History of Chinese economic thought: overview and recent works

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The purpose of this essay is twofold: to present an overview of history of Chinese economic thought, and to introduce Chung-kuo ching-chi ssu-hsiang shih (History of Chinese economic thought), untranslated, cited below as the History (3 vols., 1962, 1963, 1981, 1757 pp., Shanghai) by Jichuang Hu.

I. Overview of the History of Chinese Economic Thought

1. Literature review

While the literature on classical Chinese philosophy and history is voluminous in European languages, works on the history of Chinese economic thought are exceedingly scarce outside China, reflecting in part the formative state of the inquiry in China. Following increased contact with the Western world in the wake of the 1840 Opium War, Chinese intellectuals came to be exposed to unfamiliar foreign ideas, and some began to look into their own countrymen’s works in early times. Liang Ch’i-ch’ao (1873–1929), an eloquent intellectual leader around the turn of the century, analyzed Kuan tzu, Mo Ti, and a few others during 1905–22 (later compiled in Liang 1936), and inspired generations of learned men.

Early publications carrying the title of history of Chinese economic thought include three brief monographs, two of which, authored by Kan (1924) and Hsiong (1930), were comprehensive but confined to pre-Ch’in times with limited depth, while a third, written by Li Chuan Shih (1926), went beyond the Ch’in dynasty. Later, T’ang (1936) published a volume with greater depth and sophistication but, again, it was also limited to ancient China. Also, a dissertation on Confucius’ economic ideas was written by Chen Huan-chang (1911), and two studies on post-mid-

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1. Given the magnitude and complexity of Chinese economic thought over nearly three thousand years, alternative studies and views are available. The following literature review also provides other overviews (e.g., T’ang Ch’ing-tseng 1936), and various responses and reviews of the History (e.g., Yeh 1964, Ma 1983, T’ang Ming 1984).
nineteenth-century thinking were authored by Chao Feng-t’ien (1939) and Hsia (1948). Thus, by 1949, publications in this field were limited to either ancient times or the late nineteenth century. The interim of two thousand years remained a vacuum.

In terms of papers published in the People’s Republic of China, there was an increasing trend up to 1965, a standstill during the 1966–1972 Cultural Revolution, recovery in the early 1970s, and expansion following the death of chairman Mao. The last thirty-seven years have also witnessed significant conservational projects, archaeological surveys, and publications of well-annotated (partly economic) source materials. The Society of the History of Chinese Economic Thought was established in 1980; and teaching and research staffs, and related courses and seminars offered in higher educational institutions, have also expanded.

Worthy of attention also is the growing interest in the subject in Japan. Masayoshi Tazaki (1932) treated social and economic activities in pre-Chou China on the basis of his matroclinous analysis, with some attention to economic thought. Kijji Tajima (1935) published a collection of articles focusing on Confucian classics, containing much ethical and some economic analysis. Humio Hozumi (1942) produced a more systematic study of pre-Ch’ in schools of economic thought. Uji Veno (1971) examined Chinese economic thought from Western Chou to mid-Ch’ing dynasties following a Confucianist theme. Kohzoh Kuwata (1976) studied economic thought in various topical areas with some unique features. In the United States, Spengler (1964 and 1980) examined Ssu-ma Ch’ien, an early Chinese laissez-faire thinker, and surveyed ancient Confucian and competing thought on the basis of extensive studies of English and a few other European sources.

Three notable works in English were published by Swann (1950), Maverick (1954), and Rickett (1985). Swann combines annotated translations of Han-shu and Shih-chi, both of which dealt partly with the ancient Chi-

2. The table below lists the number of articles on the history of Chinese economic thought published in Chinese journals and newspapers between 1949 and 1983.

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Source: Figures are compiled from Chung-kuo ching-chi ssu-hsiang shih shueh hway (1982 and 1985).

3. Regarding Japanese works on the history of Chinese economic thought, the author acknowledges his indebtedness to Deng 1981.
Chinese economic thinking originated mainly during the Eastern Chou dynasty (771–249 BC), when the authority of the monarchy was steadily declining and its fiefs emerged as independent states under the impact of numerous developments. Militarily, Eastern Chou saw endless domestic and foreign warfare. Through annexation or bloodshed, roughly two hundred states in the eighth century were reduced to seven by the end of the fifth century before Christ. Politically, the old aristocracy gradually lost its prerogatives. Technologically, iron increasingly replaced bronze in agricultural implements and weapons industries, and animal-drawn plough and irrigation projects also expanded. Economically, the productivity of land increased; monetization and specialization grew; merchants, cities, and marketplaces emerged, and the contrast between the rich and the poor became ever sharper. Peasant serfs, bound to the soil in the old days, now joined the ranks of landowning or tenant farmers.

Against this background, the golden age of Chinese philosophy unfolded. Men of learning, along with their disciples, traveled from state to state and competed intensely for office or influence; a 'hundred schools'
of thinkers emerged. All major schools of thought of ancient China appeared during the period from 550 to 230 BC; among them, however, only the Confucianists, the Legalists, and the Moists dealt with economic issues.4

In applying to ancient China Schumpeter's two-category classification (1967, 9) of economic thinkers, the Legalists were motivated primarily by a quest for answers to existing practical problems. Leaders of the three other schools, however, were primarily philosophers who considered economic phenomena a part of their universe.

