PART I

FUSION ECONOMICS:
Burying Ideology, Dumping Theory, and Adopting Pragmatism

Fire in the Lake is the Image of Revolution.
The image is a leopard being transformed into a tiger.
The symbol is to reform the old to the new.
—I Ching (The Book of Changes)

We need pragmatic holistic economics to replace theory and put an end to the dogma of market fundamentalism. It’s time for an economic middle way.

There are two Chinese “takeaways” (a new kind of Group A and Group B). First, there is no one single model to be applied universally. Second, ideologically premised economics is impractical. The fortune cookie message is simple: end the socialist versus capitalist debate, dump the theory, and do what works.

The Chinese government lets the market run its course. When it runs out of control, they rein it in. If fiscal measures, taxes, and interest rates don’t work, they slap on administrative measures, fees, and quotas. They don’t care what you call it, as long as the methods used get a result.

Eyeing the China experiment, other countries across Asia began adopting their own version of this “fusion” economics,
mixing tools of market and central planning, sometimes more, sometimes less. Vietnam, Laos, and Malaysia have been examples of mixed economies. Each did it their own way, based on their own local circumstances. They sought “sequenced,” step-by-step reforms, and did not use “shock.” Brazil, Russia, India, China, and South Africa (BRICS) and the Group of 77 (G77) take China’s approach seriously. They borrow what is useful and discard what is not. They don’t get hung up on ideology or theory.

China, despite all of its problems, demonstrated that an alternative is possible. It unabashedly both used the tools of market and planning and transformed its economy from scarcity to oversupply, from poverty to conspicuous consumption wealth. It also made a lot of mistakes.

Within two decades, China pulled more people out of poverty than any other country in history, and also became the world’s worst polluter. Environmental degradation and the loss of culture and identity (the very roots of a people’s soul) are examples of what can go wrong when there is overreliance on economic growth. Stuffing homes with brands did not bring happiness in China, as it did not bring happiness in America either. In both countries, conspicuous consumption has created greed conundrums and distorted values.

Excessiveness in any form, whether neoliberalism, socialism, or state capitalism, will ultimately work against itself. There is a negative karma effect in any form of extremism—economic or political.

We need an economic middle way, one that is more pragmatic and more holistic. Enter the Tao of fusion economics.