

[HARDCOVER: UK]

Krugman returns to another fine economic mess

Updated and revamped, the columnist's latest offering apportions blame for the world's economic woes

BY ROSS KERBER
NY TIMES NEWS SERVICE, BOSTON

Columnist and academic Paul Krugman is God of All Economic Thought in some Democratic literary and political circles. This midsize volume shows why. Krugman's facility both with arcane details and with vast unified explanations boils down complexity so much that the reader often wonders: Why didn't I see it that way myself?

Krugman's influence as a star *New York Times* columnist and Princeton professor was well established even before he won the Nobel Prize in economics in October. The award was recognition of his earlier work on imports and exports.

Krugman's appeal lies in his gift at poking holes in economic cant and ideological explanations that don't fit real-world developments. Even though Krugman has been among the Bush administration's toughest critics in his column, little of his latest volume is concerned with how the administration handled the economy during the past decade.

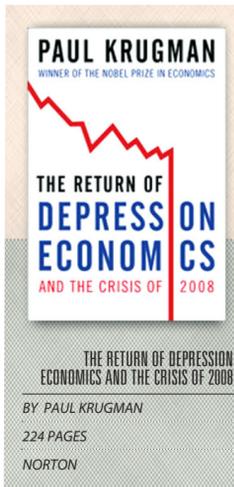
Instead, much of this updated book is a retreat of his 1999 work *The Return of Depression Economics*, a review of the lessons learned from the surprise crises that struck developing economies in the 1990s. Krugman has updated many of these pages and added three new chapters and a conclusion. But all focus on a central theme: that in their policy responses, officials often got through by getting lucky.

Surprisingly it is the redone older chapters that seem freshest — perhaps because the recent rush of events make the new pages seem like today's conventional wisdom.

The first new chapter is a review of the tenure of Federal Reserve chairman Alan Greenspan from 1987 to 2006. Though he won wide plaudits during his time, Krugman calls Greenspan's reign overrated and accuses him of coasting on the unpopular but necessary decisions of his predecessor, Paul Volcker, to raise interest rates that finally beat inflation. Greenspan didn't act quickly enough to stem the asset bubbles that formed first in technology stocks and then in housing prices, Krugman argues.

The bigger cause of the current situation is described in the next new chapter, on the rise of what he describes as a shadow banking system that grew up outside the institutions regulated by the Federal Reserve and other agencies. Instruments like auction-rate securities grew popular for paying higher interest rates than customers could get at standard banks, only to

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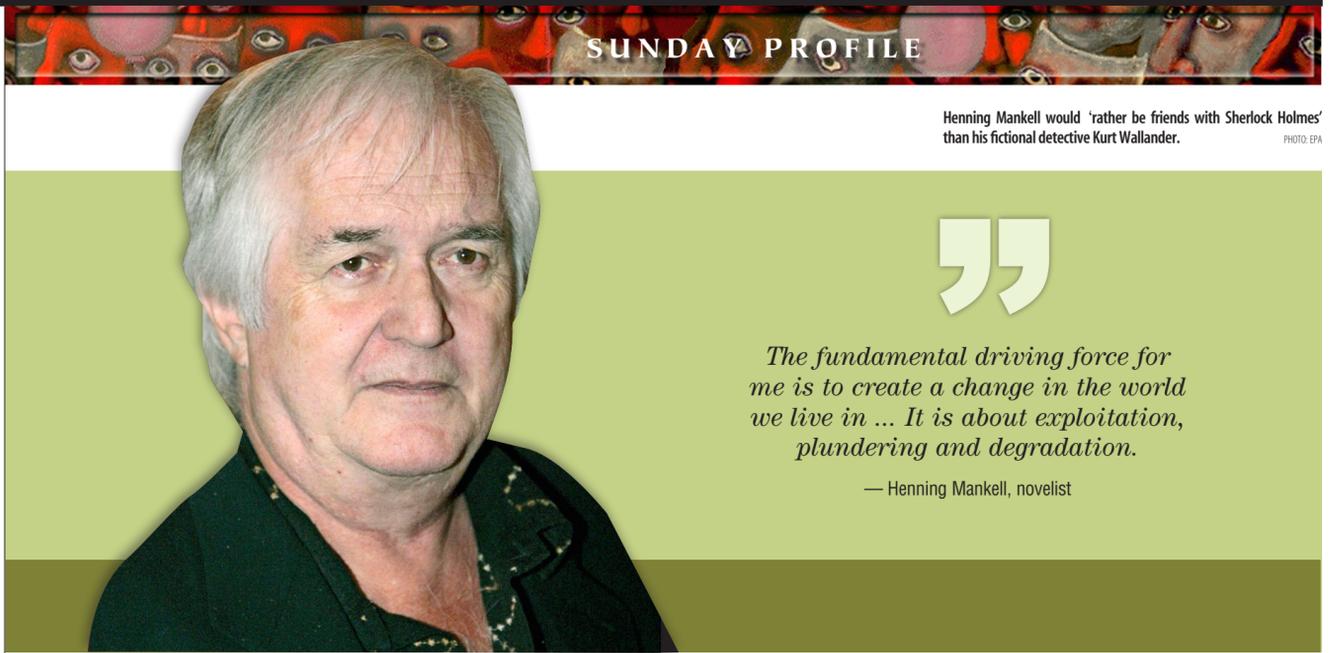