(i) The Confucianists

Confucius (551-479 BC), the descendant of a declining nobility, developed a doctrine that movements of heavenly bodies, variation of seasons, rise and fall of dynasties, and all other natural and social occurrences are regulated by an order or tao. Primarily an ethical system, the tao is capable of rewarding the good and punishing the evil. The head of the Confucian state ought to make himself a spiritual and moral model and observe ceremonies. The road to peace and order is to return to China's feudal antiquity.5

Central to Confucius' thought is the patriarchal family system headed by the eldest male adult. Human relations are institutionalized, with the son owing his obedience to his father, the wife to her husband, the younger brother or friend to the elder ones, and the subjects to their rulers.6 Finally, to complete the circle, the ruler obeys the order of Heaven. Hence, the cult of Heaven, the system of families and human relations, and the bureaucratic structure of the state are unified. The Confucian feudalistic society—a benevolent monarchy—is headed by the son of Heaven, administered by the literati of Confucian bureaucrats, and based on a moralistic ideology.

In this society, interpersonal obligations are reciprocal. A cruel father, for example, need not expect filial piety from his son. Succession of the

4. The golden age of Chinese philosophy, which flourished between 550 and 230 BC, roughly paralleled the rise of the Hebraic prophets, the religious teachers of India, and the Greek philosophers. The causes of the simultaneous flowering remain speculative—including frustrations from economic growth and structural changes in these civilizations, and possible communications among them.

5. The Confucian classics, which are all dated after the Chou dynasty, consist of (a) The book of poetry, or Shih Ching, (b) The classic of documents, or Shu Ching, (c) The classic of change, or I Ching, (d) The book of rites, or Li Chi, and (e) Annals of spring and autumn, or Ch'un Ch'iu. None of these was authored or compiled by Confucius. Later, four books were added to Confucian literature: The Analects, or Lun-yu; The great learning, or Ta Hsueh; The doctrine of the mean, or Chung Yung; and Mencius or Meng-tzu.

6. Thus, in Confucian society, families with more than a hundred members may live in harmony under one roof as long as the patriarchal system is faithfully followed.
head of the government is based on virtue and ability, not on heredity. The
Confucian state is established on a set of ethical norms and rites—rules,
ceremonies, and manners codified by legendary sages—and governed
by men through moral influence, rather than law, coercion, or by divine
spirits.

In the Confucian hierarchy, each person assumes a unique role. Social
harmony will be attained if all members understand and live up to their
roles. As a guide for attitude formation, Confucian arguments are sup-
ported principally by assumed self-evident rationality and brilliant ideas
and only rarely by unambiguously stated generalizations or an overall log-
cical framework. Their impact on Chinese civilization rests chiefly on
moral suasion. The ideal Confucian society is propelled by people’s desire
to serve the common good, rather than by their drive for personal gain.

Other economic ideas and policies of Confucius, simple as they were,
set the scope of Confucian economic thinking for centuries to come: (i)
Taxes should be generated from people’s productive abilities and restricted
to one-tenth of the produce of the land. Conscript labor, an even more
important government levy in his age, should be limited to less than three
days per annum. (ii) Government spending, which in ancient China in-
cluded palace expenditures, should be adjusted to government revenues,
not the reverse. (iii) The foremost obligation of the ruler is the well-being
of the people. (iv) Living standards should correspond to each person’s
social status without extremes of lavishness and parsimony. Manual labor
is not advised for scholars. (v) Government should maintain a policy of
non-interference and provide assistance to production when needed; eq-
uitable distribution of income should also be sustained.

Ambiguities in Confucius’ system became increasingly notable follow-
ing the death of the master. Much of the restorative work was carried out

7. In contrast to the pattern of argumentation customarily conducted in the Western
world, Confucianist ideas were presented less structurally and formally. Key notions such
as Chun-tzu (gentleman), or jen (benevolence, love, human-heartedness, or fellow feeling)
were seldom defined. Rather, they were illustrated by analogies or cases in the past. Con-
tinuation of such a reasoning process in China may have played a part in the lack of devel-
opment of an economic science.

8. The Confucianist ideal society, widely quoted from a dialogue between Confucius and
his disciples in the chapter “Li Yun” of The book of rites, is translated as follows: “When
the Grand Harmony prevails all under the sky will work for the common well-being. The
virtuous, the able, and the talented will be chosen to office. Faith will reign, friendliness
will predominate. No one will confine his love to his parents and restrict his care to his
children. All the aged will be supported and the able-bodied employed. Provisions will be
maintained for widows, widowers, orphans, the sick, the disabled, and the childless. All
males will have work, females have homes. Nothing will be wasted, nor kept for personal
pleasure. No mental or physical energies will be held back for private objectives, nor ap-
p lied to private gains. Under these circumstances, schemings, robbery and theft will cease;
rebellions, fraud, and conspiracies vanish. Hence, the front doors are never locked. This
state is known as the Grand Harmony.”
by his disciples. One of them was Mencius (about 372–287 BC), who regarded everyone as pure and good by nature at birth. Unless one is determined to preserve those innate qualities, however, one is tempted to develop bad habits. Inborn goodness consists of a sense of righteousness, benevolence, and the capacity for learning and for distinguishing right from wrong, good from bad. These qualities can be obscured but never removed. However, even corrupted, each person is capable of purifying himself through self-cultivation and education until he becomes a sage.

Mencius felt that the primary responsibility of a ruler, besides serving as a model of virtue and benevolence, is to maintain a social environment conducive for his subjects to be educated and to develop their inborn goodness. This responsibility, Mencius realized, could not be met until an adequate livelihood for the populace was assured. To achieve this, the ruler must devote himself wholeheartedly to the well-being of the people by maintaining (i) their steady income, (ii) an equitable distribution of land and income, (iii) moderate taxes and government expenditures, and (iv) a policy of non-interference, to encourage productive activities. Methodologically, Mencius was more factual, inductive, and analytical than Confucius. Like his contemporaries, he made ever wider use of analogies.

