

# # The Mandate Renewed: When China Leads the World

## ## I. The Dilemma of Two Theologies

In contemporary narratives regarding China's modernization, there exist two discourse systems rooted in the left and right wings of liberal thought. We might call them "Soviet Theology" and "American Theology." Both claim to possess the truth of history and attempt to measure a complex historical process with a single value standard.

Under the shadow of these two theologies, China's story is always flawed. In their narrative frameworks, thousands of years of Chinese civilization are simplified into a dark history of "despotism and stagnation," as if this land had never known the glory of civilization, and its people had never created achievements worth pride.

Even more paradoxically, both theologies open a narrow skylight for Chinese history: Soviet Theology selectively affirms the first thirty years (1949 – 1979), framing it as a golden age of revolutionary idealism; American Theology selectively affirms the latter forty years, depicting it as the inevitable result of moving closer to Western institutions. Yet neither narrative can explain a complete, coherent Chinese story.

Narratives influenced by Soviet Theology often deliberately magnify the evils of Western colonial plunder to highlight the moral superiority of China's modernization path. While revealing certain historical truths, this approach falls into another trap — **\*\*it excessively devalues the creative achievements of Western industrial civilization, simplifying the complex modernization process into a binary opposition of plunderer and plundered.\*\***

This posture is unhelpful for us to humbly learn from the West's advanced experiences, nor does it aid in engaging in rational dialogue with the West on an equal footing. **\*\*At a deeper level, it reveals a psychological defense born of a lack of confidence.\*\*** Just as in a sports competition, if we attribute the opponent's victory entirely to despicable fouls, we implicitly negate the value of our own competition with them.

Narratives influenced by American Theology go to the other extreme. They revere Western institutional models as the gold standard, believing that as long as one copies the Anglo-American "free market" and "constitutional democracy," prosperity will automatically descend. **\*\*This narrative commits a fundamental logical error: It ignores that the rise of the West (represented by Britain and the US) was, to some extent, the luck of "The Chosen One," rather than an experience that can be universally replicated.\*\***

This view mistakes the first-mover advantage brought by the unique geographical endowments of Britain and the US for an intrinsic superiority of their institutional culture. **\*\*To universalize this Western development model formed by specific "good fortune" is essentially a form of cheap "Successology" that mistakes luck for capability.\*\*** This not only belittles the immense achievements gained by the Chinese people through arduous struggle in harsh environments but also gravely misleads the vast number of developing countries, causing them to blindly imitate without having the same "luck," ultimately falling into turmoil and poverty.

Only by transcending these two theological narratives and seeing the distinction between "luck" and "capability" can we tell the "China Story" well—a story of defying fate through human effort in adversity, without the "luck of the chosen."

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## **## II. The Essence of History: A Dialogue Between Man and Nature**

Let us return to a more fundamental perspective. Human history, in the final analysis, is a story of humanity conquering nature to seek survival and development. Different geographical environments, climatic conditions, and resource endowments have shaped the survival strategies and civilization forms of different peoples. This is not a question of cultural superiority, but the result of environmental adaptation.

Traditional Chinese civilization is a grand narrative symbolized by and originating from Yu the Great Taming the Flood. In the history of world civilizations, few have elevated the struggle between man and nature to such a core position as China. The harnessing of the Yellow River and the Huai River, the construction of Dujiangyan and the Zhengguo Canal, and the excavation of the Grand Canal—behind these engineering miracles lies a nation's continuous battle against floods and droughts, an adaptation process of agricultural civilization on the East Asian continent.

Chinese civilization achieved world-leading status during the Axial Age. For a considerable historical period, China's agricultural productivity, handicraft technology, urbanization level, and living standards ranked at the forefront of the world. The problem was not that this civilization itself had any fundamental defects, but that the environmental challenges it faced eventually blocked its path to spontaneously evolving into industrialization.

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## **## III. The Prerequisite for Industrialization: Effective Markets and Their Material Basis**

**\*\*Industrialization does not happen out of thin air; it requires specific socio-economic conditions. For the vast majority of countries other than the very few "lucky ones" like Britain and the US, these conditions are not naturally present.\*\*** The most critical among them is the formation of an "Effective Market." And the prerequisite for an "Effective Market" is a stable and sufficient supply of food and energy.

The logic chain is simple and clear: Only when agricultural production is stable enough that people do not have to worry about basic survival can labor be released from the land; only when the energy supply is sufficient can machines run continuously and factories produce on a large scale. