

## BOOK REVIEW

**America's response to China: a history of Sino-American relations**, by Warren I. Cohen, New York, Columbia University Press, 2010, i–xxii + 326 pp., £17.39 (pbk), ISBN-10: 0231150776, ISBN-13: 978-0231150774

**Affluence and influence: economic inequality and political power in America**, by Martin Gilens, Princeton, NJ, Princeton University Press, 2012, i–xv + 329 pp., £19.46 (hbk), ISBN-10: 0691153973, ISBN-13: 978-0691153971

The success of a business entrepreneur or business manager can be enhanced through being cognizant of some of the business and other cultural attributes in countries that the business person is involved in for mutual commerce. Naturally, this principle applies for those doing business with private and state-owned companies in China. Correspondingly, practitioners and researchers trying to make sense, of current political factors might find much of interest in the fifth edition of Warren Cohen's *America's Response to China: A History of Sino-American Relations* – a book that identifies and explains some of the key commercial events between the USA and China. When the Americans won their independence from Great Britain, they sent the trade ship, *Empress of China*, to trade with the Chinese (p. 2). However, the history of foreigners pushing opium on Chinese citizens, often with the great disapproval of the Chinese government, is an event not forgotten (p. 14) and non-Chinese business people should be sensitive about this, since the Chinese rightly do not like that event. In the 1800s, some Americans knew the USA needed more people with different talents, though others were limited in their vision and did everything possible to restrict the number of Chinese immigrants (pp. 33–34). Cohen reminds us that the American 'Chinese Exclusion Act' is recognized today for what it was: a legislative device to limit the immigration of ethnic Chinese, since they are noted for their high-work ethic and other cultural traits that are useful to other national economies. Cohen explains how this Act expressed an attempt by US American workers to discourage competition.

Interestingly, Chinese citizens appear to remain grateful for the alliance with the USA during the Second World War: the then President Franklin D. Roosevelt is revered among the Chinese today. In the fall of 1941, the USA finally stopped selling oil to Japan, recognizing that these supplies supported Japanese aggression towards China. According to Cohen, this action by the USA was one of the large factors in Japan's actions in bombing Pearl Harbor on 7 December 1941. August 1945 witnessed the defeat of Japan and the end of the Second World War (p. 164). American efforts to cobble together an enduring treaty between the warring Chinese Communist Party (CCP) and the 'Nationalist' Kuomintang (KMT) failed. The re-election of President Harry Truman in 1948 led to a massive

reduction in the aid sent to KMT leader Jiang Jie Shi, later more widely known as Chiang Kai Shek (p. 177).

With Jiang Jie Shi retreating to Taiwan, the People's Republic of China (PRC) was created on 1 October 1949. CCP Chairman Mao Zedong took the lead and ruled China for many years. Popular opinion in the West tends to characterize Mao's rule as a succession of economic and societal upheavals meant to implement what Mao's clique thought was the correct type of communism. Consequently millions of Chinese died of starvation and economic growth suffered. Slowly, cautiously and at no risk to US security, President Richard Nixon's administration signalled its 'desire to improve relations with China' (p. 217). Because Nixon was viewed as a conservative with regard to foreign policy, when he indicated steps towards improving relationships with China, many of the American people were receptive. In early 1970, 'ambassadorial – level conversations began' (p. 217).

Those doing business in and with China today might support such a pragmatic approach. Reading books such as this further informs them about events such as the formal agreement between the USA and the PRC or Mainland China stating that there was only one China and that the USA would 'not support independence for Taiwan' (p. 219). Consequently, US Presidents who supported free trade became favoured by the Chinese leadership ahead of those who threatened neo-protectionism (p. 229). During the rule of Chinese leader Deng Xiaoping, human rights remained a point of dispute between the two powers, though life in China under Deng Xiaoping was certainly more humane overall than it had been under Mao Zedong (p. 234). However, some problems persisted. In 1989, during the night of 3–4 June, PRC government forces intervened in Beijing's Tiananmen Square to break up a popular demonstration resulting in a number of deaths and reports in the West of political repression. Cohen describes the aftermath in his typically informal style, stating that – after the Tiananmen protest had been crushed – 'Chinese-American relations were probably the shakiest they had been since Kissinger and Nixon re-opened the dialogue' in the early 1970s (p. 240). President George H.W. Bush officially deplored what came to be called the 'Tiananmen Square Massacre'. However, Bush and many others realized how necessary China was as a potential power to balance to some degree against the former Soviet Union (p. 241). As Cohen reminds us, commerce is a key to keeping the Sino-American relationship viable and is a strong part of maintaining peace between the two countries. To illustrate: Chinese President Jiang Zemin was one of the first world leaders to offer condolences and his country's support in what would become under President George W. Bush the global 'war on terror' after the attack on the World Trade Centre in New York on 11 September 2001 (p. 269). Furthermore, the PRC officially approved of the American attacks on the Taliban and pursuit of Al-Qaeda's Osama bin Laden in Afghanistan (p. 269). In April 2006, a meeting between Chinese President Hu Jin Tao and President George W. Bush showed that both men understood the extent to which their countries' economies were intertwined and the enormous value of maintaining good relationships and, thereby, the importance of developing international trade between what are currently the world's two largest national economies (p. 276).

