Development and History
(ed. Corinna R. Unger and Nicholas Ferns)
In recent decades, the history of economic modernization has increasingly moved away from the idea of a Western center serving as a universal model of modernity from which modernization projects were exported to mostly passive and “backward” recipients who had little to offer to the development efforts of their country.¹ Historians have instead shifted their focus toward the space of interaction among the diverse participants and objectives involved in specific development projects and the hybrid forms of economic modernization these encounters generated. While these new historiographical trends have effectively decentralized the history of development and greatly eroded its original Western-centrism, they have not challenged the assumption of the exceptionality of the Europe of the Enlightenment and its unique ability to produce “modern” economic ideas and policies. Even in the post-World War Two period, when the United States took the leadership in international development and after developing countries began to take over their own development projects, the ever-evolving theories of modernization and development continued to derive from a vaguely defined liberalism inspired by an elastic and creative reading of European thinkers such as Adam Smith. As Dipesh Chakrabarti observes, still today, it is impossible to think of modernity “without invoking certain categories and concepts, the genealogies of which go deep into the intellectual and even theological traditions of Europe.” Although largely an ideological construct, it is this “genealogy of thought in which social scientists find themselves inserted.”² Going beyond the realm of the political discourse—Chakrabarti’s focus—this European-centered “genealogy of thought” also informed the study of development. The Western narratives, invested with an authoritative aura of scientific modernity, confined to the realm of the “traditional” (i.e., supposedly lacking pragmatism and scientific method) economic notions and practices that did not conform to its language and conceptual framework while using Western categories—often

¹ This article is primarily based on my book: Margherita Zanasi, Economic Thought in Modern China: Market and Consumption 1500s to 1937 (Cambridge: Cambridge University Press, 2020); and my article: Margherita Zanasi, “Frugality and Luxury: Morality, Market, and Consumption in Late Imperial China,” Frontiers of History in China 10, no. 3 (2015): 457–485.

inadequately representing local conditions—to reconceptualize the local to fit Western blueprints of modernization.³

In this article, I step outside this Western-centered “genealogy of thought” to explore the emergence of ideas of economic development within a different regional, historical, and conceptual context. More specifically, I focus on the writings of Chinese officials and intellectuals in the late eighteenth and early nineteenth centuries—before the Opium War (1839–1842) opened the door to Western imperialism and economic theories—to examine how they independently devised developmental policies which often shared basic themes with Western developmentalism. These Chinese writers focused on solving an economic crisis that was to plague China through the fall of the empire (1911), the Republican period (1912–1949), and the early decades of the People’s Republic (PRC). It was at this time that unprecedented growth in population, declining agricultural production, and a massive outflow of silver—a dramatic shift from the previous inflow that had fueled China’s commercial growth—brought to an end the dazzling prosperity that had characterized the first century and half of the Qing dynasty (1644–1911).⁴ Shocked by this sharp economic reversal, Chinese scholars and officials tried to determine the cause of the crisis and to devise strategies to solve it. Believing the nature of this crisis to be unprecedented, they developed innovative economic plans that departed from previous policies, foreshadowing the Republican developmental state in four main ways.⁵ They sought economic growth as a strategy for fighting scarcity and lifting the population of the empire out of poverty. In general, standards of living for the population of the empire were not defined in quantitative terms but were expressed in a descriptive manner. The often used formula of *anju leye* (live peacefully and work happily), in fact, described a situation of social stability in which the state ensured subsistence and a peaceful environment for productive citizens. It was only with the arrival of Western social sciences in the early nineteenth century that Chinese officials and reformers began to embrace “social surveys” and use

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new enumerative modalities (such as census), replacing the methodology of evidential and practical studies.\(^6\) This does not mean, however, that the Qing government did not make an effort to collect data. Especially between the early 1740s and early 1850s—when the scarcity crisis began to be felt—it regularly collected data on population and availability of basic staples as well as on the situation of the granary system.\(^7\) Although these data presented several problems, from miscalculation and inaccurate categorization to over or under reporting, they testify to the Qing’s commitment to its minsheng mandate. In its fight against economic scarcity, the Qing state also introduced the notion of state planning (jí) aimed at channeling economic growth in support of state objectives. It also explored new forms of institutional changes in the effort to expand the implementation capacity of the state and, finally, to mobilize the private economy in support of state goals.

By stepping out of Western-centered narratives, I want to contribute to blurring the lines between Western economic modernity and “traditional” local economic thought and policies. As discussed in more details in the first part of this article, the Chinese terminology and conceptual framework—based on the mandate of good government summarized in the trope of minsheng (People’s Livelihood)—allowed for the formulation of development strategies often very similar to those devised in the West, such as a sophisticated understanding of the market and the need for capital accumulation for economic growth. On the other hand, however, local circumstances and objectives led to reliance on state leadership, departing from the Western liberal capitalist model. This article, therefore, challenges the narrative of the West as the unique source of innovation in an otherwise unchanging global landscape. It, in fact, traces back to the pre-Opium War period the roots of an independent developmental thought which continued to influence state policies through the 1940s and reemerged to some extent in the post-1980 PRC.