A younger contemporary Confucianist was Hsun-tzu (about 300–237 BC) who incorporated some non-Confucian notions into his framework and advocated a more authoritarian government. Diametrically opposed to Mencius' concept of human nature, Hsun-tzu held that man was dominated by 'bad' or evil impulses, but that goodness, while not inborn, could be nurtured through learning and self-cultivation. Hsun-tzu clearly understood the shortfall of material goods in relation to human desire. In order to keep human wants and the availability of goods in proper balance, he suggested self-control of desires—by complying with Confucian ethics—in accordance with each person's social position. Hsun-tzu also denied Mencius' predeterminism and his doctrine of the "mystical oneness" of nature and human beings; instead, he trusted man's superior willpower and capabilities. Also, seeing nothing wrong with human material desire, Hsun-tzu rejected the want-repression principles taught by many philosophers. As to the distribution of income and wealth, he thought more inequality was unavoidable and necessary.

In the early Han dynasty, Confucianism won its ascendancy and formed

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9. Mencius' notion of human nature is supported by nothing more than an observation of human psychology: a person, noticing that a boy playing at the edge of a well is about to fall in, would spontaneously rush to his rescue without any concern about gains or losses.

10. The fundamental rationality of the sovereign's authority is the acceptance and support of the people or the 'mandate of Heaven,' which can be won only if the ruler devotes himself wholeheartedly to the well-being of the people. Confucian teachings repeatedly emphasize that government should be guided by what is morally right, rather than by what is profitable.
the mainstream of Chinese economic thinking. Although distinctions among schools thereafter were obscured largely because of cross-fertilization, several original Confucian imprints continued until the mid-nineteenth century. They include, first, a governmental policy of non-interference and the maintenance of a favorable economic climate for private citizens to pursue their own interests, vertical mobility, and moderate taxes and government expenditures. Secondly, there was a relative lack of interest in economic activities and in developing a framework for economic analysis.

(ii) The Legalists

The Chou aristocracies, who distributed their land among relatives and protected themselves by their clans, governed the state like the head of a family. The system became increasingly vulnerable when population and wealth grew and the political structure broadened. As interstate competition became ever more intense and the need for effective use of manpower and material resources more pressing, ways of government such as greater concentration of power and establishment of impersonal institutions were developed.

An innovative administrator was Kuan Chung (about 730–645 BC), the well-known prime minister of Ch‘i, whose views on the goals and means of societies were diametrically opposed to those of the Confucianists. While the Confucianists stressed people’s well-being and favored the methods of decentralization, moral suasion, and personal virtue, Kuan Chung emphasized the power of the state and preferred centralized control and impersonal legal disciplines. Later, a book, Kuan-tzu, anonymously written by a number of admiring scholars in his honor, incorporated his theories and policies of government administration, regulation, interstate politics, and commerce. With one-third of the space devoted to monetary and fiscal policies, government monopoly, price stabilization, macroeconomic data, population, agriculture, and commercial policies, the book turned out to be one of the best economic treatises in ancient China.

Another outstanding Legalist was Han-fei-tzu (280–233 BC), a theoretician and a disciple of Hsun-tzu. Following his teacher, Han-fei-tzu be-

11. The reasons for Confucianism’s ascendancy in Early Han times are complex, but Dubs (2:351–53) sums them up in four factors: “In the first place, Confucianism was admirably adapted to be the official philosophy of an imperial government. . . . In the second place, Confucius, as a good teacher, was himself a learned man, and those of his disciples who did not enter political life became the teachers of China. . . . In the third place, certain governmental institutions put a premium upon Confucianism. . . . In the fourth place, after its advantages were recognized, the advantage of unifying the country intellectually by making one system of thought current among all educated men led to the elevation of Confucianism.” In addition, the weaknesses of the Legalists, the Moists, and the Taoists, especially their extremism in contrast to the Confucianists’ moderation, may have also counted.
lieved that basically people were motivated largely by self-interest. For the sake of social order and economic progress, Han-fei-tzu proposed strict and uniform application of rewards and punishments and rejected Confucian egalitarianism. In his view, chances for success under Confucianism were far less than under Legalism. In his assessment, the former would function well only if individuals are guided by morality and rulers are sage kings, but in reality, individuals are guided overwhelmingly by self-interest and rulers are mostly average kings. On the contrary, Legalism, along with its laws and regulations designed for the good of the whole society headed by an average ruler, offers a greater chance of success. In addition, the Confucianist 'golden antiquity,' the very cornerstone of the Master's doctrines, in his view, was based on false assumptions. Han-fei-tzu's opposition to the Confucian glorification of antiquity was, in part, aroused by their policy conflicts. While the state of Ch'in, later the Ch'in dynasty, under the domination of the Legalists, worked vigorously to stamp out the remnants of the old aristocracy, the Confucians fought tooth and nail to preserve it.

(iii) The Moists

Another school of economic thinkers was led by Mo Ti (about 479–438 BC). Born to a humble family, Mo studied under followers of Confucius, but later came forward as a challenger. He was saddened by the many Confucians who indulged in personal gain rather than living up to the virtues they taught. In his eyes, the Confucians' inability to deal with existing chaos and misery evidenced flaws in their thinking.

