Classical Liberalism in China: Some History and Prospects

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Classical liberal economic ideas such as respect for property, competition, freedom of contract, and the rule of law, along with the associated institutions, have played an important role in Western history as well as in other countries, especially from the eighteenth century (North et al. 2009; Hayek 1978). In China the rise of such legal and social institutions has been credited with the immense economic progress of the last four decades (Feng et al. 2015; Coase and Wang 2012).

Although market institutions stretch back many centuries in China (von Glahn 2016), much of the twentieth century was marked by admiration and adoption of uncompromising communism, including Maoism. While other countries in that part of the world prospered after World War II based on free markets and the gradual institutionalization of the rule of law, China suffered three decades of both political and economic catastrophe after 1949. Much of the modern Chinese ‘economic miracle,’ i.e., rapid, stable, and continuing economic growth since the late 1970s, is also substantially traceable to the implementation of liberal reforms (Feng et al. 2015). The reforms instituted much of the structure of a functioning price system, a relatively stable currency, meaningful property rights, increased competition, increased enforcement of contract and liability law, and reasonably steady economic policy (cf. Eucken 1952). The gradual replacement of state-directed production and resource-allocation decisions with spontaneous-order
processes opened the door to participation and hence prosperity for ordinary Chinese people, including those who had been historically relegated to the bottom of the social ladder. The reforms opened the way for pioneers, and in the words of Ronald Coase and Ning Wang, the “pioneers were not state-owned enterprises, the privileged actors and the jewels of socialism, but the disadvantaged and marginalized” (2012, 45). There are few if any observers who fail to significantly credit substantial economic liberalization for the Chinese miracle, just as with the broader East Asian miracle before it. And yet abundant literature in China and elsewhere gives paramount credit to the so-called “Chinese model,” in which government is credited with steering economic activities while maintaining political control over society (Zhang 2016; 2012; Pan 2007). This paper traces the development and current position of classical liberalism in China, with a focus on Chinese economic thought.

**Classical liberalism in modern Chinese society**

The Chinese characters for freedom or liberty are 自由 (Mandarin pronunciation: zìyóu), and the two characters combined can be roughly translated as ‘emanating from the self.’ The first written record of the term appeared in a poem anonymously written in roughly 200 CE, whose title is translated into English among other ways as “An Ancient Poem Written for the Wife of Jiao Zhongqing” (in Barnstone and Chou 2005, 45–56). The term was used therein by a mother to criticize her daughter-in-law, and had a negative connotation akin to ‘self-willed, and therefore disrespectful.’ Its modern usage grew along with the urgency to acquire the national capacity to resist Western colonial efforts. Figure 1 presents usage frequency for 1800–2008 from Google Ngrams, a database containing the frequency of specific n-grams—n-grams being phrases of particular lengths in words (lengths in characters, in the Chinese case)—found in the pages of all books in a variety of languages that Google has digitized. The figure depicts the proportion of all Chinese 2-grams in a given year, as a three-year moving average, that the specific 2-gram zìyóu makes up. The figure indicates that the prevalence of zìyóu increased dramatically in the late nineteenth and early twentieth centuries, i.e., the late Qing Dynasty and early Republican period. This happened as the overall amount of publication in China grew dramatically during this time, both because of debates over how to modernize and because of the abandonment of the difficult classical written Chinese for writing that resembled spoken Chinese (bāihuà, 白话).

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4. For example, ‘comparative advantage’ is a 2-gram, and ‘division of labor’ a 3-gram.
Presumably during this interval the term was rapidly acquiring the meaning of the English word *liberty*.

**Figure 1.** Prevalence of 自由 (‘freedom’) in Chinese books, 1800–2008

![Graph showing prevalence of 自由 (‘freedom’) in Chinese books, 1800–2008](image)

*Source: Google Books Ngram Viewer [link]*.

In modern Chinese, 自由主义 (自由主义) translates alternatively as ‘liberalism’ or ‘libertarianism.’ But during the Maoist era in both scholarship and in politics, 自由主义 was seen as the dominant ideology of capitalist countries and thus as decadent. That view surely was a function of the Marxist vision of bourgeois liberalism as the final stage of capitalism. Mao Zedong himself in 1969, at the height of the Cultural Revolution, republished in a selection of his works a 1937 essay called “Against Liberalism” (“Fānduì zìyóu zhǔyì,” “反对自由主义”). It criticized non-obedience to the communist party leader as such corrupt “liberalism” (Mao 1969). This loaded usage has, unfortunately, influenced the way some Chinese see the term 自由主义 ever since.