The second part of this article focuses on Chinese officials’ and intellectuals’ reception of Western economic theories in the post-Opium War period. At this time, the Chinese discourse on development came to be gradually re-articulated through Western terminology and the conceptual framework of liberal capitalism. Chinese officials and intellectuals, however, continued to uphold most of the development strategies formulated before the Opium War because, they ar-

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gued, the Western blueprints for economic modernization did not reflect China’s conditions and needs. Finally, the third section argues that the late-Qing developmental ideas consolidated into the Nanjing developmental state (1927–1937) established by the Nationalist Party.

**Economic Scarcity and the Mandate of Minsheng**

Starting in the late eighteenth century, most Qing scholars and officials reached the conclusion that the main cause of the new economic crisis was the unprecedented fast pace of population growth. As renowned scholar and official Hong Liangji (1746–1809) explained, because production grew on a mathematical scale, while population grew geometrically, the gap between the two could not be bridged. For this reason, China faced a future of economic scarcity (*buzu*), chronic poverty, and, consequently, popular discontent and social instability.⁸ Hong’s bleak view pointed to a systemic crisis rather than one of the many situations of scarcity experienced in the past as the result of failed crops due to droughts, floods, pest invasions, or inclement weather. In those situations, a bounty crop in the following year could bring the empire back to economic stability. The nature of the current crisis, however, was dramatically different. As Emperor Jiaqing (r. 1796–1820) remarked in 1806, according to the Ministry of Revenue, the population of the empire had increased from the previous year by 27,720,119 people, while the total amount of grains harvested and stored had decreased by 294,248 *dan*: “Even if crops were to be good, the people stored plenty of grain, and no natural disaster occurred, food supplies would still be insufficient because of the fast pace of population growth.”⁹ This scarcity crisis, therefore, was of an unprecedented nature. It could not be resolved with the usual strategies but required unprecedented measures. Foreseeing the coming crisis in the late-1700s, a shocked Qianlong Emperor (r. 1736–1796) declared that the usual policies for solving situations of economic scarcity—land reclamation, tax breaks, and maintenance of flood prevention and agricultural irrigation—would in the future not be enough to support the livelihood of the people.¹⁰

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The crisis struck at the very core of the Qing’s mandate of *minsheng* (People’s Livelihood), i.e., ensuring subsistence for the population of the empire. Deeply rooted in China’s philosophical tradition and supported by most schools of thought, *minsheng* was not just a rhetorical trope aimed at bolstering a dynasty’s political legitimacy. It was also a practical strategy for political and fiscal stability aptly expressed by the Qing state with the formula of *guoji minsheng* (State Finances and People’s Livelihood). The Qing rulers believed that a hungry population tended to stage uprisings and rebellions, challenging the stability of the empire. An economy of scarcity would also imperil the smooth collection of taxes, jeopardizing the fiscal stability of the state.\(^\text{11}\) According to historian Jane Kate Leonard, the Qing rulers’ intention in promoting prosperity in the private economy “went to the very heart of Qing strategic views of empire and the intimate connection between economic and strategic power.”\(^\text{12}\)

Faced with the unprecedented challenge to the stability of the empire posed by the new economic crisis, scholars and officials began to argue in favor of state planning to expand agricultural production in an attempt to meet the needs of the growing population. In an imperial lecture, scholar and official Ren Qiyun (1670–1744) argued that the only solution to the current crisis was for the state to engage in “long-term planning” (*jingjiu zhi ji*). All officials at the prefecture-level should project the size of the population in their jurisdictions for the following year and calculate how much grain was needed to sustain it. Based on these data, they should try to match production with the assessed needs. This could be done, Ren suggested, by expanding the cultivation of basic staples and limiting that of luxury crops, such as tobacco, which were not essential for sustaining the livelihood of the people (*minsheng*).\(^\text{13}\) According to Ren, therefore, directives from the provincial authorities should replace market demand and private initiative in deciding what kind of crops to cultivate. The influential scholar, Bao Shichen (1775–1855), also believed that the government should start planning production. Referring to the pro-market policies adopted by ear-

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11 For a discussion of the history of the idea of *minsheng*, its roots in the Confucian classics, and its various reinterpretations, see Zanasi, *Economic Thought*, 16–50.
lier Qing emperors, he lamented that the precedent administrations had left to
the people the initiative in agricultural matters, with the dire consequences of
mismanagement and wasteful extravagance. Local officials should break this
pattern, acquire agricultural expertise, and take charge of agricultural decisions,
which “[could] no longer be left simply to the common people.”¹⁴ Officials, for
example, should intervene in the choice of which crop should be planted in
which field, maximizing production by matching crops with the terrains most
suited to their cultivation. Bao also suggested that officials introduce more effi-
cient and systematic ways to use manpower as an important technique for in-
creasing land productivity: “The real problem—he explained—is that human
work capacity (li zuo) has not been utilized efficiently or systematically (bu ru
fa).”¹⁵ Because increased input of manpower would lead to a proportional in-
crease in yield per acre, Bao argued, local officials should deploy corvée
labor, not just for land reclamation, but also as additional manpower in the al-
ready cultivated land. Bao thus presents as a technology for economic growth
the “industrious” mode of production that characterized nineteenth-century
China.¹⁶ Bao’s view of the importance of a more rational use of labor led Bao
to disagree with Hong Liangji. China, he argued, was not facing a population cri-
sis. New agricultural and labor techniques would generate enough economic
growth to meet the needs of the population.¹⁷