Both Confucians and Moists endeavored to promote the well-being of the people and social harmony under existing monarchical regimes; they departed from each other mainly on methods of implementation. Mo is

12. Han-fei-tzu's words carried a little marginalist flavor: "The wasteful and lazy person is poor, while the industrious and economical person is rich. Now for the superior to collect from the rich man so as to distribute to the poor home, is to take from the industrious and the economical and give to the wasteful and the lazy. To wish thus to lead the people to increased activity and frugality is impossible." See Fung, 1:328–29.

13. Han-fei-tzu presented his view of the 'golden antiquity' as follows: "The men of old did not till the field, for the fruits of plants and trees were sufficient for food. Nor did the women weave, for the skins of birds and animals were enough for clothing. Without working there was enough to live, there were few people and plenty of supplies, and therefore the people did not quarrel. Hence neither large rewards nor heavy punishments were used, and the people were naturally in good order. But nowadays people do not consider a family of five children as large, and, each child having again five children, before the death of the grandfather there may be twenty-five grandchildren. The result is that there are many people and few supplies, and that one has to work hard for a meagre return. So the people fall to quarrelling, and though rewards may be doubled and punishments heaped up, one does not escape from disorder. . . . Hence the ancient indifference to goods was not because of moral virtue, but because of the abundance of goods. Nor are the present-day struggles for acquisition due to moral decadence, but because of the scarcity of goods" (Fung, 1:328–29).
recognized for his doctrine of universal love, a kind of brotherly love. He sees how men's selfish inclinations and lack of love for one another breed cheating, robbery, corruption, war, and other social disorders. The Confucianist bias placing the family above all else, like nepotism, in his view erodes social foundations. The road to the Moist ideal is to extend universal love to all persons, families, and nations indiscriminately, much as one does to one's own. The Moist society is characterized by material abundance rather than moral enlightenment; it is marked by peace, order, national wealth, and large population as follows: (i) Austerity: Mo established himself and his disciples as living manifestations of ascetic and devoted servants of mankind. In their view, basic necessities should be maintained; luxuries, elaborate funerals, and lengthened mourning should be prohibited. Confucian rites should also be curtailed. (ii) Population policies: the Moists' program for enlarging the population, reflecting underpopulation in ancient China, included early marriage, prohibition of taking concubines, and rewards for large families. (iii) Social mobility: Mo was opposed to the customs that hinder vertical mobility but rather vague on social classes. While attempting to destroy class distinctions, he recognized existing feudalism. (iv) Labor: as a spokesman for the poor and manual workers, Mo was critical of the discriminatory Confucian policies. Also, though a defender of private property, he disapproved of profit without labor. His concept of the division of labor, focusing on the advantages of specialization in a given trade such as shoe manufacturing, was most progressive in his day.

In the first century BC, the Moist school virtually disappeared. Mo's assumption of the malleability of human nature, and people's ability to practice universal love, was applicable merely to some three hundred disciples. In addition, Moist altruism and militarist, authoritarian, and religious rigidity were too extreme for the Chinese.

(iv) The Taoists

War and disorder in Eastern Chou China led to positive actions in the Confucianists, the Legalists, and the Moists, but escapism in the Taoists. Although the Taoists developed a fascinating philosophy, they had very little to offer in economics. Taoism is nevertheless included here in view of its indirect and lasting influence on Chinese economic thought.

14. Moist antiwar movements went beyond words. Guided solely by the Moist principles, Moists often voluntarily took part in the defense of cities and states under aggression. Such dedication won a comment from Mencius: "If mankind is to profit by having the skin of Mo Ti, he wouldn't hesitate to offer it." Mo Ti was also strongly confident of government effectiveness under a well-disciplined hierarchy and centralized sovereign. He organized his disciples in a strictly militarist and authoritarian establishment in which the inferiors owed absolute obedience to superiors. The Moist religious zeal and spirit of authoritarianism was unmatched in ancient China.
Lao-tzu, a leading Taoist, rejected all forms of activity, including even the creation of a Taoist school. He held that law, institutions, and man-made products are but strangulations to the functioning of the natural order. Hence, the more laws, the more thieves; the more restrictions, the poorer the people; the more fine food, colorful apparel, beautiful music, the more corrupted the mouth, the eyes and ears, and the soul. The Taoists’ answer to the question of scarcity is the elimination of human wants, frugality, and a return to the land so as to form a harmonious union with nature. Men, in their opinion, ought to be passive, frugal, withdrawing, and humble. Taoist society is characterized by self-sufficiency, primitive simplicity, and “small is beautiful.”

The ideological conflict between the Taoist and the Confucianist mirrors mainly the opposing philosophical outlooks between naturalists and humanists. Yet, both glorify antiquity; both stress economic freedom and egalitarianism; undoubtedly, however, the Taoists were extremists. The influence of Taoism on Chinese economic thought lies mainly in the notion of non-interference and governmental inaction. “The best ruler is the one who does not rule.” Also significant is the hostility of the Taoists to industry, commerce, and technology, particularly in the nineteenth century when European technology began to find its way to China. There is no doubt that the Taoist impact on Chinese economic thinking and economic development has been negative.

II. *Introducing the “History” by Hu Jichuang*16

1. *Periodization and economic thinkers examined by Hu*

Hu divides China’s feudal history of some 2900 years—from the Western Chou dynasty in the eleventh century BC to the Opium War in 1840—

15. The Taoist ideal society, often quoted from Chapter 80 of *Lao tzu*, is translated as follows: “In a small country with limited population, in which goods are available dozens or hundreds of times greater than needs, people rate highly their lives and stay close to home sites. Boats, vehicles, weapons, and armor are on hand, but there is no occasion to use them. For record-keeping, people tie knots on ropes as in the old days. With bellies filled, clothing adequate, dwellings viable, and customs fitting, all are contented. Neighbouring states are so near that the sounds of their cocks and dogs reach the ear, yet no one visits each other until dying of old age.”

