May 29, 2013

**Mark Steyn** cares to post on London's barbarians.
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*As grotesque as this act of savagery was, the aftermath was even more unsettling. The perpetrators did not, as the Tsarnaev brothers did in Boston, attempt to escape. Instead, they held court in the street, gloating over their trophy, and flagged down a London bus to demand the passengers record their triumph on film. As the crowd of bystanders swelled, the remarkably urbane savages posed for photographs with the remains of their victim while discoursing on the iniquities of Britain toward the Muslim world. Having killed Drummer Rigby, they were killing time: it took 20 minutes for the somnolent British constabulary to show up. And so television viewers were treated to the spectacle of a young man, speaking in the vowels of south London, chatting calmly with his "fellow Britons" about his geopolitical grievances and apologizing to the ladies present for any discomfort his beheading of Drummer Rigby might have caused them, all while drenched in blood and still wielding his cleaver.*

*If you're thinking of getting steamed over all that, don't. Simon Jenkins, the former editor of The Times of London, cautioned against "mass hysteria" over "mundane acts of violence."*

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**Ayaan Hirsi Ali** too.
*I've seen this before. A Muslim terrorist slays a non-Muslim citizen in the West, and representatives of the Muslim community rush to dissociate themselves and their faith from the horror. After British soldier Lee Rigby was hacked to death last week in Woolwich in south London, Julie Siddiqi, representing the Islamic Society of Britain, quickly stepped before the microphones to attest that all good Muslims were "sickened" by the attack, "just like everyone else."*

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*Bakri also told the press: "The Prophet said an infidel and his killer will not meet in Hell. That's a beautiful saying. May God reward [Adebolajo] for his actions . . . I don't see it as a crime as far as Islam is concerned."*

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**Bret Stephens** interviews a Chinese fan of Frederick Hayek.

*In the spring of 1959, Yang Jisheng, then an 18-year-old scholarship student at a boarding school in China's Hubei Province, got an unexpected visit from a childhood friend. "Your father is starving to death!" the friend told him. "Hurry back, and take some rice if you can."*

*Granted leave from his school, Mr. Yang rushed to his family farm. "The elm tree in front of our house had been reduced to a barkless trunk," he recalled, "and even its roots had been dug up." Entering his home, he found his father "half-reclined on his bed, his eyes sunken and lifeless, his face gaunt, the skin creased and flaccid . . . I was shocked with the realization that the term skin and bones referred to something so horrible and cruel."*

*Mr. Yang's father would die within three days. Yet it would take years before Mr. Yang learned that what happened to his father was not an isolated incident. He was one of the 36 million Chinese who succumbed to famine between 1958 and 1962.*

*It would take years more for him to realize that the source of all the suffering was not nature: There were no major droughts or floods in China in the famine years. Rather, the cause was man, and one man in particular: Mao Zedong, the Great Helmsman, whose visage still stares down on Beijing's Tiananmen Square from atop the gates of the Forbidden City.*

*Mr. Yang went on to make his career, first as a journalist and senior editor with the Xinhua News Agency, then as a historian whose unflinching scholarship has brought him into increasing conflict with the Communist Party—of which he nonetheless remains a member. Now 72 and a resident of Beijing, he's in New York this month to receive the Manhattan Institute's Hayek Prize for "Tombstone," his painstakingly researched, definitive history of the famine. On a visit to the Journal's headquarters, his affinity for the prize's namesake becomes clear.*

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*everyone else. Only in 1997 was a redacted translation made publicly available, complete with an editor's preface denouncing Hayek as "not in line with the facts," and "conceptually mixed up." ...*

**The Economist** celebrates the shipping container.

*THE humble shipping container is a powerful antidote to economic pessimism and fears of slowing innovation. Although only a simple metal box, it has transformed global trade. In fact, new research suggests that the container has been more of a driver of globalisation than all trade agreements in the past 50 years taken together.*

*Containerisation is a testament to the power of process innovation. In the 1950s the world's ports still did business much as they had for centuries. When ships moored, hordes of longshoremen unloaded "break bulk" cargo crammed into the hold. They then squeezed outbound cargo in as efficiently as possible in a game of maritime Tetris. The process was expensive and slow; most ships spent much more time tied up than plying the seas. And theft was rampant: a dock worker was said to earn "$20 a day and all the Scotch you could carry home.*

*Containerisation changed everything. It was the brainchild of Malcom McLean, an American trucking magnate. He reckoned that big savings could be had by packing goods in uniform containers that could easily be moved between lorry and ship. When he tallied the costs from the inaugural journey of his first prototype container ship in 1956, he found that they came in at just $0.16 per tonne to load—compared with $5.83 per tonne for loose cargo on a standard ship. Containerisation quickly conquered the world: between 1966 and 1983 the share of countries with container ports rose from about 1% to nearly 90%, coinciding with a take-off in global trade (see chart). ...*

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## Jewish World Review

## Bystanders in their own fate

by Mark Steyn

On Wednesday, Drummer Lee Rigby of the Royal Regiment of Fusiliers, a man who had served Queen and country honorably in the hell of Helmand Province in Afghanistan, emerged from his barracks on Wellington Street, named after the Duke thereof, in southeast London. Minutes later, he was hacked to death in broad daylight and in full view of onlookers by two men with machetes who crowed "Allahu Akbar!" as they dumped his carcass in the middle of the street like so much roadkill.