Since 1949 China has been a one-party state, and the Communist Party of China (CCP) has supposedly been building, depending on the current political line, a communist or socialist country. Currently, to accommodate the explosion in market activity since 1978, its system is described by the CCP as “socialism with Chinese characteristics” (“zhōngguó tèsè shèhuì zhǔyì,” “中国特色社会主义”). Chinese social-science and historical scholarship is still laden with articles describing social phenomena from an orthodox Marxist (though less often Maoist these days) perspective. The general public and even many at senior levels of the CCP do not take such beliefs seriously. However, if ‘socialism’ is taken to signify vague notions of equality of income distribution and social position, it is widely accepted in China, as to a lesser extent it is in Europe and the United States. In China, objections to inequality certainly long predate the twentieth century and
its imported ideologies. Even Confucius identified a similar mentality among successful Chinese political rulers.5

But thorough understanding of liberalism, let alone support for liberal views, is still rare in today’s China. The former is in fact confined to a small number of Chinese intellectuals. Many Chinese do have some sense of the merits in such terms as freedom, democracy, legal equality, and especially justice and the rule of law. Even leading political figures have discussed the importance of the rule of law (jǔzhì, 法治). But since the liberal heritage is weak, few people have a deep understanding of such ideas. Instead, people are likely to associate the terms with the good governance, prosperity, and cleaner natural environment they believe to be found in Western countries. To live in such a country, many believe, is to live in a place where opportunities for people like them are greater and where security and happiness are much easier to achieve. The CCP has been concerned enough about the spread of such admiration for the terms of liberalism that on November 19, 2012, in the report of the 18th Party Congress, the CCP’s proclamation of so-called “socialist core values” included a number of such liberal terms. Through various propaganda mechanisms these values have subsequently been promoted across the country. Note that the attraction of these values is in contrast to a widespread Chinese disquiet about the immediate introduction of democracy in the sense of cleanly counted, competitive elections. China has been an authoritarian country for more than 2,000 years. It has no democratic traditions, a general skepticism of common, less-educated people having a significant say in national affairs, and a fear of the spread of separatist thinking and even the outbreak of civil war, not a rare event in Chinese history.

Since 1978, economic thought in China, apart from some Marxist redouts, has come to resemble that in much of the rest of the world. The Chinese government through its state statistics bureau collects data with the goal of monitoring and as necessary improving Chinese macroeconomic performance. The People’s Bank of China, the country’s central bank, operates on substantially the same principles as central banks in developed countries. Perhaps the Chinese are prepared for the distinct ideas of classical liberalism. But liberalism is not seen by many as a significant, distinctive school of thought there, let alone a particularly valuable one. Other modern ideas in contrast have been widely absorbed in the Chinese

5. Confucius says to Qiu, in the Analects: “The gentleman detests those who, rather than saying outright that they want something, can be counted on to offer a plausible pretext instead. What I have heard is that the head of the state or a noble family worries not about underpopulation but about uneven distribution, not about poverty but about instability. Where there is even distribution there is no such thing as poverty, where there is harmony there is no such thing as underpopulation and where there is stability there is no such thing as overturning. It is for this reason that when distant subjects are unsubmitive one cultivates one’s moral quality in order to attract them, and once they have come one makes them content.”
collective consciousness, for example modernization (xiàndàihuà, 现代化), or environmentalism (huánbǎo, 环保). Yet many of liberalism’s principles have antecedents in Chinese thought, and after Western quasi-colonialism began in the mid-nineteenth century, several liberal texts were among the larger set of books enthusiastically translated into Chinese.

Elements of liberalism in ancient Chinese thought

Chinese political thought long took an absolute ruler for granted, and so political philosophy emphasized advice to that sovereign on how to rule in order to promote the general welfare and prevent revolt. But there certainly is in the Chinese philosophical and historical corpus significant thinking on economic matters. To be sure, there is a tradition of disdain for commercial activity, sometimes paired with advice on how to cultivate individual rectitude. During the Warring States period (475–221 BCE), the Book of Lord Shang, a record of the thoughts of a contemporaneous chief minister, told of his distinguishing between farming, a fundamental activity (běn yè, 本业), and the derivative, secondary activity of commerce (mò yè, 末业). The Confucianist philosopher Mencius (c. 372–289 BCE) sometimes and the Legalist Han Feizi (c. 280–233 BCE) usually took a dim view of commerce—the former because it was corrupting of human nature, and the latter because concentration of wealth in the hands of a few merchants posed a threat to the state. Han Feizi did speak of self-interest inducing win-win exchanges, and both Mencius and before him Mozi (c. 468–391 BCE) wrote of the foolishness of war. Mozi also particularly emphasized the importance of at least a simulacrum of the rule of law, arguing for the importance of the moral equality of all individuals regardless of social status (Osborne 2012).

There is also a record of advocacy for a liberal economic order, not least in the text known as the Guanzi. Long attributed to a seventh-century BCE pre-Chinese-unification minister in the state of Qi named Guan Zhong, the text generally concerns philosophical matters, but there is economic wisdom to be found in it as well. For liberal economic values, two sections are of interest. In one, the author anticipates and even extends ex ante the eighteenth century argument of A. R. J. Turgot and Adam Smith that rates of return will tend to equalize across activities: “Town and country compete for inhabitants; families and public storehouses compete for goods; gold and grain compete for value; countryside and court compete for power” (quoted in von Glahn 2016, 78 n.94; our translation).
Another theme in the *Guanzi* is the economic role of merchants being truly fundamental and not merely derivative (note the contrast with the later, skeptical depiction of mercantile activity outlined above):

Merchants observe outbreaks of dearth and starvation, scrutinize changes in the fortunes of states, study the patterns of the four seasons, and take notice of what goods are produced in each place. With this knowledge of prices in the marketplace, they gather up their stock of goods, load them on oxcarts and horses, and circulate throughout the four directions. Having reckoned what is abundant and what is scarce and calculated what is precious and what is worthless, they exchange what they possess for what they lack, buying cheap and selling dear... Marvelous and fantastic things arrive in timely fashion; rare and unusual goods readily gather. Day and night thus engaged, merchants tutor their sons and brothers, speaking the language of profit, teaching them the virtue of timeliness, and training them how to recognize the value of goods.

