



Are Economic Freedom and Political Unfreedom Compatible? A Review of *Markets with Chinese Characteristics*

Mark Koyama¹

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Evan Osborne, *Markets with Chinese Characteristics: Economic Liberalism in Modern China*. Vancouver, Canada: CL Press. 2024. [Open access](#)

Evan Osborne has written a fascinating book on economic liberalism in China from premodern times until today.

Osborne provides a narrative of the rise, fall, rise again (and perhaps fall again) of economic liberalism in China. His perspective is that of a liberal who is deeply engaged with Chinese history and culture. Pervading the book is Osborne's optimism about the benefits that economic liberalism can bring to China and its compatibility with Chinese culture and history and his frustration with the difficulties and challenges it has faced over the past two centuries. Osborne focuses in particular on the economic liberalization associated with Western incursions into China after 1841, the period between the Fall of the Qing dynasty in 1912 and the Communist assumption of power in 1949, and then the economic liberalization of China after 1977.

Markets with Chinese Characteristics provides a nice overview of these topics. The book is fast paced and accessible. I would recommend it for anyone interested in the economic history of China or the global reception of liberal ideas. Detailed monographs have been written on topics such as Mao's Great Leap Forward or the economic reforms of the 1970s–1990s, and Osborne is not able to go into

1. George Mason University, Fairfax, VA 22030.

great detail on every aspect of these developments. Osborne tells of promoters of liberalism in China, such as Yan Fu (1854–1921). A valuable review of Osborne’s narrative is provided by Samuel Gregg (2024). In the remainder of my review, I will focus on some points where I thought more discussion or depth might have been valuable or where I think Osborne’s analysis left me unsatisfied.

For me, the most original and arresting part of the book is the first section where Osborne traces the history of liberal ideas in China prior to the First Opium War and the reception of these ideas during the second part of the 19th century. There is much of value here.

Reading Osborne’s excellent discussion of what he calls “pre-Western contact” liberal ideas in Chinese political thought, I was struck by what seems to be missing: the concept of the individual. Chinese thinkers such as Xunzi had a sense that low taxes or an absence of government interference could be a good policy for a statesman to follow. But there is no expression of the idea that the individual may be the best judge of his or her own decisions. To me, this supports the argument of Larry Siedentop (2014) that the notion of “the individual” had to be “invented.” What distinguishes liberalism in the Western tradition is the emphasis on the individual as an *Imago-Dei* source of value and a locus of sovereignty. Siedentop makes a compelling case that this owes its origins to Christianity and its moral intuitions. I think in the Western tradition this individualism had to be reworked by humanists like Petrarch and Reformers like Martin Luther before the liberalism of John Locke or John Stuart Mill could become possible (see Gillespie 2008).

Osborne draws attention to the important work of economic historians who have found evidence of rapid development in many parts of China during the late 19th and early 20th centuries. It was a period of rapid advances in knowledge, rapid economic growth in commercial centers like Shanghai, and improving conditions for women and the commercial classes. Osborne calls this “Dynamism the First Time.”

The first dynamism raises the question: Why then did liberalism initially fail in China and why did China embrace Communism? While economic growth did transform parts of coastal China, and particularly the Treaty Ports in the early 20th century, China as a whole remained a largely agrarian peasant economy with the majority of the population living close to subsistence. Osborne traces the impact of Marxist ideas in China, particularly after the Bolshevik Revolution of 1917 and what he calls the erosion of liberal values under KMT rule (1927–1937). Here his narrative misses what for me is an important part of the story: the failure to build state capacity during the time of the first dynamism.

For Chinese, the era of 1842 to 1949 came to be referred to as the “century of humiliation” due to the imposition of unequal treaties and loss of international status. Economic liberalism in China was associated with a weakening of central

state power; that weakening came hand-in-hand with treaty ports, the loss of international status and, most humiliating of all, defeat by the Japanese in 1895. In my assessment, what doomed economic liberalism was the failure of the self-strengthening movement in China and then the inability to build a strong state. The mid-20th century was a dangerous time for states that were unable to invest in powerful militaries. China's failure left it vulnerable to foreign machinations and invasion. The contrast here is with Meiji Japan, where a liberalization of the economy went hand-in-hand with successful political modernization and state building.

Another minor disagreement I have with Osborne has to do with his portrait of pre-1844 Qing China. His portrait is heavily influenced by the work of Ken Pomeranz (2000) who suggested that living standards in Western Europe and 18th century China were comparable. When Pomeranz put that contention forward in 2000, it had some plausibility, but it is now untenable in light of economic history research done over the last 20 years. In not dissimilar fashion, Osborne's narrative understates the degree to which crises began to convulse China even prior to the First Opium War.

Osborne's narrative of China's forced embrace of Communism and subsequent turn towards liberalism starting in the 1970s is fairly familiar for those who have read other accounts. Under Mao, domestic businesses were nationalized, land was redistributed and then collectivized, and a command economy under the control of a totalitarian state was created. I think Osborne underplays the extent to which the attraction of Communism to many Chinese was that it promised to make China strong again. While this was partially successful—Communist China became a nuclear power and gained recognition from the USA—its relatively poor economic performance, particularly compared to the East Asian 'Tiger' economies, was evident from the late 1970s onwards. It was this I suspect that drove the support within the CCP for liberalizations.

In contrast to say Daron Acemoglu and James Robinson (2019), Osborne for the most part is relatively optimistic about economic liberalization in China. He thinks too much has been made of issues such as the infringement of intellectual property rights, and he sees China's integration into the global economy in a positive light. Although he has concerns about talk of Xi Jinping "reimplanting socialism," he does not discuss China's growing foreign policy ambitions and its aggressive behavior in the South China Sea. Taiwan is not listed in the index to the book. As the global economy becomes less integrated and Russia and China become more closely aligned, incentives to liberalize further appear to be weakening.

For Osborne, the fact that the legitimacy of the regime has been brought about in part by economic liberalism means that it is unlikely that economic liberal-

ism can be dispensed with. However, he does not tackle whether economic freedom and political unfreedom are compatible in the long run. Thus, while I welcome Osborne's history of economic liberalism in China, my own assessment is more pessimistic. China has seesawed between different forms of authoritarianism throughout the past two centuries, and I see little evidence that a sustainable form of liberalism will find a secure home there any time soon.

The book has a number of copyediting mistakes. On occasion, authors' names are misspelled, footnotes are not formatted correctly, spaces between words are missing, and there are grammatical errors.

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About the Author



Mark Koyama is a professor of economics at George Mason University, Research Associate at the Centre for Economic and Policy Research (CEPR), and a Senior Scholar at the Mercatus Center. He is an economic historian whose research focuses on the origins of modern economic growth and liberal institutions. He has published two books: *How the World Became Rich* (Polity, 2022, with Jared Rubin) and *Persecution and Toleration: The Long Road to Religious Freedom* (Cambridge University Press, 2019, with Noel Johnson). His research has appeared in leading journals in economics and economic history. His email address is mkoyama2@gmu.edu.

[Go to archive of Watchpad section](#)
[Go to September 2024 issue](#)