As grotesque as this act of savagery was, the aftermath was even more unsettling. The perpetrators did not, as the Tsarnaev brothers did in Boston, attempt to escape. Instead, they held court in the street, gloating over their trophy, and flagged down a London bus to demand the passengers record their triumph on film. As the crowd of bystanders swelled, the remarkably urbane savages posed for photographs with the remains of their victim while discoursing on the iniquities of Britain toward the Muslim world. Having killed Drummer Rigby, they were killing time: it took 20 minutes for the somnolent British constabulary to show up. And so television viewers were treated to the spectacle of a young man, speaking in the vowels of south London, chatting calmly with his "fellow Britons" about his geopolitical grievances and apologizing to the ladies present for any discomfort his beheading of Drummer Rigby might have caused them, all while drenched in blood and still wielding his cleaver.

If you're thinking of getting steamed over all that, don't. Simon Jenkins, the former editor of The Times of London, cautioned against "mass hysteria" over "mundane acts of violence."

That's easy for him to say. Woolwich is an unfashionable part of town, and Sir Simon is unlikely to find himself there on an afternoon stroll. Drummer Rigby had less choice in the matter. Being jumped by barbarians with machetes is certainly "mundane" in Somalia and Sudan, but it's the sort of thing that would once have been considered somewhat unusual on a sunny afternoon in south London – at least as unusual as, say, blowing up 8-year-old boys at the Boston Marathon. It was "mundane" only in the sense that, as at weddings and kindergarten concerts, the reflexive reaction of everybody present was to get out their cellphones and start filming.

Once, long ago, I was in an altercation where someone pulled a switchblade, and ever since have been mindful of Jimmy Hoffa's observation that he'd rather jump a gun than a knife. Nevertheless, there is a disturbing passivity to this scene: a street full of able-bodied citizens being lectured to by blood-soaked murderers who have no fear that anyone will be minded to interrupt their diatribes. In fairness to the people of Boston, they were ordered to "shelter in place" by the Governor of Massachusetts. In Woolwich, a large crowd of Londoners apparently volunteered to "shelter in place," instinctively. Consider how that will play when these guys' jihadist snuff video is being hawked around the bazaars of the Muslim world. Behold the infidels, content to be bystanders in their own fate.

This passivity set the tone for what followed. In London as in Boston, the politico-media class immediately lapsed into the pneumatic multiculti Tourette's that seems to be a chronic side-effect of excess diversity-celebrating: No Islam to see here, nothing to do with Islam, all these body parts in the street are a deplorable misinterpretation of Islam. The BBC's Nick Robinson accidentally described the men as being "of Muslim appearance," but quickly walked it back lest impressionable types get the idea that there's anything "of Muslim appearance" about a guy waving a machete and saying "Allahu Akbar." A man is on TV, dripping blood in front of a dead British soldier and swearing "by Almighty Allah we will never stop fighting you," yet it's the BBC reporter who's apologizing for "causing offence." To David Cameron, Drummer Rigby's horrific end was "not just an attack on Britain and on the British way of life, it was also a betrayal of Islam. ... There is nothing in Islam that justifies this truly dreadful act."

How does he know? He doesn't seem the most-likely Koranic scholar. Appearing on David Letterman's show a while back, Cameron was unable to translate into English the words "Magna Carta," which has quite a bit to do with that "British way of life" he's so keen on. But apparently it's because he's been up to his neck in suras and hadiths every night, sweating for Shariah 101. So has Scotland Yard's Deputy Assistant Commissioner, Brian Paddick, who reassured us after the London Tube bombings that "Islam and terrorism don't go together," and the Mayor of Toronto, David Miller, telling NPR listeners after 19 Muslims were arrested for plotting to behead the Canadian Prime Minister: "You know, in Islam, if you kill one person you kill everybody," he said in a somewhat loose paraphrase of Koran 5:32 that manages to leave out some important loopholes. "It's a very peaceful religion."

That's why it fits so harmoniously into famously peaceful societies like, say, Sweden. For the past week, Stockholm has been ablaze every night with hundreds of burning cars set alight by "youths." Any particular kind of "youth"? The Swedish Prime Minister declined to identify them any more precisely than as "hooligans." But don't worry: The "hooligans" and "youths" and men of no Muslim appearance whatsoever can never win because, as David Cameron ringingly declared, "they can never beat the values we hold dear, the belief in freedom, in democracy, in free speech, in our British values, Western values." Actually, they've already gone quite a way toward eroding free speech, as both Prime Ministers demonstrate. The short version of what happened in Woolwich is that two Muslims butchered a British soldier in the name of Islam and helpfully explained, "The only reason we have done this is because Muslims are dying every day." But what do they know? They're only Muslims, not Diversity Outreach Coordinators. So the BBC, in its so-called "Key Points," declined to mention the "Allahu Akbar" bit or the "I-word" at all: Allah who?

