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Review of Margherita Zanasi, *Economic Thought in Modern China: Market and Consumption, c.1500–1937*, Cambridge: Cambridge University Press, 2020, 252 pages, ISBN: 978-1-108-49993-4.

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Studies on global economic history are often Eurocentric and focus on the Western world, with the rest of the world largely ignored or underrepresented. However, several modern scholars are beginning to explore the existence and operations of economic systems in various parts of the world, some of which predate those in Europe. Margherita Zanasi, a scholar of Chinese economic movements, offers a unique perspective on the evolution of Chinese economic thought over several dynasties, from the late Ming and Qing periods (the 1500s–1911) to the early days of the Republic (1912–1930s). Her book challenges the chronological and spatial narrative of global economic modernization in two ways: first, it uses China as a case study rather than Europe, and second, it challenges the neoliberal narrative of economic modernization as a march toward increased reliance on an unregulated market. Economic ideals, such as the well-known Chinese frugality, are analyzed in a new light and viewed not as failure to promote the growth of a fully-fledged liberal economic system but as a response to a particular set of circumstances, in this case, an economic decline in the nation and a worsening of the gap between the highly commercialized urban areas and the rural hinterland.

Zanasi's approach to looking at Chinese economic systems independently of those in Western nations challenges the Eurocentric narratives about economic growth in China and other non-European nations, which is essential in providing an unbiased report. Tamara Chin is a

proponent of this approach and warns of the dangers of studying non-European nations' economic systems from a Eurocentric vantage point (Chin 2014). The approach of earlier studies which applied Eurocentric economic theories to the study of other nations' systems failed to appreciate the ingenuity displayed in the development of these nations' economic systems. Early nations developed their economic systems based on prevailing customs and frequently modified them to keep abreast of changing circumstances. Chin notes that early non-Western economic models should not be thought of as 'as immature "proto" theories' of those later developed in Europe but rather as pragmatic policies developed to deal with whatever circumstances that the respective nations were facing (Chin, p. 3). Chin notes that economic systems are diverse and fluid. Therefore, policy formulators can rarely make timely and effective decisions by simply choosing between two economic systems. Rather policies need to be formulated and adopted as needed, that is, when those in place cease being effective and no longer serve a purpose. It follows that Eastern nations just like their Western counterparts frequently developed economic policies to best suit their circumstances.

Most historical studies of the differences in the economic systems of the East and West have focused on 'the great divergence'. This divergence refers to the economic policy differences between China and Europe in the nineteenth century. Kenneth Pomeranz, a scholar of 'the great divergence' approach to economic studies, notes that research dating before the 1990s typically characterized Western policies leading to impressive economic growth among European nations as 'advanced' or 'modern', while those taken by non-European developing nations were described as 'backward' (Pomeranz 2000). The arguments supporting this contention failed to consider the numerous factors influencing the differences in economic growth. However, recent studies on economic systems from a non-Eurocentric point of view have shed more light on the

divergence between European and non-European countries. These studies have been vital in revealing the vitality of Qing China's economic systems, highlighting the pragmatism, creativity and rationality featured in Chinese economic policy-making, all characteristics associated with modernized Western economics. By providing a more objective approach to nations such as China, these studies have offered a different portrayal of their economic history than that previously advanced. For example, studies of early China's hybrid economic model, which relied on a hybrid of state intervention and reliance on market forces, have helped challenge the neoliberal narrative that the attainment of an unregulated market is the epitome of economic modernization and proven that economic modernization has taken various paths in different nations.

Zanasi's approach has thus helped in rewriting China's history. Refuting the narrative that China's economic history was characterized by 'Confucian immobility, incompetent rule, and general decline', Zanasi instead reveals China's economic growth as a complex one that needs to be studied in depth (p. 6). By providing a detailed look at China's economic history, Zanasi reveals a pragmatic and competent Chinese effort in addressing economic discussions and formulating policies to address various issues such as inequalities in wealth distribution. For example, the concept of limited resources was common among traditional communities both in the Eastern and Western areas due to their reliance on agriculture. The agricultural resources were limited based on the size and quality of land available for production. As a result, a shortage of resources was a constant fear in these communities and was often addressed by advocating for frugality and the storage of extra harvest for lean times (Zanasi 2015). Either way, the line between life and death by starvation was thin. This state of things is reflected in the way of life and economic policies that governed the times. The re-evaluation of the potential new

commercial economy during the Song Dynasty generated conflicting policies regarding grain storage and famine relief. Grain storage was the main strategy for ensuring food security and protecting the population against the ravages of famine (p. 35). Therefore, there was wide support for government intervention in the production and distribution of grain, especially because of its increased vulnerability to factors such as weather patterns, pests and other natural phenomena. The Chinese historical text *Guanzi* notes the volatility of grain prices which are dictated by supply and demand (von Glahn 2016, p. 120-124). The text calls for government intervention in keeping grain merchants in check. It also advises the government to create grain reserves that can be released into the market in times of crisis to keep grain availability and pricing within the average citizen's reach.