freeze up when new investors lost confidence in the system. Toward the end he takes a poke at US President George W. Bush's administration for its pride in attacking banking regulations precisely when they were most needed. Here's a moment where Krugman may be oversimplifying. Despite holding Congress since 2006, Democrats haven't pressed as hard as some hoped for stricter oversight.

Last comes an account of the worldwide crash that began in last year, as the global financial interconnections originally seen as promoting stability had the opposite effect of spreading problems around. Whereas in the recessions of 1981, 1990 and 2001, Fed officials seemed to have leverage over the US economy, today's weaknesses come from the ground up, the lack of demand from consumers and businesses.

What is to be done now? Krugman concludes by proposing heavy spending such as on public works projects to restimulate the economy, ideas already popular in Democratic circles and backed by the incoming Barack Obama administration. Krugman was tough on Obama during the Democratic primaries over his health-care policies. Now his test will be to hold the incoming administration to the same standards of economic clarity that he applied to Team Bush.

In the end, this book's best contribution may be Krugman's bottom line that just as smaller economies found their way back, there are specific technical steps — better regulation, more spending — that could still turn the US economy around.



Henning Mankell would 'rather be friends with Sherlock Holmes' than his fictional detective Kurt Wallander. PHOTO: EPA

The fundamental driving force for me is to create a change in the world we live in ... It is about exploitation, plundering and degradation.

— Henning Mankell, novelist

Elementary my dear Mankell

Henning Mankell's detective is a dark, humorless misanthrope. Yet he has become Sweden's most famous export since Abba

BY HENRY PORTER
THE GUARDIAN, LONDON

ON 20 May 1989, the writer Henning Mankell opened a telephone directory and began looking for a name. Any name. Mankell had decided to turn his hand to crime fiction. He needed a policeman, and the policeman needed a name.

He rifled through the book and stopped at W. Then he moved his fingers across one page until he came to the name Wallander. And there he stopped. Thus life was first breathed into Kurt Wallander, Sweden's fabulously grumpy, dysfunctional fictional detective.

More than 25 million copies of Wallander novels have been sold since Mankell created the character and featured him in *Faceless Killers*, published in 1991. In the process the author has become Sweden's most successful literary export.

In the southern town of Ystad, where the books are set, there are guided tours of "Wallander country," much to Mankell's embarrassment, while the books have been televised at home, with Krister Henriksson as the tortured detective.

What are the complexities of this dark, humorless misanthrope that make him so endearing to audiences?

Even Mankell admits that he dislikes the messily divorced, diabetic, fast-food addict that he created from his perusal of Swedish telephone directories. "I would rather be friends with Sherlock Holmes," the author once remarked.

So what is the attraction? According to publisher and writer Julian Evans, an expert on European fiction, it is Wallander's uncompromising self-destruction that so fascinates.

"He's quite unsalvageable, Wallander, in a way very, very few fictional

characters really are. In an existential sense, he seems close to the end, all the time. You can't say that at all of all detectives. His woeful relationship with his daughter ... his inability to manage any female relationship. Every crime he solves or fails to solve, you still think the next thing he is going to do is just ... die."

This is a man permanently on the edge, "a sort of walking open wound," as Branagh describes his character, and he makes absorbing television.

Then there is the background: the bleak, unforgiving soil of Sweden's Skane (pronounced Skonner) region in the south. "Border areas have a dynamism all their own," Mankell says. "They set off a reflex of unease."