Not a lot of Muslims want to go to the trouble of chopping your head off, but when so many Western leaders have so little rattling around up there, they don't have to. And, as we know from the sob-sister Tsarnaev profiles, most of these excitable lads are perfectly affable, or at least no more than mildly alienated, until the day they set a hundred cars alight, or blow up a schoolboy, or decapitate some guy. And, if you're lucky, it's not you they behead, or your kid they kill, or even your Honda Civic they light up. And so life goes on, and it's all so "mundane," in Simon Jenkins' word, that you barely notice when the Jewish school shuts up, and the gay bar, and the uncovered women no longer take a stroll too late in the day, and the publishing house that gets sent the manuscript for the next "Satanic Verses" decides it's not worth the trouble. But don't worry, they'll never defeat our "free speech" and our "way of life."

One in 10 Britons under 25 now is Muslim. That number will increase, through immigration, disparate birth rates, and conversions like those of the Woolwich killers, British born and bred. Metternich liked to say the Balkans began in the Landstrasse, in south-east Vienna. Today, the dar al-Islam begins in Wellington Street, in southeast London. That's a "betrayal" all right, but not of Islam.

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**WSJ**

## The Problem of Muslim Leadership

***Another Islamist terror attack, another round of assurances that it had nothing to do with the religion of peace***

by Ayaan Hirsi Ali.

I've seen this before. A Muslim terrorist slays a non-Muslim citizen in the West, and representatives of the Muslim community rush to dissociate themselves and their faith from the horror. After British soldier Lee Rigby was hacked to death last week in Woolwich in south London, Julie Siddiqi, representing the Islamic Society of Britain, quickly stepped before the microphones to attest that all good Muslims were "sickened" by the attack, "just like everyone else."

This happens every time. Muslim men wearing suits and ties, or women wearing stylish headscarves, are sent out to reassure the world that these attacks have no place in real Islam, that they are aberrations and corruptions of the true faith.

But then what to make of Omar Bakri? He too claims to speak for the true faith, though he was unavailable for cameras in England last week because the Islamist group he founded, Al-Muhajiroun, was banned in Britain in 2010. Instead, he talked to the media from Tripoli in northern Lebanon, where he now lives. Michael Adebolajo—the accused Woolwich killer who was seen on a video at the scene of the murder, talking to the camera while displaying his bloody hands and a meat cleaver—was Bakri's student a decade ago, before his group was banned. "A quiet man, very shy, asking lots of questions about Islam," Bakri recalled last week. The teacher was impressed to see in the grisly video how far his shy disciple had come, "standing firm, courageous, brave. Not running away."

Bakri also told the press: "The Prophet said an infidel and his killer will not meet in Hell. That's a beautiful saying. May God reward [Adebolajo] for his actions . . . I don't see it as a crime as far as Islam is concerned."

The question requiring an answer at this moment in history is clear: Which group of leaders really speaks for Islam? The officially approved spokesmen for the "Muslim community"? Or the manic street preachers of political Islam, who indoctrinate, encourage and train the killers—and then bless their bloodshed?

In America, too, the question is pressing. Who speaks for Islam? The Council on American-Islamic Relations, America's largest Muslim civil-liberties advocacy organization? Or one of the many Web-based jihadists who have stepped in to take the place of the late Anwar al-Awlaki, the American-born al Qaeda recruiter?

Some refuse even to admit that this is the question on everyone's mind. Amazingly, given the litany of Islamist attacks—from the 9/11 nightmare in America and the London bombings of July 7, 2005, to the slayings at Fort Hood in Texas in 2009, at the Boston Marathon last month and now Woolwich—some continue to deny any link between Islam and terrorism. This week, BBC political editor Nick Robinson had to apologize for saying on the air, as the news in Woolwich broke, that the men who murdered Lee Rigby were "of Muslim appearance."

Memo to the BBC: The killers were shouting "Allahu akbar" as they struck. Yet when complaints rained down on the BBC about Mr. Robinson's word choice, he felt obliged to atone. One can only wonder at people who can be so exquisitely sensitive in protecting Islam's reputation yet so utterly desensitized to a hideous murder explicitly committed in the name of Islam.

In the wake of the Boston Marathon bombing and the Woolwich murder, it was good to hear expressions of horror and sympathy from Islamic spokesmen, but something more is desperately required: genuine recognition of the problem with Islam.

Muslim leaders should ask themselves what exactly their relationship is to a political movement that encourages young men to kill and maim on religious grounds. Think of the Tsarnaev brothers and the way they justified the mayhem they caused in Boston. Ponder carefully the words last week of Michael Adebolajo, his hands splashed with blood: "We swear by almighty

Allah we will never stop fighting you. The only reason we have done this is because Muslims are dying every day."

My friend, the Dutch filmmaker Theo van Gogh, was murdered in 2004 for having been insufficiently reverent toward Islam. In the courtroom, the killer looked at Theo's mother and said to her: "I must confess honestly that I do not empathize with you. I do not feel your pain. . . . I cannot empathize with you because you are an unbeliever."

And yet, after nearly a decade of similar rhetoric from Islamists around the world, last week the Guardian newspaper could still run a headline quoting a Muslim Londoner: "These poor idiots have nothing to do with Islam." Really? Nothing?

Of course, the overwhelming majority of Muslims are not terrorists or sympathetic to terrorists. Equating all Muslims with terrorism is stupid and wrong. But acknowledging that there is a link between Islam and terror is appropriate and necessary.