Another prominent official and scholar, Yun Jing (1757–1817), also believed
that the state could bring about a solution to the population crisis. According
to Yun Jing, the scarcity crisis was not a result of population growth but of a
growing disparity between the number of producers and consumers. Recent so-
cial changes, he argued, had led to the expansion of the consumer group while
reducing that of the producers. As a result, production lagged behind while con-
sumption increased. For Yun, therefore, the problem was not rooted in a limited
production capacity of the empire’s economy but was primarily a social problem.
The current crisis, Yun continued, could be solved only by transforming more so-
cietal groups into “producers,” thus increasing productivity and alleviating the
idle consumers’ burden on resources. Although Yun did not directly explain

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¹⁵ Rowe, Speaking of Profit, 82, 90–94; Zhao Jing, Zhongguo gudai jingji xiangshi jianghua, 626.
¹⁶ The “industrious” production mode observed in China by several historians generated an in-
¹⁷ Rowe, Speaking of Profit, 82–83, 90–94.
how this change in the composition of society could be brought about, the general context of his writings points to some form of state intervention. Yun blamed the recent economic decline on excessive reliance on the market. Echoing Ren’s and Bao’s arguments, he believed that production should be planned by the state rather than letting producers decide in response to market demand. The retreat of the government from the economy, he wrote, had caused the deterioration of the agricultural, manufacturing, and commercial sectors. If the people were left alone to decide what to produce, manufacture, and trade, Yun concluded, the economy would inevitably decline.¹⁸

Bao’s and Yun’s criticisms of what they described as the recent state’s retreat from economic decision-making highlight the extent to which pro-market theories had influenced Qing economic policies before the full extent of the economic crisis became apparent at the turn of the eighteenth century.¹⁹ Their criticisms, however, cannot be read as a call for suppressing market forces. Although discouraging the cultivation of “wasteful” crops that depended on a market-based demand for luxury goods, such as tobacco, they did not aim to de-commercialize the rural economy and revive the model of the self-sufficient rural village. Bao, for example, believed that agricultural production should be integrated with the market to take advantage of its opportunities. He suggested the abolition of domestic custom duties to facilitate the circulation of resources through the market. He also did not advocate for a return to peasants’ self-sufficiency but envisioned them as active participants “in the commercial market” and cash cropping. He especially encouraged the cultivation of sericulture and horticulture as a way to improve the agricultural sector.²⁰

These plans for solving the scarcity crisis greatly differed in crucial ways from historical precedents of state intervention in situations of famines. They provided systemic and comprehensive strategies rather than targeted ad hoc intervention in response to episodic crises. Above all, these writers viewed the economy of the empire as capable of growth, breaking away with the notion of fixed and limited resources that had prevailed in China—as did most pre-modern agrarian countries—until the commercial revolution of the 1500s.²¹ Recognizing the high level of commercialization of the economy and the importance

¹⁸ Yun Jing, “Sandai Yinge Lun Wu,” in Dayun Shanfang Ji (Taipei: Taiwan Zhonghua shuju, 1965), 8b-9b; Zhao, Zhongguog udai jingji sixiangshi jianghua, 624–625.

¹⁹ For a discussion of pro-market thought and policies in the Qing period, see Zanasi, Economic Thought, 51–108.

²⁰ Rowe, Speaking of Profit, 91.

²¹ For a discussion of the development of the idea of economic growth in China, see Zanasi, Economic Thought, 51–108.
of the commercial sector for economic growth, writers like Bao attempted to combine some extent of state leadership with the mature market economy of the empire.

Ren and Bao did not see state intervention as limited in influencing decisions on production. They also envisioned strategies for regulating the distribution of resources, which, they argued, needed to be used frugally and distributed widely and evenly. Both writers discouraged luxury consumption, conceived not just as the acquisition of expensive luxury items but also in terms of the quantity of basic resources consumed by a household. Consumption of more than a proper share of resources by one family would result in scarcity for others. Going beyond the enforcement of traditional sumptuary laws, their plans reached more deeply into society by empowering the imperial system of power brokerage, such as the kinship and baojia systems.²² Ren Qiyun proposed that the xiangyue (district regulatory commissions) provide the basic principles and regulations for social behavior to be applied by the baojia. Not-conforming actions were to be detected and reported by the neighbors, who were susceptible to punishment if they failed to denounce any undue activities. This system of mutual surveillance would ensure social stability and eradicate bad customs, among which Ren included luxury consumption and an extravagant lifestyle, i.e., a wasteful use of scarce resources. Bao Shichen suggested that households be categorized according to their economic status. Wealthy households would be required to store an officially regulated surplus of grain—to avoid undue hoarding—and circulate the remaining on the market to keep supplies flowing. Heads of baojia would urge rich families to take care of the poorest branches of their lineages. If they failed to do so, they would be labeled “unneighborly,” with the consequence of possible expulsion from the group. In years of extreme scarcity, poor families in distress would be authorized to ask the wealthiest families in their area—even if not part of their kinship network—for help in the form of officially regulated loans to be repaid with minimal interest. Bao Shichen’s proposal also applied the same system to county-level administrations. In this scheme, “wealthy counties” would aid poorer ones following the same dynamic envisioned for individual households.²³


