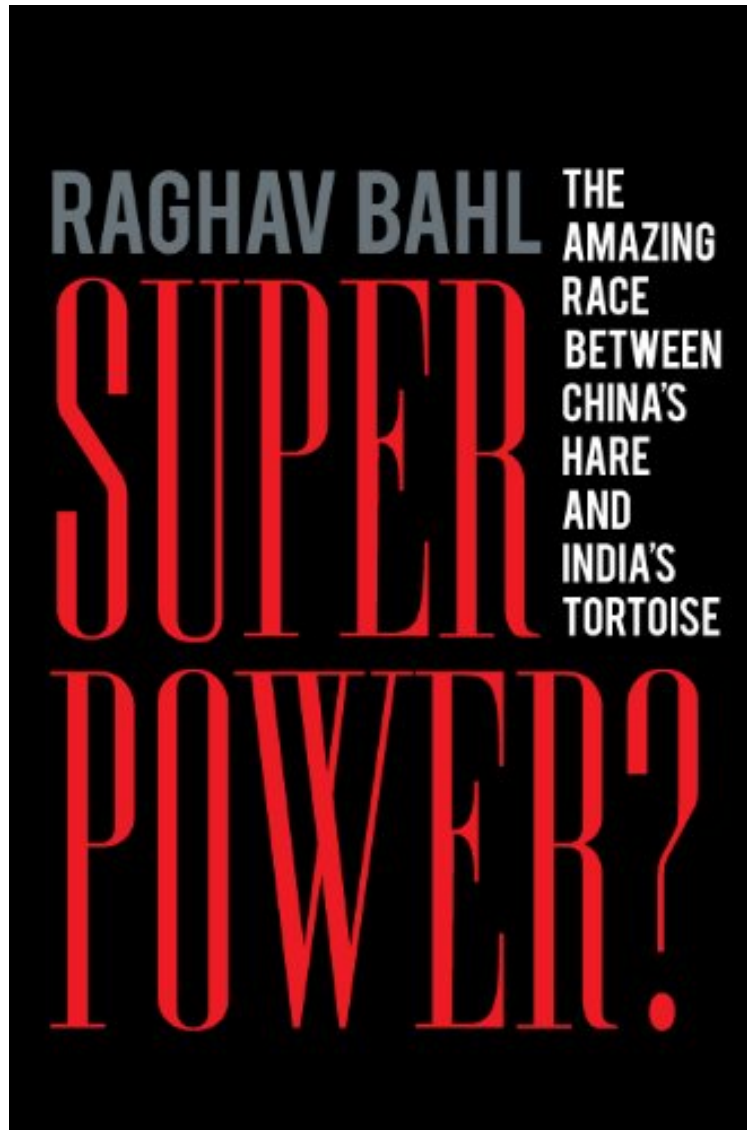


(Ebook pdf) Superpower?: The Amazing Race Between China's Hare and India's Tortoise

# Superpower?: The Amazing Race Between China's Hare and India's Tortoise

*Raghav Bahl*

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**Raghav Bahl : Superpower?: The Amazing Race Between China's Hare and India's Tortoise** before purchasing it in order to gage whether or not it would be worth my time, and all praised Superpower?: The Amazing Race Between China's Hare and India's Tortoise:

8 of 8 people found the following review helpful. gives a perspective on how Indians view themselves in a global contextBy Salem Almudhafi read half of it before it started repeating itself. Overall, a good read that gives a perspective on how Indians view themselves in a global context with a few history lessons on India and China. The