On both sides of the Atlantic, politicians, academics and the media have shown incredible patience as the drumbeat of Islamist terror attacks continues. When President Obama gave his first statement about the Boston bombings, he didn't mention Islam at all. This week, Prime Minister David Cameron and London Mayor Boris Johnson have repeated the reassuring statements of the Muslim leaders to the effect that Lee Rigby's murder has nothing to do with Islam.

But many ordinary people hear such statements and scratch their heads in bewilderment. A murderer kills a young father while yelling "Allahu akbar" and it's got *nothing* to do with Islam?

I don't blame Western leaders. They are doing their best to keep the lid on what could become a meltdown of trust between majority populations and Muslim minority communities.

But I do blame Muslim leaders. It is time they came up with more credible talking points. Their communities have a serious problem. Young people, some of whom are not born into the faith, are being fired up by preachers using basic Islamic scripture and mobilized to wage jihad by radical imams who represent themselves as legitimate Muslim clergymen.

I wonder what would happen if Muslim leaders like Julie Siddiqi started a public and persistent campaign to discredit these Islamist advocates of mayhem and murder. Not just uttering the usual laments after another horrifying attack, but making a constant, high-profile effort to show the world that the preachers of hate are illegitimate. After the next zealot has killed the next victim of political Islam, claims about the "religion of peace" would ring truer.

*Ms. Hirsi Ali is the author of "Nomad: My Journey from Islam to America" (Free Press, 2010). She is a fellow at the Belfer Center of Harvard's Kennedy School and a visiting fellow at the American Enterprise Institute.*

**WSJ**

# Reading Hayek in Beijing

## *A chronicler of Mao's depredations finds much to worry about in modern China.*

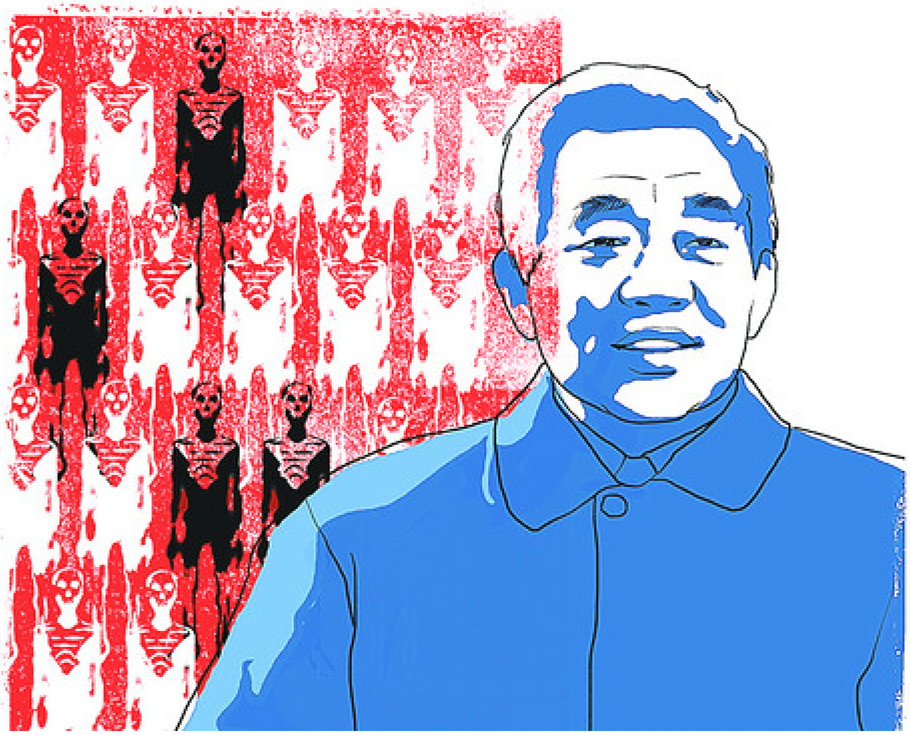
Yang Jisheng by Bret Stephens

In the spring of 1959, Yang Jisheng, then an 18-year-old scholarship student at a boarding school in China's Hubei Province, got an unexpected visit from a childhood friend. "Your father is starving to death!" the friend told him. "Hurry back, and take some rice if you can."

Granted leave from his school, Mr. Yang rushed to his family farm. "The elm tree in front of our house had been reduced to a barkless trunk," he recalled, "and even its roots had been dug up." Entering his home, he found his father "half-reclined on his bed, his eyes sunken and lifeless, his face gaunt, the skin creased and flaccid . . . I was shocked with the realization that the term *skin and bones* referred to something so horrible and cruel."

Mr. Yang's father would die within three days. Yet it would take years before Mr. Yang learned that what happened to his father was not an isolated incident. He was one of the 36 *million* Chinese who succumbed to famine between 1958 and 1962.

It would take years more for him to realize that the source of all the suffering was not nature: There were no major droughts or floods in China in the famine years. Rather, the cause was man, and one man in particular: Mao Zedong, the Great Helmsman, whose visage still stares down on Beijing's Tiananmen Square from atop the gates of the Forbidden City.



*Yang Jisheng*

Mr. Yang went on to make his career, first as a journalist and senior editor with the Xinhua News Agency, then as a historian whose unflinching scholarship has brought him into increasing conflict with the Communist Party—of which he nonetheless remains a member. Now 72 and a resident of Beijing, he's in New York this month to receive the Manhattan Institute's Hayek Prize for "Tombstone," his painstakingly researched, definitive history of the famine. On a visit to the Journal's headquarters, his affinity for the prize's namesake becomes clear.