²³ Rowe, Speaking of Profit, 85–90. For a discussion of Bao’s attempt to realize his plans in the town of Nanjing, see Rowe, Speaking of Profit, 87.
The development of ideas for state planning and intervention testifies to the flexibility of the conceptual framework offered by the mandate of minsheng (People’s Livelihood). Rather than being a rigid framework trapping Chinese economic thought in a “traditional” unchanging mode, this mandate allowed significant shifts in understanding the workings of the economy. Minsheng, in fact, was not a policy but an objective/mandate as well as a source of political legitimacy. Ideas that broke with the past could assume political legitimacy if they offered a more efficient strategy for achieving the ever-important mandate of ensuring the livelihood of the people and, consequently, social and fiscal stability.

The flexibility of the minsheng conceptual framework also dispels the common notion that Confucian thought precluded a pragmatic understanding of the economy and that its supposed inflexible orthodoxy prevented China’s economic modernization.²⁴ In reality, Chinese writers showed remarkable pragmatism in developing new economic ideas as they observed changes in the economy of the empire. Positive views of personal interests (li)—traditionally considered a sign of private greed and, consequently, intrinsically opposed to the common good (i.e., the mandate of minsheng)—and the idea of the capacity of the market to self-regulate emerged during the Song Dynasty (960–1279). This period witnessed the first stage of a commercial revolution that fully developed in the 1500s, after the interruption of the Mongol invasion and anti-commerce policy of the early Ming.²⁵ The commercial growth of the Song period relied on an improved and expanded canal-based transportation system, which allowed private merchants to move their goods across an increasingly wide portion of the empire at a faster pace and cheaper transportation costs. In cases of famines, merchants—attracted by the possibility of the high profits (li) that could be derived from the unusually high prices generated by the local scarcity—were able to move their grains to the affected area. This new influx of grains would soon restabilize prices without the intervention of the state.²⁶ Starting in the 1500s, Chinese intellectuals and officials had also developed pro-luxury consumption ideas that presented the same logic as that famously articulated in Bernard de Mandeville’s The Fable of The Bees: or, Private Vices, Publick Benefits (1714). Overcoming

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²⁴ This theory was recently perpetuated in Joel Mokyr, A Culture of Growth: The Origins of the Modern Economy (Princeton: Princeton University Press, 2016).
the idea that a luxury lifestyle was amoral and, by wasting resources, ran counter to the interest of the common good, philosophers like Lu Ji (1515–1552) and Tang Zhen (1630–1704) argued that luxury consumption actually stimulated economic growth and generated prosperity. In other words, luxury consumption turned from a negative habit, wasteful of resources, into the engine of commercial growth.²⁷ Historically, therefore, the minsheng conceptual framework was able to accommodate dramatic shifts in the perception of the role in the economy of the empire of the market and luxury consumption. It was within the language of minsheng that, by the 1500s, Chinese officials and intellectuals were able to develop two economic notions that are considered to be at the very foundations of economic modernity: the self-regulating market and the positive effect on the economy of luxury consumption. It was the same flexibility and pragmatism of the Chinese intellectual discourse that allowed one more change in the understanding of the economy of the empire. The dramatically changed circumstances brought about by the economic crisis led to the formulation of the new idea of state leadership over economic growth and a reinterpretation of frugal consumption.

The theorization of new economic ideas was facilitated by new trends in the philosophical discourse, which, since the late 1500s, came to be dominated by the schools of thought of Evidential Studies (kaozheng) and Practical Studies (shixue). These two schools criticized Neo-Confucianism—which had gained prominence in the Southern Song (1127–1279) and Ming (1368–1644) periods—for its stress on moral cultivation and the abstract debates it generated. Although they disagreed with each other on many important issues, scholars adhering to these schools shared an interest in practical disciplines directly linked to governmental administration, such as geography, mathematics, water conservancy, and agriculture.²⁸ Hong Liangji, for example, was a follower of Evidential Studies and specialized in mathematics, as reflected in his sophisticated calculation regarding population growth. Yun Jing and Bao Shichen were also greatly influenced by these new approaches to practical studies and most of their writings reflected their interests in mathematics, governmental policies, and economics.²⁹

²⁷ Zanasi, Economic Thought, 16–50.
²⁸ Both Evidential and Practical studies often overlapped with Statecraft, a term indicating writings on governmental and economic issues. For a discussion of evidential studies and its links to Statecraft and Practical Studies, see Benjamin A. Elman, From Philosophy to Philology: Intellectual and Social Aspects of Change in Late Imperial China (Los Angeles: University of California, 2001), 37–86.
²⁹ Rowe, Speaking of Profit, 22–41.
By the late nineteenth century, therefore, an indigenous developmental thought had already begun to take shape, influencing the Chinese intellectuals’ response to the Western economic ideas that begun to trickle into China as an import, together with merchants and missionaries, of Western imperialism.