16. The author of the *History*, Hu Jichuang (1903–) born in Szechuang, China, holds a master’s degree from the London School of Economics. As professor of economics for decades in various Chinese universities, he influenced several generations of young economists. Widely recognized as the most outstanding historian of Chinese economic thought as well as an original economist, Hu is the founder and first president of the Society of Chinese History of Economic Thought formed in 1980. His publications attest to broad interest and learning. He began his work on the *History* in the late 1950s and was interrupted during the Cultural Revolution, when the first two volumes had already been published but the manuscript of Volume III was endangered. Fortunately, he kept it hidden and it escaped destruction. He would not have been able, as he noted, to redo the work at his advanced age. Now in his early eighties, he is as professionally active as he always was.
into three periods in three volumes. Volume I extends from Western Chou to 221 BC, when China was unified by Ch‘in Shih Huang. It examines Chinese economic thought during the transitional stage when the center of economic power shifted from feudal lords to landlords. Totaling some seven hundred years, the period is further divided into three eras: about 1050–772, 772–481, and 481–221 BC, corresponding roughly to eras of Western Chou; Spring and Autumn; and Warring States. Volume II begins with the Ch‘in dynasty and concludes with the close of the T‘ang dynasty in 907 AD. Featuring the rise of landlords in the Chinese economy, this period is also subdivided into three eras: 221 BC–220 AD, 220–581, and 581–907, approximating the Ch‘in and Han dynasties; the Wei, Chin, and Southern and Northern States; and the Sui and T‘ang dynasties. Volume III, covering 907 to 1840, is characterized by a slow decline of Chinese feudalism and landlordism. The 933-year period is broken down into two eras: 907–1368, and 1368–1840, paralleling roughly an interim following the fall of the T‘ang regime plus the Sung and Yuan dynasties; and the Ming and early part of the Ch‘ing dynasty.

As to economic thinkers, Hu examined the works of more than a hundred scholars from Western Chou’s Wen Wang (eleventh century BC) to Wei Yuan (1794–1857) of Ch‘ing times in accordance with their class standings. Representing the viewpoint of the aristocratic remnants were the Taoists, who favored complete individual freedom and repudiated all governmental actions. Being naturalists, the Taoists assumed an almighty and perfect natural order (tao), condemned all man-made institutions and products, and expressed no interest in economic progress. Even when they touched on economic issues, they treated them as absolutes, with no regard for local institutional conditions.

Representing the interests of the landlords were the Legalists and the Confucianists, in spite of their diametrically opposed means and ends. The Legalists were mainly authoritarians who looked at society through the eyes of the ruler and argued for centralized control, but allowed individual economic freedom within the confines of their rules and regulations. The Confucianists, primarily moderates, were inclined to look at society from the viewpoint of the people. The system they advocated was neither laissez-faire nor socialism, but a kind of paternalistic humanitarianism. As to economic analysis, Confucius was unsophisticated. Mencius was more empirical and deductive, but treated economic issues fragmentarily when attacking or responding to critics. Hsun-tzu displayed a bent for systematization, especially in matters of government finance and the division of labor. On the whole, the Confucianists were more concerned about motives, the Legalists were more attentive to results and effects. Reflecting the position of small producers and the working poor were the Moists. By stressing material welfare but denying individualism, they were author-
itarian utilitarians. Mainly concerned about the benefits of small independent peasants were the Hsu-Hsingists, who advocated labor and agricultural production for all, even the ruler. Serving as the spokesmen of the merchants as well as the landlords were Kuan Chung and his followers, who tackled existing problems in a highly materialistic and sophisticated manner.

Except Kuan Chung and his followers, all these scholars, in Hu's view, were hardly independent economic thinkers; their economic ideas were primarily extensions of their political, social, and philosophical thoughts. Also noteworthy is the existence of intraschool variations and subdivisions of groups within each class.

2. Theme of the "History"

In terms of subject matter, the History may be divided into two categories: roughly 15 percent of the space is devoted to the broader issues of historical and intellectual backgrounds, conflicts among schools and thinkers, and elaborations of the theme; the rest is allocated to specific topics such as distribution of land and income, monetary issues, government finance, value and prices, government monopolies, wealth, foreign commerce, productivity and division of labor, workers and merchants, population, human wants, and consumption. The theme of the History is summarized below.

Following an examination of the major economic thinkers in Eastern Chou, Hu moves on to economic works in the Ch'in, Han, and succeeding dynasties. During the reign of Wu Ti in Early Han (206BC–8AD), the ascendancy of Confucianism was assured; its dominance of Chinese economic thinking lasted until the mid-nineteenth century, but competing doctrines never vanished. Also, as the economy became increasingly complex, Confucianism, in view of its simplistic principles, was forced to borrow heavily from its rivals while going through internal adjustments. Major critics during early Han included Ssu-ma Ch’ien, San Hong Yang, and Wang Tong. Not until Sui and T’ang times was Confucianism secured as the mainstream of China’s economic thought. Later, in the Sung dynasty, opposition arose again. Nevertheless, the Confucian imprint on China’s scholars and bureaucrats was firmly established.

Paralleling the growth of Confucianism was the rise of the landlords, who were mostly also gentlemen-scholars-bureaucrats. During the long span of Confucianist-landlord rule, peasant uprisings and merchant revolts, though recurrent, were isolated and inconsequential. Hence, dynasties changed hands periodically, but the traditional Chinese political, socioeconomic structure remained unchallenged. Internal conflicts among cliques of large families and between large and small landowners did recur, yet China’s landlordism and Confucianism persisted.