The industrial revolution challenged the scarcity of resources mentality and changed people's consumption habits. Society moved away from an economy wherein only the elites owned non-essential goods to one in which more people accessed and afforded luxuries. At the same time, increased opportunities for economic advancement through employment and business allowed a larger percentage of the population to prosper compared to the agrarian times. These changes also led to cultural shifts. Although the timelines between these developments in Europe and China differ, as do the policies that accompanied the changes, the results have been more or less similar, with China achieving massive economic growth over the last few decades.

Zanasi's book is organized chronologically, giving a comprehensive view of China's economic policies over the different dynasties that extends to the Republic's early years. Chapter One introduces the Qing period, elucidating the terminology and critical ideas of the period. It also highlights the importance of often neglected imperial policies aimed at 'nurturing' and 'pacifying the people' (*yangmin* and *anmin*). *Tianming*, translated as 'Mandate of Heaven',

dictated that the emperor had a paternalistic duty to foster the welfare of his subjects (p. 16). As a result, *Yangmin*, or ‘nurturing the people’, formed the core of the legitimacy and political stability of the various Chinese dynasties. *Yangmin* incorporated two main policies, *Minsheng* and *Jiaomin*, ensuring people’s livelihood and promoting societal virtue. Chinese leaders grasped the danger that a starving and disgruntled peasantry presented to the nation’s stability and the importance of economic prosperity in ensuring a stable tax base. The two tropes worked hand-in-hand with *Jiaomin*, ensuring that impoverished peasants were less likely to be indoctrinated with revolutionary ideas.

The historian Lilian Li also highlights the importance of these tropes in creating and maintaining a stable political environment. As she argues, acknowledging the dangers of an impoverished society was far from being a Confucian moral ideology unique to China; on the contrary, it was also a key factor in shaping economic policies in Western nations. In China, feeding the people was the topmost mandate of the imperial leaders (Li 2007). Zanasi argues that understanding these policies is critical to understanding the Chinese imperial government’s political and economic objectives. Her chapter on this subject also looks at the pro-market trends that promoted commercial growth during the Song Dynasty, which would lead to fully fledged commercialization observed during the late Ming and early Qing Dynasties.

Although the Chinese practice of ‘honoring frugality and eliminating extravagance’ (*chong jian chu she*) remained in place until the late Ming Dynasty, changes in the economic scene necessitated a change in the nation’s policies. The late Ming Dynasty saw a commercial revolution and expansion of agricultural production, which led to a waning of the scarcity narrative and the emergence of increased consumerism (p. 46). During this period, the feeling

abounded that competition among businesses was more effective at regulating the market than state intervention. Zanasi highlights the similarities between the Industrial Revolution in China and Europe despite the differences in the timeline. While Europe's Industrial Revolution took place from 1650 to 1850, China's Industrial Revolution occurred much earlier in the mid-1500s. However, the factors accompanying the Industrial Revolution in both nations are similar, with a marked shift from agriculture as the main economic activity to commercial activities. In both cases, there was also increased monetization of the economy, with most goods and services being obtained through the market. Zanasi notes:

Although distant from each other, both geographically and chronologically, these industrious economies shared some crucial factors, including increased productivity, increased availability of consumer goods on the market, the rise and marketization of the service industries (especially in relation to leisure and travel), the expansion of luxury consumption to include the "middle man," the inclusion in daily consumption of what had earlier been considered "superfluous things" (luxury items), and the ability of small businesses (especially manufacturers of luxury goods, shopkeepers, and providers of entertainment and other pleasure activities) to thrive while relying exclusively on expanded market demand. (p. 12)

These similarities are explored in detail in Chapter Two, which considers how the respective economies started challenging the assumption of a scarcity of resources. The effects of the expansion of the pro-market trends that began in the Song Dynasty are highlighted, including the increased consumption of 'new luxury' goods in the late Ming and early Qing Dynasties. The first two chapters thus set the groundwork for understanding the flexible nature of the Chinese discourse on economic policies and the nation's ability to adapt to changing circumstances. This understanding is important in challenging the narrative that China experienced intellectual immobility due to Chinese Confucian ideology.