The Encounter

Although the Chinese had encountered Western narratives of modernity before the Opium War (1839–1842), it was after the humiliating defeat at the hands of the British and the subsequent pressure from foreign imperialism that Chinese officials and intellectuals actively engaged with Western economic theories. In their quest for understanding the source of power and wealth of the imperialist nations, they began to translate works they believed could offer insights into the reasons for their success. Among them was the prominent intellectual Yan Fu (1854–1921), who had traveled widely and studied in England for three years. In 1901 Yan Fu published a translation of Adam Smith’s *The Wealth of Nations*, under the Chinese title *On Wealth* (*Yuan fu*). Yan Fu’s translation efforts resulted in a complex and not easily understandable text, since Yan Fu used classical Chinese, rather than the vernacular language, and focused on articulating Smith’s ideas with a terminology accessible to Chinese readers.\(^{30}\) Some of the ideas presented by Smith resonated with Yan Fu. One of them was the relations between savings and capital and cumulation presented in Chapter III of Book II of the *Wealth of Nations*, “On the Accumulation of Capital, or of Productive and Unproductive Labour,” which Yan Fu translated as “The work of men that generate profits and that that does not generate profits.” In this chapter, Smith discussed the negative influence on the economy of the unproductive groups in society, which wasted important revenue that could have been reinvested into the economy, a theme already common among Qing philosophers.\(^{31}\) A similar idea of capital accumulation had developed in China since the eighteenth century, framed within the long-standing debate on frugality versus luxury consumption. When prominent official Chen Hongmou (1696–1771) was governor of Shaanxi Province, he advocated frugality among peasant households because, he argued, it would generate savings that could be invested in improving agriculture. Yan Fu agreed with Smith. Unproductive groups in society negatively impacted the econ-

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omy because their consumption—not being balanced by their production—wasted important resources that should instead be reinvested into the economy. Adam Smith’s idea of capital accumulation, which, reflecting the early stages of industrialization, was close to China’s situation at the time of Yan Fu’s translation, was smoothly inserted into the independent Chinese discourse on frugality, although the Chinese term “capital” took a while to stabilize into the Japanese imported *ziben*.

Prominent intellectual Liang Qichao (1873–1929) also paid particular attention to consumption in relation to capital accumulation and economic growth. According to Liang, avoiding poverty and ensuring economic growth could not be achieved by prioritizing consumption, which would result in spending resources rather than accumulating capital. A frugal mode of consumption, instead, would generate savings that could be reinvested into production.³² The issue of consumption, therefore, was also central to Liang discussion on capital accumulation and economic growth.³³

The complexity of the Chinese debate on frugality and luxury made the adoption of the Western concept of consumption—translated as *xiaofei*—not easily adaptable. Well into the 1920s and 1930s, many commentators continued to discuss consumption using the ideas of productive frugality—as a tool for capital accumulation—and wasteful luxury. They, in fact, saw the Western idea as representing a modern form of consumption that, even if not necessarily considered luxurious in the economies of abundance of the industrialized West, was still extravagant and wasteful in China’s situation of scarcity. While they recognized Western *xiaofei* to be a modern lifestyle to which China might aspire to achieve in the future, most Chinese intellectuals still felt that, at that time, China needed a form of material modernity that more closely reflected its current situation and needs. *Xiaofei* came to be consistently adopted in economic writings by the 1930s when Western-style Economics came to dominate China’s academic environment, as an increasingly large number of students pursued studies abroad and Chinese universities established departments and centers devoted to the study of Economics and Economic History based on Western social sciences.³⁴