"This book had a huge impact on me," he says, holding up his dog-eared Chinese translation of Friedrich Hayek's "The Road to Serfdom." Hayek's book, he explains, was originally translated into Chinese in 1962 as "an 'internal reference' for top leaders," meaning it was forbidden fruit to everyone else. Only in 1997 was a redacted translation made publicly available, complete with an editor's preface denouncing Hayek as "not in line with the facts," and "conceptually mixed up."

Mr. Yang quickly saw that in Hayek's warnings about the dangers of economic centralization lay both the ultimate explanation for the tragedies of his youth—and the predicaments of China's present. "In a country where the sole employer is the state," Hayek had observed, "opposition means death by slow starvation."

So it was in 1958 as Mao initiated his Great Leap Forward, demanding huge increases in grain and steel production. Peasants were forced to work intolerable hours to meet impossible grain quotas, often employing disastrous agricultural methods inspired by the quack Soviet agronomist Trofim Lysenko. The grain that was produced was shipped to the cities, and even exported abroad, with no allowances made to feed the peasants adequately. Starving peasants were prevented from fleeing their districts to find food. Cannibalism, including parents eating their own children, became commonplace.

"Mao's powers expanded from the people's minds to their stomachs," Mr. Yang says. "Whatever the Chinese people's brains were thinking and what their stomachs were receiving were all under the control of Mao. . . . His powers extended to every inch of the field, and every factory, every workroom of a factory, every family in China."

All the while, sympathetic Western journalists—America's Edgar Snow and Britain's Felix Greene in particular—were invited on carefully orchestrated tours so they could "refute" rumors of mass starvation. To this day, few people realize that Mao's forced famine was the single greatest atrocity of the 20th century, exceeding by orders of magnitude the Rwandan genocide, the Cambodian Killing Fields and the Holocaust.

The power of Mr. Yang's book lies in its hauntingly precise descriptions of the cruelty of party officials, the suffering of the peasants, the pervasive dread of being called "a right deviationist" for telling the truth that quotas weren't being met and that millions were being starved to death, and the toadyism of Mao lieutenants.

Yet the book is more than a history of a uniquely cruel regime at a receding moment in time. It is also a warning of what lies at the end of the road for nations that substitute individualism with any form of collectivism, no matter what the motives. Which brings Mr. Yang to the present day.

"China's economy is not what [Party leaders] claim as the 'socialist-market economy,' " he says. "It's a 'power-market' economy."

What does that mean?

"It means the market is controlled by the power. . . . For example, the land: Any permit to enter any sector, to do any business has to be approved by the government. Even local government, down to the county level. So every county operates like an enterprise, a company. The party secretary of the county is the CEO, the president."

Put another way, the conventional notion that the modern Chinese system combines political authoritarianism with economic liberalism is mistaken: A more accurate description of the recipe is dictatorship and cronyism, with the results showing up in rampant corruption, environmental degradation and wide inequalities between the politically well-connected and everyone else. "There are two major forms of hatred" in China today, Mr. Yang explains. "Hatred toward the rich; hatred toward the powerful, the officials." As often as not they are one and the same.

Yet isn't China a vastly freer place than it was in the days of Mr. Yang's youth? He allows that the party's top priority in the post-Mao era has been to improve the lot of the peasantry, "to deal with how to fill the stomach."

He also acknowledges that there's more intellectual freedom. "I would have been executed if I had this book published 40 years ago," he notes. "I would have been imprisoned if this book was out 30 years ago. Now the result is that I'm not allowed to get any articles published in the mainstream media." The Chinese-language version of "Tombstone" was published in Hong Kong but is banned on the mainland.

There is, of course, a rational reason why the regime tolerates Mr. Yang. To survive, the regime needs to censor vast amounts of information—what Mr. Yang calls "the ruling technique" of Chinese leaders across the centuries. Yet censorship isn't enough: It also needs a certain number of people who understand the full truth about the Maoist system so that the party will never repeat its mistakes, even as it keeps the cult of Mao alive in order to preserve its political legitimacy. That's especially true today as China is being swept by a wave of Maoist nostalgia among people who, Mr. Yang says, "abstract Mao as this symbol of social justice," and then use that abstraction to criticize the current regime.

"Ten million workers get laid off in the state-owned enterprise reforms," he explains. "So many people are dissatisfied with the reforms. Then they become nostalgic and think the Mao era was much better. Because they never experienced the Mao era!" One of the leaders of that revival, incidentally, was Bo Xilai, the powerful former Chongqing party chief, brought down in a murder scandal last year.

But there's a more sinister reason why Mr. Yang is tolerated. Put simply, the regime needs some people to have a degree of intellectual freedom, in order to more perfectly maintain its dictatorship over everyone else.

"Once I gave a lecture to leaders at a government bureau," Mr. Yang recalls. "I told them it's a dangerous job, you guys, being officials, because you have too much power. I said you guys have to be careful because those who want approval from you to get certain land and projects, who bribe you, these are like bullets, ammunition, coated in sugar, to fire at you. So today you may be a top official, tomorrow you may be a prisoner."