When non-Chinese business practitioners and researchers approach their counterparts in China, they should be mindful of the level of sophistication that already exists among educated people there, an achievement funded publicly and privately by individuals. Increasingly, Western economies can learn from the investment in education and research in China and the social mobility this is generating. Against this background, the book *Affluence and Influence: Economic Inequality and Political Power in America* by Martin Gilens is highly informative. As the title suggests, Gilens examines the

relationship between money and political processes and socio-economic outcomes in America. He uses a large amount of data analysis to support his argument about how much money is spent in order to gain access to and influence elected officials. As Gilens states (p. 13): ‘Democracy is not one idea or even one set of ideas about the way a political community might be governed, but a disparate array of related conceptions’. Gilens also maintains that, ‘political equality is a central tenet of democracy’ (p. 234), while reminding us that no ideal type of democracy can be found anywhere in the world. Gilens notes that wealthy supporters give to both the Democratic and Republican parties, and there is no reason to believe that a duopoly arrangement is a truly fair contest (p. 241). Basically, the story is one of affluence seeking influence, a process not unknown in today’s communist China. But whereas in China, there is one party that seeks to monopolize political power, Democrats and Republicans in the USA are generally united in their efforts to use legislation for maintaining an exclusive duopoly which perpetuates itself through the legal imposition of major barriers to ballot access. Gilens highlights how one danger of the duopoly arrangement appears when one of the two political parties does something unpopular with the result that the ‘opposition’ party automatically gains votes, since in practical terms the votes can only go to one of two places in the duopoly.

Gilens’ research reveals how corporate donors such as The Bank of America will give campaign money to opposing candidates – a process of ‘hedging one’s bets’. As Gilens reminds us: ‘Money . . . is the mother’s milk of politics’ (p. 241). In its role as modern-day interpreter of the US Constitution, the Supreme Court in 2010 practically removed all restrictions on donations to campaigns, though setting time limits within which these donations might officially occur. Corporations, unions and other organizations can supply completely unrestricted amounts of money donations 60 days before a general election and 30 days before a primary election. Gilens notes that the amount of money given by individual citizens is also growing to new heights.

As a professor of economics, I strongly advocate a mixed national economy, a view reinforced by my reading of these two books. As an American living and working in China, preparing this review reminded me of the English language channel CCTV9 on Chinese TV. One programme entitled *Dialogue* features a host asking questions to leading figures in international business or politics guests during their visits to Beijing. One episode in 2006 had both American and Chinese hosts discussing how polite and constructive criticism can help both China and America to do better. Their view was that each country should point out to the other, areas that need improvement. Then both countries should exhort each other to be a better country for their respective citizens while simultaneously improving the conditions for domestic business and international trade. Finally, having lived among Chinese people for the past many years, I can say that the politeness and patience that foreigners encounter in China have nothing to do with modern politics. Rather, these Chinese traits are embedded in Chinese history. I have learned over the years that there is no *intended* ethnocentrism among friends of different cultures and different nations. If we realized how much identical knowledge we share, few misunderstandings would occur. As one of my students in Hong Kong once wrote: ‘there is no 3rd world, no 2nd world, or 1st world, just one World’. One example she gave was that much of what China exports to the USA is actually manufactured by American-owned companies.

Against this background, these books written by American scholars offer valuable insights into how Sino-American trade and international relationships have reached their current state. Each book is written in a style, so accessible that any international business

practitioner or researcher should be able to make informed judgements about how these relationships might develop in the future.

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