(quoted in von Glahn 2016, 78)

The importance of scattered, costly information—strongly hinted at in the above passage from the *Guanzi*—was not laid out until the early modern era in the West. Taoism, philosophical tracts of which have been traced back to the fourth century BCE, also modestly overlaps with classical liberal values. An undercurrent of the Taoist view of the world is that things are what they are for a reason. Strands of Taoist thought also advocate unhindered individual creativity. In that sense it resembles a bit modern ideas of spontaneous order. Indeed, Tan Min (2014, 90) notes that François Quesnay referred to China as a country where government was “built upon the basis of the natural laws.” In 1767’s *Despotisme de la Chine*, Quesnay rebutted Montesquieu’s criticism in *The Spirit of the Laws* of Chinese “despotism” (ibid., 91).

During the Han dynasty, the writer Sima Qian (c. 145–86 BCE), in a volume that later became part of his *Records of the Grand Historian of China* (Sima 1961), devoted attention to the various distinct regional economies of which he was aware, and to those who were financially successful in them. Sima discussed both the role of merchants and of prices in eliciting goods to be produced, or moved from where they are less desired to where they are more desired. He also argued private incentives were sufficient to do most of what it made sense to do:

Society obviously must have farmers before it can eat; foresters, fishermen, miners, etc., before it can make use of natural resources; craftsmen before it can have manufactured goods; and merchants before they can be distributed. But once these exist, what need is there for government directives, mobilizations of labor, or periodic assemblies? Each man has only to be left to utilize his own abilities and exert his strength to obtain what he wishes. Thus, when a
commodity is very cheap, it invites a rise in price; when it is very expensive, it invites a reduction. When each person works away at his own occupation and the lights in his own business then, like water flowing downward, goods will naturally flow forth ceaselessly day and night without having been summoned, and the people will produce commodities without having been asked. (Sima 1961, 477)

Adam Smith could not have said it better himself, and in the 1990s there was an exchange of articles contending over whether Sima Qian anticipated much of what Smith introduced to Western thought (Young 1996; McCormick 1999).

Subsequently in the same work, Sima contended:

These, then, were examples of outstanding and unusually wealthy men. None of them enjoyed any titles or fiefs, gifts, or salaries from the government, nor did they play tricks with the law or commit any crimes to acquire their fortunes. They simply guessed what course conditions were going to take and acted accordingly, kept a sharp eye out for the opportunities of the times, and so were able to capture a fat profit. (Sima 1961, 498)

While Records has long been considered a classic, this particular insight left little trace in later Chinese writings on economics, so that when Smith himself was finally translated into Chinese his insights were thought to be revolutionary.

The degree to which actual policy conformed to the recommendations of liberalism fluctuated greatly. As far back as the Warring States period there was an identifiable class of merchants, but they worked with rulers, to “assist them in gathering and centralizing control over economic resources” (von Glahn, 2016 46)—different in methods but not in fundamental goals from the mercantilist corporations, guilds, and other institutions that would be roundly criticized by Smith. Yet the merchant Bai Gui (c. 463–385 BCE) was recruited to serve as a political leader in the state of Wei and was able to achieve significant reductions in customs duties and bureaucratic complexity (Hu 1988). Sometimes even a change of emperor within a dynasty could make a significant difference. The Taoist second-century-BCE Han emperor Wen (202–157 BCE) is generally held to have ruled very liberally, reducing taxes, reforming the criminal law and largely introducing the exam system for choosing bureaucratic officials that would be used until 1905. But his successor’s successor and grandson, the emperor Wu (156–87 BCE) reimposed centralized rule with state direction of economic activity. Evidence indicates that during his rule the urban population of China declined, a number of Chinese cities de-complexified, and agriculture significantly displaced mercantile commerce (Yamada 2000).
Several times subsequently, economic policy changed direction between liberal and illiberal regimes. It seemed to rulers that controlling prices in the very short term made things better for the poor, but of course also caused quantities supplied to dry up. Freedom for merchants was associated with vibrant economies and prosperity for those officially connected to trade networks, but it also generated seemingly dangerous declines in the uniformity of income. In addition, the Confucian legacy of disdain for the commercial life and lauding of family and hierarchy periodically fueled changes toward less liberalism. But to speak approximately, as in literature and the arts, the Song dynasty (960–1279 CE) was in terms of material prosperity a golden age, and a liberal one to boot. Philosophically, while there was nothing directly resembling the fuller package of Western economic liberalism, during this time neo-Confucian scholars such as Zhu Xi (1130–1200) indirectly promoted limited government by reviving the Confucian tradition of calling rulers to account for lack of individual rectitude. That practices of self-cultivation are both essential to ruling justly and accessible to people of any station has been a long tradition in Chinese thought. But after the collapse of the Song dynasty and the following century of subsequent Mongol rule, the first Ming emperor after taking power in 1368 sought to restore the autarkic villages lionized by Mencius and subsequent neo-Confucian philosophers.