How did the officials react to that one?

"They said, 'Professor Yang, what you said, we should pay attention.' "

So they should. As Hayek wrote in his famous essay on "The Use of Knowledge in a Society," the fundamental problem of any planned system is that "knowledge of circumstances of which we must make use never exists in concentrated or integrated form but solely as the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess."

The Great Leap Forward was an extreme example of what happens when a coercive state, operating on the conceit of perfect knowledge, attempts to achieve some end. Even today the regime seems to think it's possible to know everything—one reason they devote so many resources to monitoring domestic websites and hacking into the servers of Western companies. But the problem of incomplete knowledge can't be solved in an authoritarian system that refuses to cede power to the separate people who possess that knowledge.

"For the last 20 years, the Chinese government has been saying they have to change the growth mode of the economy," Mr. Yang notes. "So they've been saying, rather than just merely expanding the economy they should do internal changes, meaning more value-added services and high tech. They've been shouting such slogans for 20 years, and not many results. Why haven't we seen many changes? Because it's the problem that lies in the very system, because it's a power-market economy. . . . If the politics isn't changed, the growth mode cannot be changed."

That suggests China will never become a mature power until it becomes a democratic one. As to whether that will happen anytime soon, Mr. Yang seems doubtful: The one opinion widely shared by rulers and ruled alike in China is that without the Communist Party's leadership, "China will be thrown into chaos."

Still, Mr. Yang hardly seems to have given up hope that he can play a role in raising his country's prospects. In particular, he's keen to reclaim two ideas at risk of being lost in today's China.

The first is the meaning of rights. A saying attributed to the philosopher Lao Tzu, he says, has it that a ruler should fill the people's stomachs and empty their heads. The gambit of China's current rulers is that they can stay in power forever by applying that maxim. Mr. Yang hopes they're wrong.

"People have more needs than just eating!" he insists. "In China, human rights means the right to survive, and I argue with these people. This is not human rights, it's animal rights. People have all sorts of needs. Spiritual needs, the need to be free, the freedoms."

The second is the obligation of memory. China today is a country galloping into a century many people believe it will define, one way or the other. Yet the past, Mr. Yang insists, also has its claims.

"If a people cannot face their history, these people won't have a future. That was one of the purposes for me to write this book. I wrote a lot of hard facts, tragedies. I wanted people to learn a lesson, so we can be far away from the darkness, far away from tragedies, and won't repeat them."

Hayek would have understood both points well.

*Mr. Stephens writes "Global View," the Journal's foreign-affairs column*

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**The Economist**

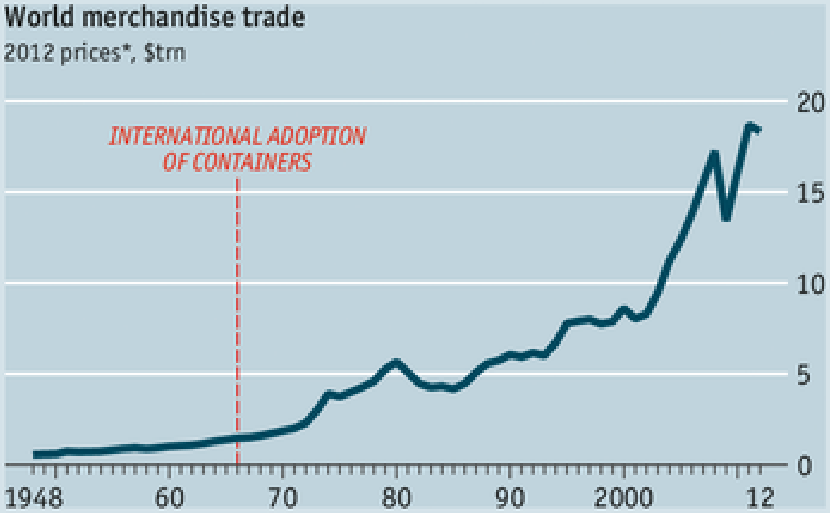
# The humble hero

## *Containers have been more important for globalisation than freer trade*

THE humble shipping container is a powerful antidote to economic pessimism and fears of slowing innovation. Although only a simple metal box, it has transformed global trade. In fact, new research suggests that the container has been more of a driver of globalisation than all trade agreements in the past 50 years taken together.

Containerisation is a testament to the power of process innovation. In the 1950s the world's ports still did business much as they had for centuries. When ships moored, hordes of longshoremen unloaded "break bulk" cargo crammed into the hold. They then squeezed outbound cargo in as efficiently as possible in a game of maritime Tetris. The process was expensive and slow; most ships spent much more time tied up than plying the seas. And theft was rampant: a dock worker was said to earn "$20 a day and all the Scotch you could carry home."