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³³ Liang Qichao, “Xinminshuo,” “Section 14: Lun shengli fenli.”
Western-style consumption (xiaofei) was not the only aspect of Western liberal capitalism that Chinese officials and intellectuals believed should not be directly adopted in China. Although humanistic aspirations for freedom and socioeconomic justice led them to support the general idea of economic liberalism, most late-Qing Chinese reformers argued that China’s particular situation required an interventionist state.\(^3\) In his discussion of *The Wealth of Nations*, for example, Yan Fu wholeheartedly supported Smith’s anti-Mercantilist arguments since he also believed that Mercantilism led to oppressive economic policies and that Smith’s model would increase freedom for the citizens. However, Yan Fu argued, while the free-market system Smith advocated was suitable for Western industrialized nations and their economies of abundance, they did not fit China’s economy of scarcity, which required the intervention of the state. Smith’s aversion to state monopolies, Yan Fu argued, went too far and his free-market system led to inequalities in the distributions of wealth. Because of its population problems and need for an even distribution of resources, he concluded, China should adopt a stronger and more interventionist state than that envisioned by Smith.\(^3\)\(^5\) In his writings, Liang Qichao echoes a similar tension between liberalism/humanism and nation-building goals. While attracted by Smith’s anti-despotism arguments, Liang also found himself caught between supporting a free market as an expression of people’s freedom and calling for some measure of protectionism and state intervention to meet China’s particular needs. At this time, we also find voices supporting more radical forms of state intervention. Liang Qichao’s teacher, the official and reformer Kang Youwei (1858–1927)—a main leader of the ill-fated Hundred Days Reforms (June 11 to September 22, 1898) in which Liang also participated—for example, argued that all productions should be planned by the government, which should first collect data on population and average consumption. Based on this data, the government should then distribute resources evenly.\(^3\)\(^7\)

Development strategies formulated during the Self-Strengthening Movement (*Ziqiang*, c. 1861–1895)—a reform movement aimed at strengthening the empire against both Western Imperialism and domestic rebellions through the modern—

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ization of the military and the adoption of Western technologies—expanded the basic ideas of the pre-Opium War period. For example, Self-Strengthenner reformers, like Bao Shicheng, did not see state leadership to be in opposition to a market economy, but believed that the state could help steer market demand in support of state objectives. Prominent officials like Zhang Zhidong (1837–1909), for example, argued that the state could deploy frugality to influence market demand, thus shaping the trajectory of China’s economic growth. Frugal consumption, he argued, would lead to a decline in demand for luxury goods, thus indirectly bolstering the production of basic staples.

The nationalist and anti-imperialist goals of the Self-Strengthening Movement, however, brought a reinterpretation of the mandate of minsheng. The goal of strengthening China against Western imperialism, in fact, led to refocusing the discourse on the economy from concerns for the stability of the dynasty to the material needs of the nation as it struggled to come out of poverty and find a place in the international scene. Scarcity and poverty became a sign of China’s “backwardness.” As social Darwinian theories became increasingly popular—especially after Yan Fu translated T.H. Huxley’s *Evolution and Ethics* (*Tianyanylun*) in 1898—“backwardness” appeared to threaten the very survival of the Chinese civilization as it lagged behind in the struggle for survival among nations. In this context, the goals of development extended beyond efforts for economic growth aimed at overcoming poverty and social stability.

In addition, in the new global context of the early twentieth century, the debate on development introduced more complex standards of living. Liberal intellectuals such as the future Minister of Education Cai Yuanpei (1868–1940) envisioned a liberal mode of development that focused on also elevating the intellectual and cultural life of the population going beyond their material needs. These humanistic, minsheng visions of development challenged others that prioritized strengthening the military and developing the heavy industry sector at the expense of improving the livelihood of the people. Initially, the Nationalist Party—which was to control the Republican Government from 1927 to 1949—appeared to favor the minsheng model, which actually became a central tenet of early Nationalist ideology, since Sun Yat-sen (1866–1925) enshrined it in his fourth lecture on the Principle of the People’s Livelihood (*minsheng*).

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38 The Self-Strengthening Movement was as much a response to the shock of the Taiping Rebellions as to the Opium War.
Here Sun argued that: “in the evolution of human civilization we can distinguish three stages in the standard of living.” The first stage was characterized by the attempt to satisfy basic needs. The second stage was that of achieving comfort and the third saw humanity pursuing luxury. Sun concluded that China was still in the first stage, since the “four hundred million throughout the nation” lacked the bare necessities of life.⁴ China’s standard of living at the subsistence level, therefore, trapped the country in a premodern stage of evolution. Taking an “evolutionary view of life in the universe,” Sun concluded, the state should also ensure food, clothes, housing, and transportation appropriate for a civilized society.⁴³ Sun’s minsheng formula—“food, clothes, shelter, and means of transportation” (shì yì zhū xíng)—remained an important part of the Nationalist rhetoric of development and modernization, although it was dramatically reinterpreted by Chiang Kai-shek (1887–1975). Chiang transformed it into a set of rules for modern living aimed at diverting resources from improving standards of living into the development of a military-industrial complex.⁴⁴ It was Chiang’s vision that ultimately influenced the Nationalist developmental state, especially after Chiang gained full control of the government in 1935.

