

11 Final conclusion

State-building and the great divergence

This book reveals coherently and consistently China's mega-cycle of relative prosperity (until 1936) to abject poverty (1937–1977) and back to prosperity again (post-1978) without, for the first time, attribution to the 1840 Opium War, the alleged Malthusian pressure (including bad weather), class struggle or Oriental Despotism. It separates commonly circulated myths with reality based on solid evidence and careful evaluation.

Contrary to the popular belief in mass movement, this book shows that changes were in most cases imposed by a minority with external help. Therefore, the quality of the state in building was unpredictable, seen from the phenomenon of the anti-state that cost lives and economic growth.

The fundamental assumption of the Great Divergence doctrine is that Western Europe forged ahead while China stayed put. The findings of this study show a different dynamism. As many countries in the West forged ahead with all the help they could get from the state, the Qing Confucian state withered which began in 1712, the moment when Emperor Kangxi froze the Qing tax revenue. Indeed, until 1977 China's economy was intrinsically rural and pre-modern if one takes one single element – the artificially inflated industrial GDP – away from the equation. In the end, Mao's rule made China one of the poorest countries on earth for the very first time in China's long history. So, the malign state widened the Great Divergence further.

Now, we know what the destructive state was made of. Although Maoism was recent in time, its *L'état-c'est-moi* mode was the outdated *Ancien Régime* in fashion. Mao's People's Communes which affected the vast majority of China's population came from the outdated state serfdom. The adoption of these European systems which had no Chinese characteristics whatsoever represented a major retrogradation from the Qing achievements in people's entitlement, basic rights and economic freedom.

What difference state-builders made

State-building activities and economic ups and downs were correlated in our three periods of 1800–1936, 1937–1977 and 1978–2000. All these changes

eventually showed up in people’s living standards. And, people’s living standards do not lie.

The Qing proto-welfare state and the Deng’s developmental state had the ordinary people fed well. In between, China had an unsettled period of 70 years in the twentieth century during which the tangible, mundane material life for the majority was either stagnant or declining despite some on-off improvements (e.g. the ‘Nanjing Decade’).

Mao’s state undoubtedly tried sometimes to increase inputs of labour, capital and land for more growth. But if growth was made at the expenses of people’s living standards in a zero-sum game, it was not worth having, especially considering that all the alleged social evils – foreign imperialism, landlordism, capitalism, counter-revolutionaries and Confucianism – were thoroughly removed.

Shocks like civil wars, political purges and nationalisation of capital and collectivisation of land worked as powerful brakes on people’s living standards, not to mention Mao’s sumptuary control that pushed living standards all the way down to the Malthusian subsistence for the vast majority. To blame the bad weather and the Western-Soviet embargo for the hardships in China is convenient but unjustified. After 1978, China had a great deal of natural disasters but not a single famine. Embargo is notoriously inefficient to punish a country, especially if that country, like Mao’s China, has little foreign trade.

If people’s entitlement and material life are used to judge the performance of the state, our conclusion is very different from that in Chapter 1 (Figure 11.1):

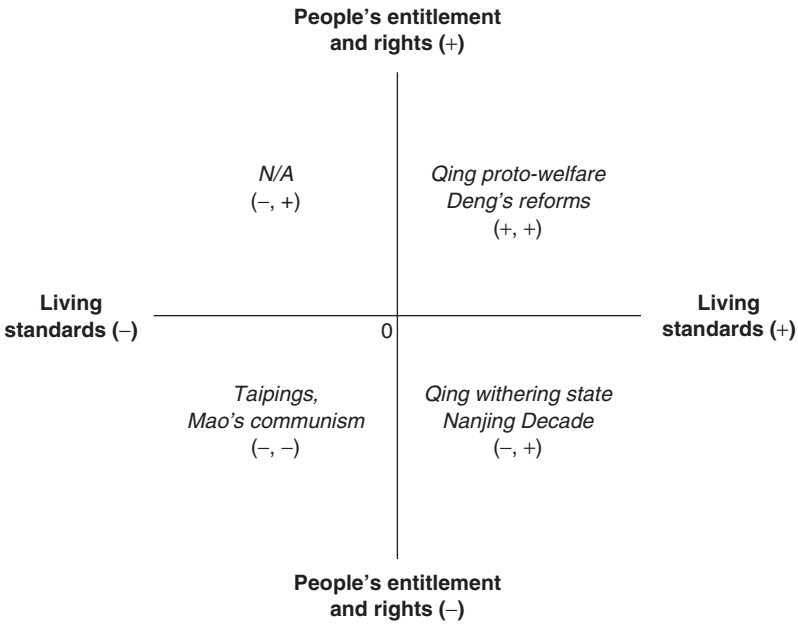


Figure 11.1 New ratings of qualities of states and state-builders

Unnecessary changes

Simon Kuznets once argued that wars could mean more capital investment for more growth in the absolute sense.¹ Such growth may occur on condition that war gains are not cancelled by war damages. Therefore, a war is best staged in other countries. Otherwise, by having so many wars, China should have been the most advanced economy in the twentieth-century world.