Post-Ch’in economic thinkers were preoccupied chiefly with the distri-
bution of land, government finance, and monetary matters. The former issue mirrored largely the consolidation of land under private ownership, which often pushed poor peasants to the brink of destitution. Because large landlords were skilled in eluding taxes, the state treasury was weakened when land was overly concentrated. Chinese intellectuals' interest in state finance and monetary questions resulted chiefly from domestic and foreign warfare and the extravagance of the royal houses. Facing financial crises, rulers frequently tampered with the sizes and intrinsic values of the circulating media, inviting price instability and monetary headaches.

During the Ming and the early Ch'ing dynasties (1368-1840), China's class structure as well as economic thought went through profound alterations under more progressive socio-economic environments. As agricultural productivity rose, the successful tenant peasants bought land and became small independent farmers. Commercialization of agricultural production gave rise to specialization in cotton, oil seeds, fruits, and tobacco farming, and to expansion of industries for processing sugar, textiles, wine, and liquor, as well as oil extraction. The growth of iron, salt, and paper outputs, and coal and copper mining also accelerated. Draft labor by government monopolies was gradually replaced by workers free for hire by private producers. As rural and urban wage earners multiplied and their discontent over wage rates widened, frequent strikes occurred. Foreign trade with Russia, Japan, and other Asian countries also increased. Commercial capital expanded far beyond the local fraternalities ('Bons' or 'Hans') of Sui and T'ang times.

Hu takes the position that feudalistic commercial developments in Ming and Ch'ing times, carrying their own 'sprouts,' would have fueled a slow emergence of Chinese capitalism without foreign influence. The lagging disintegration of Chinese feudalism, in his evaluation, however, was attributable to several factors. A class foundation of the urban population, which included the heterogeneous interests of the propertyless, the jobless, the poor handicraft producers and workers, had not been established. In the anti-feudalist movements, the urbanites therefore could ally themselves only with peasants or merchants and artisans. Intragroup and interclass conflicts also complicated their unity.

Meanwhile, many landlords began to invest in commerce and industry, focusing greater attention on urban populations but also limiting the latter's capabilities. Although some landlords opposed the age-old anti-merchant policies, they were overwhelmed by the pro-feudalist majority of their class. As a consequence, the downfall of the landlord class was postponed.

3. Specific topics on Chinese economic thought

Traditional China's economic thought contains ample indigenous characteristics, but because of limited space only a few are summarized below.

(i) Distribution of land. In Chinese economic thinking, land-ownership
problems attracted repeated attention because in the feudalistic economy of traditional China, land was the principal factor of production, status symbol, and fountainhead of wealth. Moreover, the replacement of feudal lordship by landlordism, under free buying and selling since the fourth century BC, shifted wealth to fewer and fewer hands, producing financial hardship for the government and intensifying class antagonism. Different economic ideas and land policies emerged. In general, large landlords supported feudalism and land consolidation, but opposed nationalization, 'equal field' plans, and all land-restriction programs. Opposite views were shared in various ways by the landless, the small landowners, and the state.

A widely circulated idea on land distribution was the 'well-field' (ching t’ien) system practiced before Eastern Chou, in which nine equal-sized lots are cultivated by eight families. Shaped like a ticktacktoe, the center lot, in which a well was usually dug, is collectively cultivated and its produce paid as a land tax to the lord or the state. An advantage of the arrangement, the supporters argued, was justice for the cultivators. Confucian scholars elaborated the system repeatedly in Han times to strengthen their egalitarianism and rural security programs. Economic thinkers of different persuasions in the Sung and Ming dynasties also cited the system as a utopian alternative.

Government control on land tenure was also applied, for example, in the 'equal field' plan in 485 AD, as well as in other measures. In 780 the complex tax system was consolidated to a 'two-collection yearly' land tax, in lieu of the previous taxes on persons. The switch from individuals to acreages as a basis of agricultural levy lessened government concern about overconcentration of land and its detrimental impact on state revenue. It also eased the landowners' need to search for tax advantages through political and personal channels. Nonetheless, over time, peasants continued to be excessively burdened. Hu noted that under feudalistic landlordism, a comprehensive solution to the land problem was impossible. What emerged was only some historical records reflecting peasants' demands.

17. The 'well-field' system, however, was not free from controversy. The late Hu Shih considered the idea merely the creation of the imagination of utopian Confucianists. Others, like Hu Han-ming, believed the system functioned in Western Chou times. Some also believed that the system did exist in various forms because of conditions of local water supply. Some units may have operated without the public field.

18. The poverty of peasants in traditional China was partly related to low productivity, labor-intensive cultivation, and peasants' lack of capital and storage facilities. Exorbitant charges by loan sharks and landlords, and collaborations among tax collectors, local powerful families, and high officials only aggravated the peasants' lot, but these conditions are rarely found in government records. Li K’uei of Wei in Duke Wen's time (403–387 BC) described the case of a typical peasant family of five working on 100 Chinese mou (roughly 4.8 acres), reaping 150 piculs of unhusked grain (roughly 9700 lb) in an average year. Adjusting everything to real terms of the 150-picul harvest, 90 would be for food consumption, 15 for taxes, and 45 for housing, clothing, medical needs, local community requirements, and other expenses and government charges. The output is below basic needs by a considerable margin. See Swann 1950, 136–42.
(ii) Relative emphasis on agriculture. With 90 percent or more of its population making a living on the farm, agriculture has been a national concern of China since ancient times. Farming, including fisheries, animal husbandry, sericulture, and textile weaving, has provided the primary livelihood of the people, with crafts and commerce secondary pursuits. Traditionally, farming is referred to in China as the ‘root’ and the secondary occupations as the ‘tips of branches,’ implying that the ‘root’ deserves special attention. Thus, historically, farmers were second only to scholars in social rank; artisans and tradesmen were assigned to lower status in the four-profession totem pole.