The Nationalist Developmental State

Nationalist and anti-imperialist goals had greatly influenced the developmental goals of the self-Strengthening Movement and assumed even greater importance in the Nationalist Government, established in Nanjing in 1927. Regaining tariff autonomy, eliminating foreign concessions, and reversing other clauses unfavorable to China imposed by the “unequal” treaties with Western powers—and later with Japan, after its victory in the First Sino-Japanese War (1894–1895)—became an integral part of the Nationalist plan for economic development.⁴⁵ These nationalist goals, however, reinforced, rather than displaced, the trends that emerged at the beginning of the economic crisis and expanded in the Self-

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⁴⁴ For a detailed discussion of both liberal and military-industrial models of development in the early Republican years and for Sun Yat-sen’s and Chiang Kai-shek’s reformulation of the trope of minsheng, see Zanasi, Economic Thought, 158–196.
⁴⁵ For a detailed discussion of China’s efforts to regain control of tariffs, see Felix Boecking, No Great Wall: Trade, Tariffs and Nationalism in Republican China, 1927–1945 (Cambridge, Mass.: Harvard University Asia Center, 2017).
Strengthening period, especially the ideas that China needed a strong state leadership and could not afford a Western capitalist-style mode of consumption because of its economy of scarcity (poverty).

Nationalist intellectuals and officials also believed that there was no insurmountable contradiction between state planning and market economy. The contradiction between state leadership and market economy could be resolved by cooperation between state and economic elites. A solution for this strategy had already been formulated by Ren Qiyun and Bao Shichen, who had suggested that the local power brokerage system assist the state in achieving its goals. This strategy anticipated those adopted by the Self-Strengthening Movement. Prominent reformer Zheng Guanying (1842–1920), for example, argued that the state and private sector should join forces to fight the “commercial war” against the imperialist aggressor. The state should foster and encourage the private sector, which should focus on the nationalist goal of producing for import substitution, thus strengthening China’s export. The government should also establish a ministry of commerce to be linked to local Chambers of Commerce, launch new business schools, publish business journals, and in general help the modernization of trade practices.⁴⁶ Kang Youwei also advocated the establishment of provincial merchant associations (shanghui). These associations would consult with the state and manage the unified implementation of policies under the control of officials.⁴⁷

It was in this context that Self-Strengtheners provincial governors established new enterprises based on newly imported Western technologies, such as the Kaiping mining complex established in 1877 by Li Hongzhang (1823–1901). Li, like other provincial Self-Strengtheners, also took the lead in improving transportation and infrastructure enlisting private funds and business through the strategies of “state-private cooperation” (guanshang heban) or “official supervision and merchant management” (guangdu shangban). Arguably the most famous among this kind of enterprise was the China Merchant Steamship Navigation Company (Lunchaun zhaoshangju), also launched by Li Hongzhang in 1872. Provincial leadership on economic self-strengthening was not limited to mining, transportation, and infrastructure. It also extended to manufacturing and especially to the revival of traditionally strong Chinese industries aimed at import substitution. Governors Li Hongzhang, Zhang Zhidong, and Zuo Zongtang (1812–1885), for example, set up cotton mills and textile factories in their

provinces. The cotton industry, in fact, became, together with tea and silk, one of the main focuses for import substitution from the Self-Strengthening period through the Republican years.\textsuperscript{48} The strategy of “state-private cooperation” aimed at mobilizing in support of national goals private businessmen’s expertise and their capital—at a time when the state lacked appropriate financial resources for footing the bills for economic reforms.

Most of the prewar Nationalist Government’s plans for economic “reconstruction” (jianshe)—the term used at the time for economic development—rested on the establishment within the government of new economic bodies, such as the National Economic Council (NEC) which institutionalized cooperation with the private sector by establishing industry-wide organizations that included representatives of the government, entrepreneurs, technical specialists, and workers, while extending its control over agricultural production through a network of rural cooperative societies. As was the case with the NEC, however, by the mid-1930s, these corporativist institutions turned from a Self-Strengthening style attempt to mobilize private capital and expertise into a tool for increasing state control over the private economy.\textsuperscript{49}

Although foreign experts had flocked to China starting with the Self-Strengthening reforms, as part of the program for knowledge transmission, more structured developmental missions began after the establishment of the Nanjing Government. In those years, the NEC partnered with the League of Nations for three main missions focusing on health, economics and finance, and communications and transit. The NEC also established a more permanent collaboration through the Committee on Intellectual Cooperation which supported educational exchanges.\textsuperscript{50} In 1933, the League also sent a fourth mission to help the NEC solve the long-standing problem of agricultural decline and poverty among the peasants. In their final reports, the League’s experts offered diverse solutions to the rural crisis, mostly focusing on improving the lives of the peasants through the organization of cooperative societies controlled locally. The NEC, however, did not follow the recommendations of the League’s experts, but proceeded in a very different direction. Its network of cooperative societies, rather than empowering the peasants, aimed at extracting resources in support of urban industrialization. Ultimately NEC leaders only sought from the League technical expertise, financial aid, and international support against Japan’s escalating


\textsuperscript{49} Kirby, “Engineering China”; Zanasi, \textit{Saving the Nation}, 133–174.