US's relations with either country plays a big part in this book. You do learn a thing or two about these two countries, like how China is using Africa as its source of raw material and to increase consumption to compensate for the lack of its own internal consumption. The moral from this book is that China and India may race each other, but most likely will not replace America as a true superpower due to their own shortcomings. 13 of 15 people found the following review helpful. Good Information -By Loyd Eskildson India and China are two of the most talked about emerging nations; they also are neighbors with one billion-plus populations. Bahl, founder, controlling shareholder, and editor of India's largest TV news and business network, compares the superpower prospects of India and China in "Superpower?" while contrasting their status along a number of dimensions. Both China and India were giants in the 17th and 18th centuries, with China accounting for 28% of the world GDP in 1600 and India another 23%. When China began its reforms in 1978, its economy was smaller than India's. China is now investing nearly half its GDP - no other economy has ever done this, per Bahl. Japan at its peak was only investing 30% of GDP. China is also challenging the axiom that political freedom is required for continual innovation, and using mandated prices of foreign currency. Bahl is a bit skeptical about some of that investment, however, pointing out that China may have added 60 million tons of steel capacity in 2009 when over 150 million tons of capacity went unused the prior year, its excess cement capacity is thought to exceed the combined consumption of the U.S., India, and Japan, and large amounts of new office space are unused. (Other sources provide a partial explanation - that China is replacing older, energy inefficient/highly polluting manufacturing plants.) Other China problems include severe environmental damage, and a high level of bad loans. Bahl also points out that FDI in China is encouraged with triple discounts - cheap land (expropriated from farmers), cheap labor, and cheap currency (also cheap loans). Its service sector contributes just one-third of total GDP. India saves nearly 40% of its GDP, with the bulk coming from households, while the bulk of China's comes from its state-owned enterprises (SOEs). India's SOEs produce less than 10% of total output (China's ten largest firms are SOEs or led by a party official), its rupee currency floats, and it is the youngest large country in the world (half a billion of its population is less than age 25). India borrowed much of its legal structure from England, while Mao repudiated China's existing written legal framework when the Chinese Communist Party (CCP) took over in 1949. Unlike Western societies, Chinese law is not based on inviolable principles - it is more administrative than legislative. Practically everyone takes orders and direction from the central or local CCP. Human rights activists are a targeted species, and local judges' salaries are paid by local officials and required to pass decisions 'beneficial' for the locality. (No wonder corruption is such a problem in China.) Prior to China's reforms, India had a large lead over China in railroad trackage. China has since overcome that lead. In 1951 India had 53,600 km of railroad tracks - increasing just 18% in the next 60 years while China's more than tripled. India's rail passenger fleet is now 10% air-conditioned vs. China's 60%, and its passenger trains average 55 km/hour compared to China's 200-430 km/hour (averaged just 48 km/hour in 1993). Chinese rail employees down to the level of station-master are required to put a deposit at risk, the amount depending on their rank - if financial commitments are not made they lose the deposit, while they can get their deposit doubled by exceeding targets. A major accident leads to forfeiture of the deposits - this contributes to China's railways being one of the world's safest despite also being the busiest. Top rail management in China is organized along the two lines of business - freight, and passenger. India's, on the other hand, is built along functional lines (mechanical, electrical, finance, traffic, etc.), and based mostly on seniority. China Rail also divested itself of 400 hospitals and 900 schools to local governments. Management also hived off train manufacturing into joint ventures with multinationals; it retains research institutes and specialist universities to help it absorb the latest railroad technology. India's railways are further hobbled by four track gauges, using AC in some areas and DC in others, and differing voltages for its electric engine units within the AC category. China handles 14X India's volume of container traffic, is building the world's biggest shipyard near Shanghai in Yangtze delta, and already has 58 shipyards. India is almost a non-existent entity in ship-building. China has 790 gigawatts of electric production, about 5X that of India. Its rice yields are 3X/acre those of India and 2X for wheat. China has also achieved much better road, airport, education, port, and hospital facilities than India. "Superpower's" treatment of how India and China are addressing energy for the future is much too skimpy; however, here China is undoubtedly far ahead of India, thanks to remarkable accomplishments in boosting reliance on renewable sources, improved energy efficiency, shifting to less intensive industries and services, and procuring resources for the future. Bahl also doesn't go into retirement funding. Elsewhere it is reported that China mandates employee (up to 8% of pay) and employer (20%) contributions that are portable, and recently boosted retirement age to 65; retirement funds, except for voluntary supplementary benefit contributions, are administered and invested by the central government (not spent as in the U.S.) in mostly private Chinese and Taiwanese firms. Its retirement plan for rural workers is less generous, still a work in progress. Full funding does not yet exist. (Business China, 11/10/10; Global Times, 1/2/2011). China's primary school science and math teachers must have degrees in those subjects. McKinsey (2005) found only 10% of Chinese graduate applicants to multinationals were qualified - their biggest failings were an inability to speak English, and lack of practical skills for engineering graduates. McKinsey found the same percentage of qualified applicants in India, but there the problem was poor education from its mostly private schools (80% of its engineering, medical, and management schools are privately run). China tried changing to a market-oriented health system after Mao's death. Some services were improved, but

care fragmentation, underfunding, equity and access problems, and soaring costs (40X increase in annual/capital spending on health services from 1978-2002) similar to those in the U.S. also resulted. China now is returning to a more public system with the leading role by public hospitals, and mandatory employer insurance and worker medical savings accounts. Regulated competition, modeled after Russia, may become the model for China. The current Minister of Health (Zhu Chen) is one of the two ministers not members of the CCP. Near the end, Bahl admits that he began the book with the notion that the world underestimates India's strengths - a liberal democracy, constitutional freedoms, entrepreneurial savvy, independent media, youthful citizens, and an evolved judiciary, and instead sees its endless government delays, ineptness (made a mess of Commonwealth Games preparations, vs. China's perfectly executed Olympic Games) and corruption, poor infrastructure, illiteracy, violence, and terrorism (Pakistan, Muslims). Now he instead believes the world has underestimated China's drive, ambition, ability to do w/o democracy, rising incomes, education, health, infrastructure, and economic options (\$2.6 trillion in foreign reserves, \$1.1 trillion in foreign direct investment, large trade surpluses). It appears that private freedoms (property ownership, flexibility in earning money) may prove of greater importance than public ones - free speech and politics. Bahl also believes that China may founder if its ambition morphs into aggression. Bahl now also fears India's democratic strength may be overestimated by the world. Its state is deeply dysfunctional and unambitious (like the U.S.), too isolated and unwilling to learn from the Western world until recently. Without new Indian (and American) leadership, China will win out. China has been succeeding by writing new economic development practice, despite innumerable predictions of its imminent collapse. Bottom-Line: "Superpower?" provides interesting points of comparisons between China and India, as well as some additional insights into some of our own major problems - Social Security, health care, and dysfunctional government. 3 of 3 people found the following review helpful. Incredible balance and insight By Tim Rouse I found this book a page turner, as interesting as a good mystery novel and as valuable as the best non fiction books I have read in the past year. I particularly like the fact that the author proved his own hypothesis wrong , admitted it, and explained most persuasively what is likely to happen. There were times that his tendency to flip from stories about one of the countries to a story about the other was a bit annoying. But overall, I believe he made his points extremely well. Having worked in India the past three years and China the past twelve years, I can say that everything in the book had face validity for me and much of it mirrored personal experiences I have had. I highly recommend this book.