Although other ancient civilizations also maintained a relative distaste for merchants and artisans, China went further. In the Former Han dynasty, merchants were subject to heavy taxes and not allowed to wear silk or ride in wagons. In T'ang times they were prohibited from taking the general examinations—the main avenue to China’s governmental posts. Except for Moists, this attitude was shared by all thinkers. Hsun-tzu, who considered peasants the most direct and fundamental producers of national wealth, recommended restrictions on the growing numbers of craftsmen and merchants. Han-fei-tzu wrote an essay, “Five Poisonous Insects,” in which he included businessmen and craftsmen. Lao-tzu, who regarded artisans as clever fabricators of artifacts, attributed social ills to them.

(iii) Monetary concepts. In 524 BC, when the Chou emperor began to replace the coin in circulation by a larger but debased coin as a financial expedient, Shan Ch'ü, his minister, protested. In an essay, “Tzu-mu hsiang chuan” (literally “Reciprocal balance between mother and child”), Shan introduced the terms 'mother' to represent the larger and usually heavier coin and ‘child’ for the smaller and lighter one which circulated concurrently. Shan's argument was partly based on his concern for coin holders when the order became effective, and partly on his belief that the size, weight, and value of a circulating medium could not be determined arbitrarily by the court. Market conditions like the price level and people's preferences also counted. In his analysis, market conditions may warrant the circulation of the 'mother' or the 'child,' or both in certain proportions, if a proper balance is maintained. Shan's concepts are not free from ambiguity; “proper balance” and “preferences of the people,” for example, were hardly clarified. However, he revealed an awareness of two primary functions of money—as medium of exchange and unit of account—as well as a respect for impersonal economic forces.

Another notion dealing with 'heavy and light,' denoting high and low values, was advanced by the authors of Kuan-tzu. As they stated, “if nine-tenths of the money stock is retained at the top [in the central government] and one-tenth below [in the private sector], money would be heavy and all commodities light.” What the authors discussed was a kind of open-market operation through government buying and selling of food staples aimed at
price stabilization and/or anti-speculation activities by private merchants. The passage mirrors the authors’ understanding of the inverse relation between the quantity and the value of the circulating medium. Since the policy is applied to many cases throughout the book, their grasp of a crude version of a quantity theory of money is unquestionable. Following the redistribution of the money stock between the state treasury and the private sector, the latter would possess less money but more commodities than before, and commodity prices would decrease. The distribution of money before the operation is not given, but a sectorial redistribution is sufficiently clear.

Both contraction of the money stock and expansion of commodities in the marketplace following an open-market sale would tend to lower the price level. These two-thousand-year-old insights, primitive as they were, are interesting.

Hoarding of the circulating media and its adverse impact on economic activities were recognized in late T’ang times when injunctions against the practice were promulgated. However, no one pinpointed the velocity perception as explicitly as Shen Kuo (1031–1095), a scientist of the Northern Sung dynasty. A passage of Shen’s analysis is translated by Hu as follows (Hu 1984,75):

It is good for money to be in constant circulation. In a town of ten families, suppose there are one hundred thousand coins all concentrated in the hands of one family. The amount will remain one hundred thousand coins even after a hundred years. But if the coins are put into commercial exchange, then every family will be able to share the benefits of that hundred thousand coins, and all families will gain. The benefit will be as great as one million coins. Let coins circulate ceaselessly, and the number of them will be incalculable.

Hu further noted (ibid.):

What is more [Shen’s analysis] was put forward right after Shen Kuo had offered a suggestion on how to increase the absolute quantity of money in circulation. This shows that he had already realized the effect of the circulating velocity of money on its circulating quantity.

Chinese monetary thinking before the end of the T’ang dynasty also included views which considered money as the source of evil. New versions of monetary thought emerged following the introduction of paper money and the wider use of silver in the Ming dynasty.

III. *Observations*

The length of Chinese history and the complexity of its records, names, and terms often puzzle the beginner. The study of China’s history has also
been made difficult by the tendency of traditional historians to focus attention on dynasties and rulers from a domestic viewpoint. Such division-unification cycles and ruler-by-ruler routines have been rejected by most modern historians on the ground that records and data so assembled neither correspond to China’s social and economic developments nor provide a sweeping totality.\textsuperscript{19} Alternative periodizations of Chinese history have been evolved.

The periodization of Hu’s \textit{History} rests on the Marxist-Leninist-Maoist doctrine in which world history progresses through stages in accordance with the ownership and control of the means of production. Within this framework, historians of the People’s Republic consider the pre-Chou era up to the twenty-first century \textit{BC} as primitive communism, from then to the eleventh century \textit{BC} as slavery, and the twenty-nine centuries until 1840 as feudalism, the longest feudal period in world history. The relatively short span between 1840 and 1949 is referred to as a transitional time of semi-feudalism and semi-colonialism, and 1949 onward as socialism. Confining himself to the feudal period, the author of the \textit{History} organizes Chinese economic thought according to a class-struggle theme. How would an economist on this eastern side of the Pacific respond to a history of economic thought so ordered? The answer to this question would certainly vary from person to person. For reference, the following remarks by a participant (Rawski 1982) in the Sino-American Symposium on Chinese Social and Economic History in 1980—later compiled in a book by Feuerwerker (1982)—may be of interest. Rawski begins by repeating the remarks of the leading Chinese participant Yan Zhongping as follows:

We must ask, what is the ultimate significance of this research for historical understanding? Unless historical phenomena are organized around a central unifying theme or axis, we cannot obtain an integrated picture of past societies.