\textsuperscript{50} Kirby, “Engineering China,” 143–148.
imperialist ambitions, rather than a blueprint for solving the rural crisis.⁵¹ The NEC example highlights the limits of China’s integration within the Western narratives of development—or better, the diverse views of economic modernity competing in post-World War One West as liberal capitalism came under criticism from different quarters.⁵²

By the 1930s, Chinese intellectuals and government officials had completely embraced Western Economics. A new group of Western-trained economists dominated both the academic world and the government bureaucracy, which now prioritized Western-style expertise in its recruiting. Their enthusiasms for modernizing reforms led them to confine to the realm of the “traditional” and unscientific Chinese ideas developed outside the Western conceptual terminology, effectively erasing the early history of Chinese developmental thought.⁵³ Despite these changes, continuities are striking as Chinese reformers and economists continued to carefully assess Western blueprints for modernization by evaluating whether they fit China’s economy of scarcity. During the Republican period, when reformers were most eagerly seeking Western-style economic modernity, China’s nation-building and anti-imperialist goals worked against the outright adoption of a Western consumerist capitalist model of development, favoring instead state intervention and frugal consumption as a strategy for capital accumulation. This was not only the case with China. Japan’s modernization effort, although considered an unprecedented feat of Westernization in response to Western imperialism, adopted policies very similar to those attempted in China. The newly restructured Meiji state was able to take a decisive leadership over the economy and successfully mobilize private resources both in terms of cooperation with economic elites—as exemplified by the role played by the zaibatsu in prewar industrialization—and promotion of frugality as a strategy for diverting resources into economic state goals.⁵⁴ More or less formal or institutionalized, state-private cooperation—often aiming at compressing labor costs—remained, together with state leadership, basic traits of the East Asian Development

⁵² Zanasi, “Exporting Development.”
⁵³ Chiang Yung-chen, *Social Engineering.*
⁵⁴ The term zaibatsu refers to pre-1945 industrial and financial conglomeration which cooperated closely with the government in its industrialization effort. During the economic boom initiated in the 1960s, the South Korean Chaebol worked in a very similar fashion.
model throughout postwar Japan, the 1060s rise of the Four Asian Tigers (Singapore, Hong Kong, Taiwan, and South Korea), and post-Mao PRC.⁵⁵

Conclusion

The longue durée approach adopted in this article reveals the complex origins of the East Asian developmental state tracing its origins back to late-eighteenth and early-nineteenth century China. It was at this time that developmental economic strategies emerged, which were soon to be strengthened by anti-imperialists and nation-building efforts. The adoption in the early-twentieth century of the Western terminology of economics effectively erased the early history of Chinese developmental thought, to the point that in the 1980s the idea prevailed that the PRC’s economic reforms, rather than having domestic historical roots, were inspired by the experience of the Four Asian Dragons, and especially by the thought of Singapore leader’s Lee Kwang Yew.

Restoring the early history of Chinese developmentalism allows us to go beyond the ideology of the Chinese Communist Party (CCP) and trace the origins of today’s (post-1980s) market economy “with Chinese characteristics” in the long-term crisis generated by geopolitical changes—above all population growth and the economy of scarcity (poverty) it created. It was this crisis that inspired new economic views that favored state leadership for stewarding China toward economic growth and out of poverty. The arrival of Western imperialism, and the narrative of economic modernity it brought with it, rather than finding a “blank sheet of paper”—to use one of Mao Zedong’s favorite expressions—on which to impress its version of economic modernity, met a well-developed and pragmatic indigenous thought, rooted in a clear analysis of China’s circumstances, which mediated the impact of Western ideas.

Recent arguments presenting the “China model” as a more efficient economic system better suited to the contemporary world appear to challenge the Western model that dominates global development today.⁵⁶ Recent works have attempted to evaluate “the extent to which China’s post 1989 rise, and its more recent emerging narrative of global leadership, might dent Western-style liberal

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democracy as teleology of progress.” This question, however, remains at the moment unanswered as China’s Belt and Road Initiative (BRI)—the main program for the realization of China’s aspiration to global dominance—is “more pragmatic than ideological,” mostly focusing on creating a network of bilateral Free Trade Agreements. The BRI, therefore, seems to highlight China’s economic pragmatism, which, as shown in this article, has deep historical roots. Although the BRI has the potential of “changing the rules of globalization,” as the title of a recent book suggests, whether the China model will emerge as an alternative to current neo-liberal developmentalism remains an open question.

Some scholars believe that it will probably depend not on China itself, but rather on whether the Western world will grow disappointed with its long-standing highly ideological models and will look for alternative solutions. The China model, as well as the East Asian Development model, might develop some appeal in the West for the tendency it shares with neoliberalism to compress labor costs. The two models, however, greatly differ in the relations between state and economic elites. The hybrid state-market economic systems envisioned by Self-strengtheners and early Republican reformers articulated a liberal version of the developmental state by aiming at cooperation with societal economic elites. In the late-1930s Republican period and post-1980 China, however, the balance between cooperation and coercion and between state leadership and private initiative tended to shift toward more authoritarian solutions.

58 Zhang, Alon, and Lattemann, China’s Belt, 71.
59 With the blatant exception of Mao Zedong’s economic campaigns such as the Great Leap Forward (1958–1962).
60 Zhang, Alon, and Lattemann, China’s Belt.
61 Horesh and Lim, An East Asian Challenge to Western Neoliberalism, 2–3.