In later centuries, enough data exist to document several episodes of prolonged economic stagnation: both an unnamed depression and the Kangxi depression between the 1630s to the 1690s (Atwell 1999), and the Daoguang depression from the 1820s to the 1840s (von Glahn 2016), the former two straddling the period during which the Ming dynasty fell. While the second stagnation occurred while the authority of the final dynasty, the Manchu Qing, was still strong, it was followed by the roughly 70 years in which contact with Western militaries in possession of mass-produced weaponry ultimately ended the imperial system—but not before provoking intense interest in Western ideas.

Thus there were many examples scattered over the centuries of individual ideas also found in classical liberalism, as one would expect of a civilization with as long a history and as much complexity as China. But there was no coherent philosophy of classical liberalism in the sense of other Chinese schools of thought such as Legalism and Confucianism. That would soon change.

China faces the West and its political economy

During the nineteenth century, a sequence of increasingly alarming events gradually caused a belief to grow that China was now demonstrably behind the countries of the West, which were no longer so distant from Chinese conscious-
ness. The Chinese military was defeated in two ‘Opium Wars’—first by Britain in 1839–1842 and then by primarily Britain and France during 1856–1860. At the end of the second war the two so-called Summer Palaces in the Beijing area were both looted and burned, after the Chinese government had executed several British captives. The second Opium War was enveloped by the purely domestic but far more catastrophic Taiping rebellion from 1850–1864, in which millions died. As the second half of the century unfolded, the Qing Government had to make repeated concessions to British, French, Japanese, Russian, German, and American powers with regard first to war reparations and later the granting of privileges such as the right to construct railways, and to establish colonies in Shanghai and elsewhere. Particularly motivating was the Chinese loss to Japan in the brief Sino-Japanese War of 1894–1895, after a much smaller Japan had successfully incorporated Western technology and military strategy on their own within 40 years after initial (also hostile) Western contact.

By this time, China already had a long tradition of translation, especially of Sanskrit Buddhist texts and, starting in the late sixteenth century, of the Latin texts of Jesuits, who were then well ensconced in a few places in China. From 1723, when the Jesuits were expelled, to the loss in the first Opium War, translation effectively stopped. But by 1880 the translation of scientific texts resumed and then expanded, in part because Westerners were then teaching religious, scientific, and social-scientific Western knowledge through formal schools. In addition, there was now increasing Chinese emigration to the countries of the Western Hemisphere, and some of these Chinese went abroad specifically to master Western languages and ideas.

One of the most influential of these latter was Yan Fu (1854–1921), the single most important introducer of liberal ideas in China, who was educated in England at a naval school established in 1866 by the Qing but where most of the teachers were Westerners. Between 1877 and 1879 he lived in England, where he was thoroughly exposed to English-language Western texts. After the Treaty of Shimonoseki that ended the war with Japan, he began to translate many works containing what he saw as the knowledge that was key to Western strength, knowledge that had been absorbed by Japan. While there were many strains of thought contending in the contemporary West, including liberalism, Darwinian evolution, pragmatism, and Marxism, looking back it is striking how important Yan thought that liberal thinking was and liberal thinkers were in explaining Western power. In addition to The Wealth of Nations, Yan translated Thomas Huxley’s Evolution and Ethics (the title of which he chose to translate as Tiānyǎnlùn, or 《天演论》, meaning Theory of Evolution), Herbert Spencer’s The Study of Sociology, John Stuart Mill’s On Liberty (his translation of the title being Qúnjiănwànlùn, or 《群己权界论》, On the Boundary Between the Self and the Group) and A System of Logic,

Some have argued that the spirit of liberalism did not transfer entirely to Yan’s Chinese translations (as his altered titles suggest). In particular, the West had long situated the individual in society differently. Thus, it is said that Yan failed to accurately translate or convey Mill’s conception of why free competition in the realms of ideas and social organization in particular was beneficial to society (Huang 2008). That all his translations took the form of the then-standard but soon-to-be-obsolete classical Chinese may have made the problem worse. Yan also faced the problem in all his translations of how to translate particular English terms that had no parallel in late nineteenth-century China, among them *the economy* and *economics*. He considered using the Chinese-character translations that had been adopted several decades prior in Japan, such as *jingē* or 経濟 for *the economy* and this combined with *xué* or 學 for *economics*. Indeed, these are the terms used in modern Chinese. But Yan thought that this translation mistakenly connoted the effective exercise of control over all national questions. He thus chose a translation arguably better for the time, *jīxué* or 計學. This term had a meaning that suggested calculation, “the relations among different economic actors,” and “the management of finances at the household or firm level” (Osborne 2017, 298).