**Thinking inside the box**



**Ports worldwide**

| | 1965 | 1970 |
|---|---|---|
| Port labour productivity, tonnes per hour | 1.7 | 30.0 |
| Average ship size, tonnes | 8.4 | 19.7 |
| Number of loading ports in Europe | 11 | 3 |
| Insurance costs†, £ per tonne | 0.24 | 0.04 |
| Value of goods in transit‡, £ per tonne | 2 | 1 |

Sources: World Trade Organisation; US Bureau of Labour Statistics; Daniel Bernhofen *et al*; *The Economist*

*Deflated by US consumer prices †Australia to Europe ‡Hamburg to Sydney

Containerisation changed everything. It was the brainchild of Malcom McLean, an American trucking magnate. He reckoned that big savings could be had by packing goods in uniform containers that could easily be moved between lorry and ship. When he tallied the costs from the inaugural journey of his first prototype container ship in 1956, he found that they came in at just $0.16 per tonne to load—compared with $5.83 per tonne for loose cargo on a standard ship. Containerisation quickly conquered the world: between 1966 and 1983 the share of countries with container ports rose from about 1% to nearly 90%, coinciding with a take-off in global trade (see chart).

The container's transformative power seems obvious, but it is "impossible to quantify", in the words of Marc Levinson, author of a history of "the box" (and a former journalist at *The Economist*). Indeed, containerisation could merely have been a response to tumbling tariffs. It coincided with radical reductions in global trade barriers, the result of European integration and the work of the General Agreement on Tariffs and Trade (GATT), the predecessor of the World Trade Organisation (WTO).

Yet a new paper aims to separate one effect from the other. Zouheir El-Sahli, of Lund University, and Daniel Bernhofen and Richard Kneller, of the University of Nottingham, looked at 157 countries from 1962 to 1990. They created a set of variables which "switch on" when a country or pair of trading partners starts using containers via ship or rail (landlocked economies, such as Austria, often joined the container age by moving containers via rail to ports in neighbouring countries, such as Hamburg in Germany). The researchers then estimated the effect of these variables on trade.

The results are striking. In a set of 22 industrialised countries containerisation explains a 320% rise in bilateral trade over the first five years after adoption and 790% over 20 years. By comparison, a bilateral free-trade agreement raises trade by 45% over 20 years and GATT membership adds 285%.

To tackle the sticky question of what is causing what, the authors check whether their variables can predict trade flows in years before container shipping is actually adopted. (If the fact that a country eventually adopts containers predicts growth in its trade in years before that adoption actually occurred, that would be evidence that the “container” jump in trade was actually down to some other pre-existing trend.) But they do not, the authors say, providing strong evidence that containerisation caused the estimated surge in trade.

What explains the outsize effect of containers? Reduced costs alone cannot. Though containers brought some early savings, shipping rates did not drop very much after their introduction. In a 2007 paper David Hummels, an economist at Purdue University, found that ocean-shipping charges varied little from 1952 to 1970—and then rose with the cost of oil.

## Put them in a container

More important than costs are knock-on effects on efficiency. In 1965 dock labour could move only 1.7 tonnes per hour onto a cargo ship; five years later a container crew could load 30 tonnes per hour (see table). This allowed freight lines to use bigger ships and still slash the time spent in port. The journey time from door to door fell by half and became more consistent. The container also upended a rigid labour force. Falling labour demand reduced dockworkers’ bargaining power and cut the number of strikes. And because containers could be packed and sealed at the factory, losses to theft (and insurance rates) plummeted.

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Over time all this reshaped global trade. Ports became bigger and their number smaller. More types of goods could be traded economically. Speed and reliability of shipping enabled just-in-time production, which in turn allowed firms to grow leaner and more responsive to markets as even distant suppliers could now provide wares quickly and on schedule. International supply chains also grew more intricate and inclusive. This helped accelerate industrialisation in emerging economies such as China, according to Richard Baldwin, an economist at the Graduate Institute of Geneva. Trade links enabled developing economies simply to join existing supply chains rather than build an entire industry from the ground up. But for those connections, the Chinese miracle might have been much less miraculous.