Is India ready for superpower status or too far behind China to ever catch up? In his career as one of India's leading journalists and entrepreneurs, Raghav Bahl has often faced this question, and many others, from bewildered visitors: \* Why are Indian regulations so weak and confusing? \* Why is your foreign investment policy so restrictive? \* How come your hotels are world class, but the roads leading to them are so potholed? \* Why don't you lower your voice when you make fun of your politicians? \* Why do you control the price of oil and cable TV? Clearly there's a huge difference in how India and its arch-rival China work on the ground. China is spectacularly effective in building infrastructure and is now reinvesting almost half its GDP. Meanwhile, India is still a "promising" economy: more than half its GDP is consumed by its billion-plus people, yet India has some unique advantages: Half its population is under twenty-five, giving it a strong demographic edge; 350 million Indians understand English, making it the largest English-speaking country in the world; and it's the world's largest democracy. In the race to superpower status, who is more likely to win: China's hare or India's tortoise? Bahl argues that the winner might not be determined by who is investing more and growing faster today but by something more intangible: who has superior innovative skills and more entrepreneurial savvy. He notes that China and India were both quick to recover from the financial crisis, but China's rebound was accompanied by huge debt and deflation, with weak demand. India's turnaround was sturdier, with lower debt and modest inflation. So India's GDP grew twice as fast as China's for a few quarters-the first time that had happened in nearly three decades. And in contrast to China's Yuan, which is pummeled for being artificially undervalued, India's rupee largely floats against world currencies. In the end, it might come down to one deciding factor: can India fix its governance before China repairs its politics? With insights into the two countries' histories, politics, economies and cultures, this is a well-written, fully documented, comprehensive account of the race to become the next global superpower. For anyone looking to understand China, India and the future of the world economy, this is the book to read.

From Publishers Weekly Bahl, founder and managing director of India's largest TV news network, compares the superpower prospects of India and China in this meticulously researched but unevenly written study. Contrasting their foreign and domestic policies, cultures, and geographies, Bahl measures their potential for economic growth. Though China doubles its economy every eight years and "spends billion every day to develop world class infrastructure," India has its own advantages: it is the world's largest democracy, 350 million of its people speak English, half its population is under 25, and it boasts a "robust judicial system." Furthermore, India impressed the world with its resilience to the global economic crisis, rebounding with modest inflation, while China experienced deflation and a huge debt. But Bahl warns that India's dithering government could obstruct its potential, lamenting its failure to

improve India's crumbling infrastructure while China's "democratic dictatorship" could stymie growth by discouraging innovation. Though the book offers valuable insights into the motivations of the world's two most populous countries, it could have been more tightly edited to eliminate repetition, cliché, and some awkward--occasionally bombastic--phrasing ("India's macroeconomics was beginning to allure"). (Nov.) (c) Copyright copy; Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.

From Booklist While his book's title is posed as a question, Bahl, who credits himself with helping to bring such American media brands as CNBC, CNN, MTV, and Forbes into India, is clearly arguing India's case as a superpower counterpart to its "non-identical twin," China. Bahl openly admires China's white-hot pace of development and its seemingly unlimited financial reserves, but he points to India's resilient democratic institutions, its relatively young population (median age: 25.3), and its fiscal prudence in resisting the economic forces that ultimately devastated so many of the world's economies in September 2008. Bahl's cheerleading for India can wear thin, and he does not address such mitigating issues as India's conflict with Pakistan and the possible environmental damage of a more developed India. Still, his book will clear up a lot of misperceptions about the nature of India's socioeconomic path.

--Alan Moores "A unique and gripping account of the evolving geopolitics and the role of India and China in a transformational shift." -Anand Sharma, Minister of Commerce and Industry, Government of India

"Raghav Bahl's colorful, engaging book does his reader two invaluable services: It moves well beyond conventional wisdom to provide an insider's view of India's political complexities and reveals just how different China and India truly are." -Ian Bremmer, president, Eurasia Group, and author of *The End of the Free Market*

"With great flair and a keen editor's eye, Raghav Bahl tackles the first great question of the twenty-first century--who will lose the race to become the world's next superpower?" -David M. Smick, author of *The World Is Curved: Hidden Dangers to the Global Economy*