And Mankell certainly knows a thing or two about borders. Born in 1948 and raised from the age of two by his father Ivan, a judge, after Henning's mother had walked out on the family, the author-to-be joined the merchant navy at 16 in 1964 and became a stevedore on a coal and iron ore freighter.

This was his "real university," he claims. A couple of years later, he arrived in Paris and stayed for the riots and student activism that were to grip the city in 1968. It was to be a formative period. As his publisher, Dan Israel, has remarked: "Henning and I are children of 1968."

The author returned to Sweden to become a playwright and author, publishing his first novel, *The Stone-Blaster*, at 24. He later traveled extensively in Africa and in 1987 was asked to run the Teatro Avenida in Maputo, Mozambique. He has held that post ever since, dividing his time between

Africa and his farm near Ystad, in Sweden, writing his books in both locations.

Thus, half of the Wallander novels — with their vivid evocations of the bleak Swedish landscape and their chilling stories of serial murder — have been written in Africa, a striking contrast, to say the least, though for his part Mankell finds nothing unusual in this geographical dichotomy. "When I [first] got off the airplane in Africa, I had a curious feeling of coming home," he once said.

Over the years, the author has had a string of affairs and has fathered four children by four different mothers, although he insists, emphatically, that his current marriage — to Ingmar Bergman's daughter Eva — will be "the last."

Bergman turns out to have been a fan of the Wallander books — as is just about every Swede on the planet, it seems. Mankell recalls walking down a street in Stockholm during a referendum about joining the EU and was approached politely by a man in his sixties, who asked whether Wallander would vote yes or no. "That was the moment I grasped the size of the character," says the author.

His appeal is harder to assess, however. It is not simple trawling, Evans insists. "I reject the argument that Wallander is popular here because there's a kind of 'northern' fiction, particularly crime fiction," says Evans. It is the mental landscape that he inhabits that gives him such appeal, he argues.

In addition, there is the simple issue of availability in key book buying markets. "I think it's cyclical," says Evans. "We've taken a long time away from European art, European fiction

in particular. We had our eyes to the Americas. Part of the problem is simply the translation. There has been truly great stuff going on in European fiction for 15 years or more, and perhaps it's only now we're beginning to let it in."

There is more to the issue than that, however. Many other novels about foreign detectives are now translated into English and none has had the impact of those involving the resolutely depressive Kurt Wallander.

In that sense, Mankell has bigger issues to address than the average detective novelist, which perhaps explains his elusive appeal. Mankell is, to repeat the description of his publisher, a child of 1968. "The fundamental driving force for me is to create a change in the world we live in ... It is about exploitation, plundering and degradation," he says. "I have a small possibility to participate in the resistance. Most of the things that I do are part of a resistance, a form of solidarity work."

His books, and the series made from them, are investigations of the failure of political promise, say critics. "All of Henning's books are an elegy to the broken socialist dream of Sweden," the publisher Christopher MacLehose remarked recently. "Henning still can't get used to the idea that Sweden has failed to deliver its social democratic dream."

Thus we get more than a mere whodunit with a Wallander story. We get edge, a sense that a good man is hunting through a landscape of broken dreams for signs that some decency has survived and who rarely succeeds in his quest. There is a resonance here that goes far beyond standard detective novels.



[HARDCOVER: UK]

Jonathan Fenby has ways of making China talk

The former 'Observer' editor's history of modern China argues the country has much to be proud of but that its government must fess up for past mistakes

BY BRADLEY WINTERTON
CONTRIBUTING REPORTER

I met Jonathan Fenby in the 1990s when he was editor of the *South China Morning Post* in Hong Kong (before that he had edited the *Observer* in London), and it would be hard to imagine a more urbane, genial and even-tempered man. Since then he's written an adoring but also highly perceptive book on France, and many books about Chinese affairs, most notably a widely praised biography of Chiang Kai-shek (蔣介石) — *Generalissimo: Chiang Kai-shek and the China He Lost* (2003). Now he's been entrusted by Penguin to write a history of modern China that's certain to be widely consulted, and even read, by students and the general public alike.