The ultimate question is whether long and large-scale civil wars were all that necessary. Before answering it, one needs to look beyond China. During the nineteenth and twentieth centuries, most countries of large and medium sizes did not go through long and large-scale civil wars and/or revolutions for the sake of alleged economic progress. In Europe, France had one small-scale revolution (*la Commune de Paris*, 1871). Spain had one civil war in 1936–1939. Outside Europe, we can list Argentina, one civil war in 1852; Brazil, one civil war in 1893–1895; Chile, one civil war in 1891; Colombia, one civil war in 1860–1862; Mexico, one revolution in 1910; Peru, one revolution in 1810–1824 and Turkey, two revolutions in 1908 and 1922. None was associated with industrialisation.

In countries where wars and revolutions were linked to industrialisation, the longest one lasted for only 6 years: America's civil war in 1861–1866, Japan's civil war in 1863–1868, and Russia's civil war in 1917–1923. Countries like Australia and Canada had no war or revolution at all. India and Pakistan had no revolution.

Wars in China were thus excessive by the international standard. China did not need war to survive. Rather, war 'needed' China to continue. Together with China's under-performance from its own benchmark, the concept of 'unnecessary changes' becomes pertinent, changes that prevented producers from producing more and better and investors from investing more and wider. They ultimately harmed ordinary people's entitlement and material life.

In this regard, the most unnecessary changes were the Taiping-Mao 'experiments'. There is little evidence that the Taipings left anything positive. Mao had a track record of systematically depriving people of rights and entitlement, reducing precious human capital (intellectuals), dismantling law and order and starving tens of millions of citizens to death. The next on our list has to be the changes under the Japanese colonisation. Leaving aside the Japanese policy of disintegrating Manchuria and North China from the rest of the economy, much of the Japanese industrial hardware was lost to Stalin's Red Army. Most Japan-trained technocrats were purged and wasted in Taiwan and on the Mainland.

Lessons to be learned

There is no conclusive evidence for state-builders' self-declared altruism towards the people. Although imposed changes are often beautified as 'social experiments', one has to ask without a democracy who gave the state-builders the right and mandate to experiment, often so unethically, on violating law and order, destroying private property rights, denying people's entitlement and basic needs and causing unlawful

deaths. Mao's motto of 'serving the people' cannot be justified in any way by the 100 million innocent victims under his rule, not to mention the 30–40 million deaths in the famine.

Moreover, the years of 1840–1977, when state-builders were most active in China, marked the most turbulent period for China's sovereignty and national interests, a fact that challenges the notion that state-builders fought for China's national sovereignty, security and interests. The traditional view unanimously blames foreign powers for being too aggressive towards China. This helps little, as all underdeveloped countries were more or less equal when facing modern colonialism and imperialism until the end of the Second World War. After the war, national independence was a world-wide trend. China was not *unique* as a prey before the war or as an independent nation after the war.

Furthermore, there is the issue of who were the main beneficiaries of national sovereignty and security. The reality is that in the name of national security, a despot often uses the general public as a human shield against international justice. In this regard, national sovereignty is first of all the *de jure* private goods of state power-holders. Whether the same sovereignty protects the general public is quite another matter: if one removes all façade of nationalism, a death to a Chinese intellectual or ex-landlord in Mao's persecution cannot be any more defensible than a death to a Chinese citizen in a Japanese massacre. Indeed, Mao's national sovereignty and national security meant nothing to the 130–140 million victims of Mao's rule.

Finally, the interpretation of 'national interests' is always subjective. The process that made China one of the poorest countries in the world was once shamelessly described as a great progress in serving China's national interests. But what kind of nation was China turned into politically and economically?

The last refuge for state-builders' blunders and crimes is the notion of 'collective evils', meaning that everyone had a fair share of the guilt. Typically, one associates the 'Chinese culture' with Maoism.² Two things can be said here. First, the Western democratic concept of public pressure often played no role in China. State-builders' choices were autonomous from the public interests. That explains why Mao did not give an inch in 1959 to the public outcry for abandoning his rural communes. Counterfactually, if public pressure had been a factor, the Qing benevolent rule might have continued indefinitely. Second, if evils were collective, they should have continued without the leader. But human history had many turning points at which evils ceased after the death of a monstrous leader. By analogy, it is foolish to blame all the normal cells as being collectively responsible for a few vicious mutant ones in a cancer patient. The normal cells are collectively innocent; and the cancer cells must be identified and destroyed.

The problem is that with the power asymmetry in the hands of a tiny minority in society, state-builders were able to impose unilateral changes irrelevant to China's indigenous socio-economic characteristics, and hence irrelevant to the real needs of the general public. The post-Mao elite are fully aware of this problem: 'unrestricted power leads to corruption; Marxist parties are no exception';³

‘a centrally planned economy always breeds dictatorship’;⁴ and ‘China needs a counter-balance against the state power’.⁵ This really means democracy. In 2007, Premier Wen Jiabao declared that ‘Democracy, rule of law, liberty, human rights, equality, and fraternity are not capitalism-specific. They are the fruits of civilisation in the long history of the whole world and hence the common values of the whole human race.’⁶

This signals a brand new direction for China’s state-building to take. One should be hopeful, considering especially that the Qing individual property rights, economic freedom, grassroots autonomy and proto-welfare state logically linked more closely to a modern democracy than the Eurocentric *L’etat-c’est-moi* dictatorship and state serfdom.