... Why, they asked, did Americans place so much emphasis on marketing as a basic principle of spatial and social organization? From their point of view, this emphasis is misplaced because it focuses on the circulation of commodities as opposed to the production of goods. As Feuerwerker noted at one session, the Chinese treatment of commerce is ambiguous. In general, Chinese scholars ignore the role of distribution of goods in the economy; some do study output, but most do not even do that, concentrating instead on the class relations in the process of production.

... In peasant uprisings, for example, Chinese scholars generally

\textsuperscript{19} Traditional Chinese historians, on the other hand, reject the notion that there is a theme that can be used to line up all historical events and intricacies. Instead, they think history follows a circular path, along which the unification of a country will be followed by division, which leads to yet another cycle. This view continues to be influential.
reject the notion that such uprisings could be led by members of the elite. They reject the notion that religion could motivate believers to rebel. From their perspective, religion is a tool used by the elite to manipulate and control the masses and cannot explain genuinely dis­sident behavior on the part of commoners.

... An oversimplified generalization would be that to the Chinese scholar, American historians pursue trivial questions with an absurdly elaborate statistical apparatus, while to Americans, Chinese historians do not conduct real research because their conclusions precede their data collection and analysis.

Since social and economic developments are continuous, all forms of periodization are more or less arbitrary. The disagreements between the American and Chinese social scientists obviously involve more questions than the classification of the time periods. Variations in their selection and interpretation of data, in method of analysis, and in opposing ideological inclinations perhaps all play a part. In the last few decades these disagreements have appeared during cultural exchanges between the Chinese and Americans, and in Keynesian-monetarist debates as well—in different degrees of course. There are besides profound differences in historical and institutional backgrounds. Confucianism, the oppressing landlords, the impoverished peasants, and the nineteenth-century Western impact on China all influence Chinese analysis and policy formulations in one way or another. The Chinese frame of mind—in the form of Maoism, the "Three Peoples’ Principles," or other systems—can be understood only if these historical landmarks are taken into consideration.

Application of the Marxist-Leninist-Maoist doctrine of class struggle to Chinese economic thought has created other questions. First, the application necessitates identification of the class base of each thinker, which is far from simple. In the History, some of the scholars spoke for more than one class. Mencius, Kuan Chung, and Lao-tzu are but a few of the examples. Although Hu has endeavored to explain each case—some plausibly, some less plausibly—it is not difficult to visualize the mounting controversy when the economy is increasingly complex and cross fertil­ization more common.

Second, when a non-class factor offers a more relevant explanation to a historical event, the researcher will be forced either to follow the Maoist guideline or to chart a new path. As a critic (Li Shou-young 1964, 50) pointed out, the History contains many passages in which Hu has deviated from the class-struggle approach. In examining the events of the first ten years of the Eastern Han dynasty (25–35 AD), for example, Hu is accused of attributing the period’s socioeconomic stability to population decrease as a consequence of revolutionary war and disease, which in turn eased the population-land pressure (Hu, 3:185). What really occurred, according
to the critic, was the concession made by the ruling class in the wake of peasants’ revolts. To make a judgment over the true cause or causes at this juncture would be presumptuous. But what remains clear is the basic conflict between a faithful Maoist and a scholarly dissenter. Loyalty and science are mutually exclusive.

Critics also maintain that the History has imposed a Western ‘frame’ upon ancient Chinese minds, and that in order to make his framework fit, Hu has departed from his sources.20 In response, Hu admits his application of Western economic notions, but refuses to accept the word ‘impose’ and the latter charge. Concepts such as value, prices, monetary theories, cycles, monopolies, flow quantities, and others are repeated in the History along with numerous indigenous Chinese terms. In effect, he takes a firm stand in favor of a judicious examination of Chinese economic thought in the light of relevant Western notions, so as to make Chinese scholarship—including its breadth and depth or lack thereof—comparable to economic thought developed elsewhere. He sees nothing wrong in presenting Chinese ideas and thoughts over a vast span of time in a more or less common language, as long as the original documents are professionally authenticated and interpreted. Although, in principle, it would be equally possible to convert foreign thoughts to Chinese terms and notions, it is impracticable. In his rebuttal, Hu challenged his critics to offer an alternative if his approach is abandoned. He further noted that while all his critics approved the Marxist-Leninist-Maoist framework, they ignored Marx’s employing classical as well as his own economic theories and concepts to world history. Here Hu is in good company with other historians of Chinese economic thought such as Liang Ch’i-ch’ao (1936) and T’ang Ch’ing-tseng (1936), to name only two.

An aspect of the History indicated by all the reviewers must be noted: its scale, depth, and devotion to scholarship are unprecedented. In the field of the history of Chinese economic thought, there are still periods in which little work has been done; there will be continued need for refinements and modifications. But by setting a course in a hitherto uncharted region and by filling many gaps and clarifying numerous unanswered questions, Hu has established a landmark in the study of the history of Chinese economic thought.

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20. Example, Shih (1962) criticized Hu’s inadequacy in applying the “concept of wealth” to Confucius’ discussion on pursuing wealth, and Hu’s treatment of Hsun-tzu’s emphasis on agriculture in relation to industry and commerce. For his defense, see Hu 1964.

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