Nonetheless, through Yan liberal economics became part of the mix of ideas in China after 1895, a period that included the fall of the imperial system in 1911–1912. Chang Yü-Fa (2000) describes four main strands of Western socio-economic thought that received significant support in China during this time: liberalism, anarchism, socialist-inspired redesign of society, and women’s rights. To this could be added the issue of ethnic-minority rights. Before the 1911 installation of Sun Yat-sen as the president of China, all of these debates were set against the basic question of whether the best way forward was mere reform (*gāige, 改革*) or outright revolution (*gémìng, 革命*). Yan in particular believed that in placing the individual above society, and rights above obligations, in some respects Western liberalism was unsuited for the Chinese.

The debate played out in the ‘new culture movement’ of the 1910s and 1920s, which featured fierce debate over whether China needed total Westernization or preservation of Chinese tradition. The appeal to embrace democracy and science was particularly spearheaded by Chen Duxiu in his journal *The New Youth* (Xīn Qīngnián, 《新青年》), published from 1915–1922. During this time, intellectuals

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6. Women’s rights and ethnic-minority rights are not necessarily inconsistent with liberalism, anarchism, or socialism, but this was a time when the internal dialogue was over what the single key was to Western power. Some people argued for classical liberalism, others for other ideas.
who had undergone a classical education, most famously Lu Xun, led a revolt against Chinese tradition, including Confucianism and classical written Chinese. And so ideas did battle in China from roughly 1895 until the Japanese invasion of 1937. Throughout, there was little meaningful print censorship. Sun Yat-sen himself, while traveling extensively in North America and Europe before 1911 looking for support for his revolution, had been exposed to and was favorably impressed by various schools of socialist thought. As late as 1938, Guo Dali and Wang Yanan could successfully translate Karl Marx’s *Capital*, despite several years of civil war and now once again war with Japan. Eugen Böhm-Bawerk’s *Marx and the Close of his System* was also published in translation in 1936. And so debate was still vigorous, periodicals came and went, and the battle was done in that arena and in various books.

But meanwhile, politics was continuously chaotic. By the 1920s the liberal cause had been substantially damaged by territorial concessions from China to Japan in the Treaty of Versailles, even though the two nations had been victorious allies during the war. The CCP was founded in a meeting in Shanghai in 1921 which included Chen Duxiu, who had turned *New Youth* toward Marxism after Russia’s October revolution, and Mao Zedong. After Sun Yat-sen had been installed as president, the child emperor Pu Yi abdicated in 1912, but then the generalissimo Yuan Shikai became president, and soon after that pronounced himself emperor before dying in 1916. China fell into warlordism in the 1920s, and 1927 saw both Chiang Kai-shek’s campaign against warlords in the north and the adoption of armed struggle by the CCP.

Amidst the domestic chaos and the competition with other ideas, the constituency for political and economic liberalism was now considerably diminished. Even so, several liberal and Enlightenment texts were translated in the 1930s, including David Ricardo’s *On the Principles of Political Economy and Taxation* (1931) and Immanuel Kant’s *Critique of Pure Reason* (1931) and *Critique of Practical Reason* (1936). The two Marxist scholars Guo Dali and Wang Yanan translated *The Wealth of Nations* into modern (not classical) Chinese in 1931 as preparation for translating *Capital*.

So at the time of the Japanese invasion of the rest of China in 1937—Manchuria having been seized in 1931—liberalism was alive but in retreat in an environment of competing ideas. But there was still a thirst for the idea that would ‘save’ China. The CCP had now been in rebellion for roughly a decade. State management of the economy, as propounded in Sun Yat-sen’s *Fundamentals of National Reconstruction* (Sun 1953/1924), if not outright state production, was the leading school of economic thought in China during the 1920s and 1930s, as it was in many countries in the West. But freedom of expression, largely intact through this period, would disappear after the victory of the CCP in China’s Civil War.
Liberal ideas in the communist era

1949–1978

From a platform on Tiananmen Square, Mao Zedong proclaimed the founding of the People’s Republic of China on October 1, 1949. At that point, the Chinese government gradually moved to adopt the standard communist model of complete state media control, both broadcast and press. After a relatively open first few years, expression became a monologue and not a conversation. In addition, state propaganda, including the content of the daily papers, was used to organize themes for mass meetings. Mao did launch the “Hundred Flowers” campaign for freer expression in May 1956. But by 1957, street demonstrations and strikes were breaking out in several large Chinese cities. The criticism of the CCP was frequently vehement and occasionally violent, and in May 1957 Mao issued a communiqué to party leaders specifically urging that people be permitted to speak freely, but only with an eye to identifying CCP enemies and punishing them later. The sweeping of the identified dissidents into prison began weeks later and was completed within months (Dikötter 2013).

