make two observations here at the end -- first, whatever you think will happen in the future, whatever you think is happening now, even what you think happened in the past, really depends on what information you choose to focus on. So this year we've tried to look at really big-picture history and approaches to the study of history and how we learn about it, because there are choices involved. For instance, we focused a lot on the rise of the nation state and trade, but we could have focused on the changing role of the family or the impact of technology on lifespan or changes and continuities in religious practice or any number of other things. The other thing I want to say about history and the future is that neither is actually determined. 30 years from now, of course we'll know a lot about what happens in the next 30 years, but we'll also be looking at the past differently from how we look at it now. And YOU are a part of that. The choices that you make over the course of your life will shape history both in the future AND in the past. In short, we ask you to think about history and how to study it because we are counting on you. But history encompasses a lot and there is more than one history of the world. I hope you've enjoyed some of the versions that we've presented. Thank you so much for watching. Crash Course is filmed here in the Chad and Stacey Emigholz Studio and it's made possible by our Patreon supporters, including Charlie Shread and Scott Delea who are our cosponsors of today's video. Charlie, Scott -- thank you so much. Patreon is a great website that allows you to support Crash Course directly on a monthly basis. We used to have Subbable, but it got acquired by Patreon. It's a great company, please check it out, there are amazing perks, but the biggest perk is that we get to keep Crash Course free for everyone forever. Only about 3% of Crash Course viewers need to pay to support the other 97%. So to the 3%, we say thank you, to the 97%, we want to say thank you too. If it becomes 4%, who knows, you might see more World History videos in the future. Thanks again so much for watching and as we say in my hometown, don't forget to be awesome.