In Chapter Three, Zanasi highlights the changing circumstances that saw a return to the limited resources ideology and thus a decline in the acceptance of the liberal market as a promoter of economic growth. Although Qing rulers had embraced the idea of letting market forces regulate the distribution and pricing of commodities, as evidenced by reduced government intervention in grain storage and supply, factors such as an increase in corruption forced the government to once again intervene in the production and supply of basic necessities (p. 107). Additionally, worried about the increasing gap between the economic development of the urbanized industrial areas and the agrarian rural hinterlands, the Chinese government turned to state intervention in producing and distributing resources. Although Chinese policymakers still believed in the importance of consumption in promoting economic growth, they also saw the need to move production and consumption away from luxury products and focus on basic necessities for poverty alleviation purposes. The sharp economic decline experienced in the early 19th century called for a re-analysis of earlier policies to identify possible causes of the decline. The economic crisis led to a resumption of the scarcity mentality and the view that all spending on luxury goods was a waste of resources (p. 109). Emperor Jiaqing's ascension to the throne in the late 18th century thus focused on increased calls for frugality as the way to economic success. The Xianyu Reforms (*xianyu weixin*) of 1799–1805 became the face of this movement back to frugality and signaled a fight against the corruption of government officials. The calls for frugality were aimed at increasing capital accumulation for national growth and the redirection of efforts from the production of luxury goods towards basic goods to alleviate poverty.

This chapter also explores the interaction between the Westernized school of economic liberalism, which considered unregulated markets as the path to economic development, and the Chinese communist economic theory that relied on a blend of government intervention and

unregulated markets, and it examines how the interaction of these two schools of thought brought about changes in some of the terminology used by Chinese policymakers. The entry of Western imperialism into the Chinese market and the absence of an international trade balance between the two markets led to policies aimed at increasing the consumption of domestic products over imported ones (p. 111). Western trade policies that heavily penalized Chinese exports while giving Western imports an unfair advantage led to a negative perception of luxury goods and contributed to increased calls for frugality and the consumption of locally-produced products to aid in capital building.

The final chapter, Chapter Four, looks at the political and economic ideas of the 1920s and 1930s that marginalized the market. The scarcity of resources ideology that had seen a return in the early 19th century continued even up to the early decades of the establishment of the Republic of China (p. 158). The nation's continued underproduction despite its massive population and new imperialist threats in the form of Japan's invasion continued to reinforce the calls for frugality as the primary means of building capital. At the same time, the discourse surrounding China's economic policies started to be framed as 'us vs. them' or 'backward vs. modern' and became the starting point of 'the great divide' paradigm that continually compared China against European nations. Despite the linear format of these discussions, the meaning and form that development should take in China as a nation continued to be a source of debate. Some of the movements highlighted in this chapter include Kai-shek's New Life Movement (*xinshenghuo yundong*) and various economic cooperation movements, including the Cooperative Society Movement, which saw an increase in the tensions between the consumerist trends and poverty in rural areas. The end result was an effort to balance economic liberalism and state intervention to direct the nation's growth. Western influences, such as the popular book by

Frederick W. Taylor, *The Principles of Scientific Management*, influenced Chinese scholars on strategies for improving production. Strategies advocated for by Taylor, such as providing workers with incentives and better tools, training and working conditions, were implemented to increase the nation's production (Taylor 2017, ch. 2). The chapter also looks at how the increasing need to develop the nation as a whole led to an increased admiration of Fascist models featuring 'controlled economies'. The economic depression of the early 19th century and the rampant corruption exhibited by government officials when the government reduced state intervention in regulating the market made the Fascist economic models appealing during the 1920s–1930s. The importance of rationalizing the market and the efforts geared at finding a balance between China's production and consumption are also covered in this chapter.

Zanasi provides a compact yet comprehensive look at the shaping of China's economic thought over the years. Rather than focusing on the nation's economic growth as do most scholars, she addresses key circumstances that shaped the various policies adopted. Her study paints a picture of a nation that was creative and logical in its formulation of policies, which goes a considerable distance in dispelling the notion that China faced economic stagnation due to Confucianism ideologies. Policies that might be misunderstood from a Western perspective are given a context that showcases the rationality behind their formulation. Zanasi's work joins the growing ranks of publications making an effort to reduce Eurocentrism in studies of other nations' economic histories and development. Thanks to the efforts of scholars such as Zanasi, the development of economic policies in early eastern nations can be appreciated for their genuine advancement of society.

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