Obviously, in such an environment no alternative to prevailing communist orthodoxy, let alone liberalism, could play any role in the Chinese public conversation. Yet a number of landmark liberal texts were published by the state press. Why? To serve as educational ‘internal reading material’ (nèibù dúwù, 内部读物) for leadership elites. Mill’s On Liberty (1959), Hayek’s The Road to Serfdom (1962), Böhm-Bawerk’s Capital and Interest (1959) and Positive Theory of Capital (1964), Jean-Baptiste Say’s A Treatise on Political Economy (1963), and The Wealth of Nations (Smith 1972/1931, including a new orthodox Marxist introduction by Wang Yanan) were all published or republished during this time. In each case, the strictures of Marxist ideology meant that the works had to be fit into the corresponding ‘scientific’ history. This led to two possibilities: Either they were examples of corrupt bourgeois liberalism, sometimes called ‘reactionary reference materials’ (fǎnmian cáiliào, 反面材料, or fǎndòng cái liào, 反动材料) or of primitive political economy which eventually flowered into the mature work of Marx and his successors including Mao.7 In either case these publications were not widely available to the general public.

7. In his preface to the 1962 edition of The Road to Serfdom, Teng Weizao wrote: “Although he regards himself as an ‘impartial author,’ he is in fact a loyal servant in defending the capitalist system. Hayek has ingrained hatred against socialism and any kind of aggressive tendencies” (1962, 1, our translation).
Liberal publishing, 1978–2017

In 1976 Mao died, and shortly thereafter the Gang of Four were arrested, with their trial concluding in 1980. In the interim Deng Xiaoping took and cemented power, and along with other new senior leadership he sought to reform the Chinese economy pragmatically—in whatever way would develop the country most thoroughly and rapidly. Soon after, censorship of the press and publication became less stringent. As a result, important works of liberalism could, and still can today, be (re-)translated and published in China. Indeed, with works out of copyright there are often multiple editions circulating at the same time. In addition, numerous publishers are issuing their own series of substantial Western works more generally, and classical liberal titles are often included. For example, the firm Commercial Press has been publishing a series of Chinese translations of classical academic works since 1981. Among the works in the series at least touching on classical-liberal values are Smith’s *The Theory of Moral Sentiments* (1997), David Hume’s *An Enquiry Concerning Human Understanding* (1981) and *An Enquiry Concerning the Principles of Morals* (2001), Ricardo’s *On the Principles of Political Economy and Taxation* (1981), Mill’s *Principles of Political Economy* (1991), Karl Popper’s *The Open Society and its Enemies* (1999), and Hayek’s *The Road to Serfdom* (1997), *The Constitution of Liberty* (1998) and *The Fatal Conceit* (2000). Across all editions, *The Road to Serfdom* has sold particularly well, and in intellectual circles has become somewhat influential. Public choice is represented as well with, for example, translated work of Geoffrey Brennan and James M. Buchanan (2004).

To be sure, in the realm of economic policy, the most influential Western economists have generally been of the neoclassical orientation. On the one hand, Milton Friedman was invited to China in the early 1980s to consult with Chinese officials on macroeconomic policy; on the other, the more dominant voices in those early years were figures like James Tobin and János Kornai, who advocated varying degrees of state intervention (Gewirtz 2017).

Yet outside government, some people with views easily described as classical liberal have had influence through their widely read public commentary. One is the Hong Kong native Steven N. S. Cheung, a top institutional and political economist. After a very successful academic career in the United States, he returned to Hong Kong in 1982 and participated in the crafting of early Chinese reforms (see Cheung 1986). For many years after that, he wrote regular columns in the *Hong Kong Economic Journal* and elsewhere, which have been highly influential with some segments of the Chinese public. In these columns, he made such liberal ideas as basic price theory clear to his readership through often-clever storytelling. Another influential market-oriented economist is Zhang Weiying, who has shown special interest in ‘Austrian’ economics in recent years. He has written books on entrepreneurship
and how markets work. His book *The Logic of the Market* (Zhang 2010; 2015a) is designed to explain to a general readership some basic principles of the operation of markets. His recent textbook *Principles of Economics* (*Jīngjìxué Yuánnli*, 《经济学原理》, 2015b) combines standard modern economic theory with Austrian views.

Yet while not as stifling as during the Mao years, the pressures of what we might call ‘political correctness with Chinese characteristics’ continue. When dealing with any politically sensitive topic, publishers or translators frequently include remarks indicating that the book is being translated foremost for the purpose of academic exchange. And sometimes liberal texts have content that directly criticizes socialism, which is major component of the ideology that supports the Communist Party’s monopoly on power. And so occasionally even content from the original work itself must be removed. A good example of such self-censorship is a Chinese translation of Ludwig von Mises’s *Socialism* (2008). The translators and publisher based on their own judgment chose to remove a number of criticisms of socialism in order to get it published, and the publisher still had to wait three years until the ideological climate was appropriate. But even in the face of the need to self-censor in this fashion, liberal thinking is unmistakably present. Notably, there was only one line removed from the 1997 translation of *The Road to Serfdom*, and it was the very first one: the legendary dedication “to the socialists of all parties.”

### The room to advocate liberalism in today’s China

#### Academia

In Chinese universities today, the economic curriculum is a strange mix of classes on Marxism, which are required for all students, and classes that would look familiar to any Western college student, often using American textbooks and filled with models of aggregate supply and aggregate demand, indifference-curve equilibria, and so on. Thus, certainly by Chinese historical standards the modern economics presented there is little more interventionist than in the West. But Marxism is included on the entrance exams to begin both undergraduate and graduate study, and a Chinese college student must take a certain amount of Marxist economics, history and philosophy. As noted above, Marxist institutes also exist in many Chinese universities, and classical liberal political economy is often introduced there as obsolete thinking. Yet many economics professors at Chinese universities publish in the world’s leading economics journals. There is currently little coursework organized around either classical liberal authors or themes.
People have built scholarly networks to study and propagate liberal thought, but recently these networks have come under some pressure, as discussed below.