It's next to impossible for history to be written independently of a specific viewpoint. Just to consider two English examples, Gibbon wrote from the viewpoint of an Enlightenment skeptic who saw Rome's imperial equanimity as undermined by Christian

obscurantism, and hoped the same wouldn't happen to 18th-century Europe, while Macaulay saw 19th-century England as the product of an evolution from Tory self-interest to Whig sanity and the rule of parliament. An "impartial" record of events, arguably, simply can't be written. So, what are the fundamental beliefs that underpin Fenby's capacious and magisterial history of China over the last 158 years?

PEACE AT A PRICE

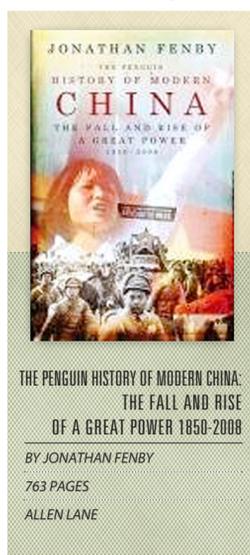
Essentially, there are two. The first is that China has always, from the First Emperor in 221 BC to today, been ruled by an exceptionally efficient, though sometimes very cruel, bureaucracy that imposed peace at the price of individual self-realization. This was backed by the threat of force, but in general a society that endured longer than any other on earth, and traditionally saw itself as beyond compare, flourished and prospered. But government of the people by the people was even up for discussion.

Secondly, while the Chinese have every reason to be proud of their heritage, they must at the same time come to terms with their history, in particular their recent history. Censuring the Japanese over the Nanjing Massacre, the author writes that his book "argues for a more honest Chinese grasp of its history," and that in the case of Nanjing the same is true for Japan as well.

The seamless continuity of Chinese governance from Emperor to CCP Chairman and President isn't a new insight, of course. But the call for a more honest account of the recent past does lead to some strong emphases. The event Fenby is at most pains to highlight is the Beijing Spring of 1989. Including the run-up and the aftermath, this is given four entire chapters (out of a total of 32). By comparison the famine of the early 1950s gets a mere four pages.

The feeling you get is that, though this book will undoubtedly not be distributed in a Chinese translation inside China at present,

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it is bound, given Penguin's formidable marketing powers, to be read there, if only in copies imported in travelers' backpacks. This doesn't make it earth-shattering, but it will certainly give support to a process already well underway via the Internet.

Fenby has been accused of ignoring sources written in Chinese, and it's true there isn't a Chinese character anywhere in the text. But his reading is capacious nonetheless. He has special praise for Roderick MacFarquhar and Michael Schoenhals' *Mao's Last Revolution* (2006) on the Cultural Revolution, and refers frequently to the famous memoirs of Mao's doctor, *The Private Life of Chairman Mao* by Li Zhisui (李志绥) (1994). He is appropriately skeptical, though, when it comes to Jung Chang (張戎) and Jon Halliday's controversial *Mao, the Unknown Story* of 2005 [reviewed in *Taipei Times* Jan. 8, 2006].

Here he has an especially interesting observation. Chang and Halliday, he writes, suggested

that the Nationalist general Hu Zongnan (胡宗南) was a Communist "sleeper" who deliberately engineered disasters for his own forces. "They give no details of the evidence for this," Fenby notes, "and Hu's son threatened legal action in Taiwan. As with other disputed elements in their book, the authors did not reply to inquiries sent through their British publisher on this point."

OUT WITH THE TRUTH

Regular readers of *Taipei Times* will remember that our review was also doubtful about the credibility of this unrelenting reverse-hagiography of the Great Helmsman, best-seller though it proved.

Fenby's style is everywhere clear and effective, combining apparently well-informed judgment with telling detail. His tone is judicious and honest, and he never engages in rant or vituperative personal asides. But when the great moments arrive he doesn't hold his punches, and on the darker side of Communism's past he certainly

doesn't mince his words. Taiwan's separate history is touched on here and there, but Fenby is clearly in no two minds about the nation's separateness. Even Hong Kong, he feels, when it was handed over to China in 1997, was submitting to what was "in many ways another outside ruler."

As Fenby wrote in a review published in *Taipei Times* on March 12, 2006, "Can a nation that depends for its growth and stability on engaging with the rest of the world continue to deny the truths of its past?" By this date he must have been well advanced on this new, comprehensive overview, and the same insistence on honesty about former errors is at its heart.

China has much to be proud of, Fenby acknowledges, both in its ancient civilization and in its achievements over the past 30 years. But for its government to tell the truth and admit to old mistakes can only help it attain genuine dignity and respect, not to mention finally winning the unconditional support of its own people.