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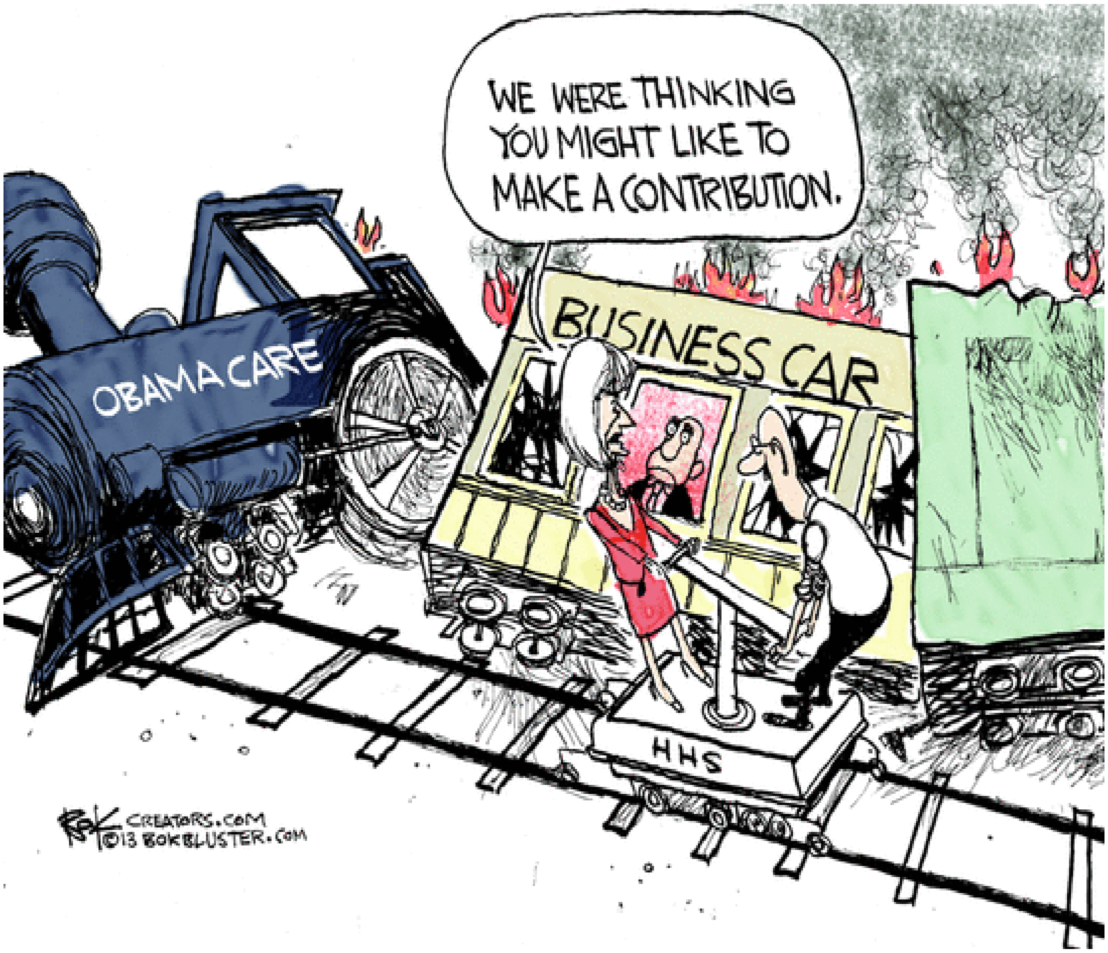
Not only has the container been more important than past trade negotiations—its lessons ought also to focus minds at future talks. When governments meet at the WTO’s December conference in Bali they should make a special effort in what is called “trade facilitation”—efforts to boost efficiency at customs through regulatory harmonisation and better infrastructure. By some estimates, a 50% improvement in these areas could mean benefits as big as the elimination of all remaining tariffs. This would not be a glamorous outcome, but the big ones seldom are.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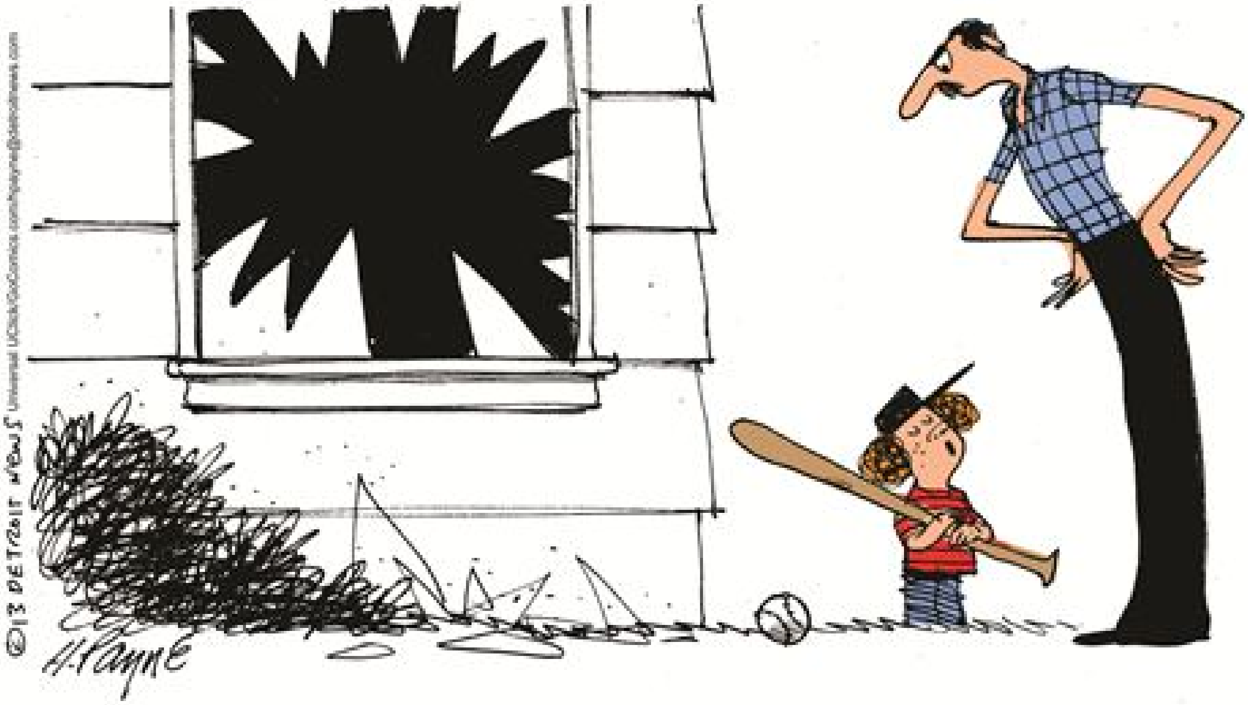
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*"I've done nothing wrong. I take the Fifth."*