**Networks and associations**

There is significant space in today’s China for liberal groups, networks, and associations that may not have any official association with academia. The two best known have been the Cathay Institute for Public Affairs (CIPA) and the Chinese Hayek Society (CHS). The CIPA was founded in 2002, and its membership included many of the leading Chinese classical liberal scholars, including Liu Junning, Mao Shoulong, Yao Zhongqiu, Xia Yeliang, Wang Jianxun, Mo Zhihong, and Zhu Haijiu. It was sufficiently effective to have won the 2011 Templeton Freedom Award for Excellence in Promoting Liberty. Several times a year it would hold conferences or other public events that presented research on liberal thought or analyzed public policy from a liberal perspective. It also provided a structure for Chinese scholars sympathetic to liberalism to engage in exchange with similar scholars from outside China. The CHS was a network of fluctuating membership consisting of both in-country and overseas contributors. Alas, recent trends in official ideology have become unfavorable to these groups, and both organizations have ended their work, though some members have decided their activities will continue in reorganized form. Such behavior, in which the structures through which ideas are promoted are shut down but the propagators of those ideas are usually free to re-organize and continue until they next cross the line—unless they cross too many lines, as has happened with, for example, the now-imprisoned 2010 Nobel Peace Prize winner Liu Xiaobo—are common in today’s China.

Another similar organization is a forum for intellectual exchange run by the Unirule Institute of Economics (Tiānzé jīngjì yánjūsuǒ). It is a very influential non-governmental think tank, with top classical liberal economists such as Mao Yushi, Zhang Shuguang, and Sheng Hong, and the leading historian Wu Si among its members. It is well-known as a center of research on institutional economics and its application to China. It has received both funding from various Western foundations and domestic donations, and currently it depends mainly upon revenues generated internally. Recently its website was shut down by the government, but for now the English-language website is back online (its service provider is now located outside of China).

As we write, a still-existing example of an influential liberalism-inspired informal network is one organized by Wang Ying, someone with an extensive history both as an entrepreneur and a government official. In reading groups that

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8. One of the authors of this article (Feng) was a member of CIPA.
both meet in person and gather online, she encourages Chinese entrepreneurs to become both familiar and comfortable with the idea of continuous, undirected social change, and to see themselves as key agents in that process.

To the extent that such people are admired by the public and respected by government officials, their cultivation may be key to the success of enhancing the role of liberalism in the Chinese conversation. As a whole, these informal groups, like groups organized around many causes, fade and then grow as political pressures wax and wane. At the moment, they do not necessarily seek to engage in widespread public persuasion of the sort that might occur in an election campaign. Rather, they look to make a difference by exposing potential key players in China’s possible futures to the ideas of classical liberalism.

**Political pressure**

After 1978, as indeed throughout much of Chinese history, sympathy for liberal policies has risen and fallen in Chinese leadership circles. In the first decade, the enthusiasm of Deng Xiaoping for economic liberalism in particular undeniably grew in tandem with Chinese prosperity. China’s leader Hu Yaobang had liberal economic sympathies, and perhaps liberal political sympathies by the standards of the early post-Mao era. In the latter half of the 1980s Zhao Ziyang was guardedly active in this role for political liberalism, but any official lionizing of this thinking ended with the brief, liberal-oriented 1989 protest movement, which was launched by Hu’s death and whose violent termination also ended Zhao’s career.

Today, some Chinese intellectuals sympathetic to classical liberalism also function as opinion leaders and seek to change current policy. And yet, such influence as they have is mainly indirect. Sometimes, as we have seen, their advocacy of freedom today or tomorrow and their exposure of illiberalism in the recent past draw the glare of the authorities. And, sometimes, they are as a result removed from specific positions of influence that are subject to the dictates of the authorities.⁹

The experience of Mao Yushi is illustrative. Mao is a trained engineer who graduated from Shanghai Jiaotong University in 1950. Since then he has been a breakthrough thinker and has been punished by the authorities for things he says and writes. In 1958 he was purged as a rightist while working for a state railway agency. He became a largely self-taught economist in the 1970s, and since then has advocated for liberal economic values. His best-selling introductory economics book *The Economics of Everyday Life* (Shēnhuó zhōng de jīng jì xué, 《生活中的经济...}

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⁹. The aforementioned Zhang Weiyi was removed after twelve years as dean of the Guanghua School of Management, the business school at Beijing University, in 2010. His economic and political liberalism are generally thought to have played a major role in his removal.
which emphasizes the role of freely adjusting prices in moving resources to where they are more valued at the margin, the norms and culture of markets, and other liberal themes, continues to be a popular text. Along with Zhang Weiying’s *The Logic of the Market* (Zhang 2010; 2015a), which also incorporates many liberal and Hayekian insights on the role of knowledge and competition, it perhaps performs a similar role in China as Thomas Sowell’s *Basic Economics* (2014) does for American readers. But Mao also attracted attention with a series of essays in which he criticized excessive state power and advocated for a more open society (e.g., Mao 2008). In 2010, he was prevented from traveling to Norway to see the imprisoned Liu Xiaobo receive his Nobel peace prize in absentia. The next year, Mao (2011) ignited the anger of China’s small but inordinately influential community of Maoist devotees by releasing an essay called “Returning Mao Zedong to Human Form” (“Bā Mao Zedong huànyuán chéng rén,” “把毛泽东还原成人”), in which he documented the human toll of Mao Zedong’s (no relation) rule; the essay is no longer available in China. He won the Cato Institute’s Milton Friedman Prize for Advancing Liberty in 2012, but his website was shut down in 2017, and both his influential Weibo account and Wechat public channel were closed recently. Other classical liberal figures have also recently had their Internet communication sites shut down, among them scholars such as Sheng Hong and Wu Si.

So the space for vigorous advocacy of classical liberal ideas may be shrinking, and this is troubling because the need for further liberalization is pressing. Coase and Wang (2012) emphasize, with good reason, the immense freeing-up of talent and drive in the post-Mao era. But substantial political control of resource use remains, and with China’s growing prosperity the corruption flowing from this control has grown dramatically. Further, in some respects official CCP ideology has in recent years turned more collectivist, and more hostile to economic freedom and the instability that naturally comes with it. Classical-liberal ideas are as necessary now as at any time since the late 1970s. Where liberals can network and speak, especially speak so that others not so familiar with classical-liberal ideas can listen, it will be important for them to do so.

**Summary and prospects**

Beginning in 1978 China began what at that time was the most dramatic reshaping of an almost totally planned economy to date. Since then its standard of living has grown dramatically. While at the outset confined to a few experimental zones, reform has taken hold to the extent that employment at large state-owned factories has shrunk dramatically as a share of the total, even as private enterprises
of all sizes have formed to fill the gap (Ma 2015). Liberal policies deserve much of the credit for this historic transformation.

This paper has offered an account of the history and current position of the classical-liberal values that promote economic and political competition in China. Built on some foundation of indigenous economic liberalism, the arrival of specifically Western liberal thinking was greeted enthusiastically in the late nineteenth century, although other imported ideologies were probably more appealing by 1930. But since reforms began in 1978, liberal texts, combined with recent Chinese interpretations of economic liberalism, have become widely available in China. There is plenty of raw material to generate discussions on the pragmatic and moral virtues of economic liberty. In the new China such discussions are not rare, whether online or offline. The Chinese have many eras of economic dynamism and minimal government economic intervention in their history, and the success of ethnic Chinese overseas is well known. The resources are thus there for the spread of liberal thinking in China.

But the story with regard to political liberalism is somewhat different. China is a one-party state, and while there is considerably more vitality in the marketplace for ideas than there was in the late 1970s, there are clear limits. The level of permissiveness rises and falls, but it is always difficult to publish translations or to own works with arguments about sensitive topics such as liberty or constitutionalism. CCP directives induce self-censorship by major commercial publishers and groupthink among academics, although such directives seldom explicitly restrict purely economic texts, whether meant for college classrooms or the general public, including ones oriented toward liberalism. And the censorship process is idiosyncratic. Some foreign books are allowed in, but content is deleted or modified directly by translators fearful of stricter censorship. Only a small number of books are banned outright, and often those directly implicate the CCP or its leaders (e.g., Yang 2012). Any writings that call into question the legitimacy of one-party rule or the conduct of officials present or past who have not fallen into disfavor are completely unacceptable.

That people might attribute, and political leaders might opportunistically ascribe, Chinese economic success to political illiberalism (as opposed to economic liberalism) is a worrying prospect for friends of China, including scholars, who might themselves be seduced by this myth or by the temptation to serve it (Holz 2007; Cowen 2017). Foreigners and Chinese alike ought to nourish the small but flourishing classical-liberal networks there.

Fortunately, survey research by Jennifer Pan and Yiqing Xu (2017) suggests that there is a constituency in China that believes simultaneously in economic liberalism, political liberalism, and even social libertarianism. Perhaps unsurprisingly, these views are more common among those who perceive themselves as
having done well under reform. While Pan and Xu do not estimate the size of this constituency, levels of individual economic success and economic development in the region where respondents live seem to be positively associated with the prevalence of these beliefs. Those who have benefited from economic liberalization thus may offer a ready base from which to build greater support for comprehensive liberalism. The link between liberal policies and enhancement of opportunities should be stressed. And so we conjecture that entrepreneurs, particularly those who can avoid excessive entanglement with government, must be in the vanguard of remaking China. For now, liberal ideas are alive and liberals are active. But even as public disagreement over some issues, especially the environment, has grown—with the grudging tolerance of the authorities—there has been a corresponding trend toward limits on anyone who takes too far any criticism that might threaten one-party rule, although it is not so often that such offenders are exiled, imprisoned, or murdered. Despite the strong hand classical liberals have to play, whether they will win in a game in which the deck is stacked remains to be seen.

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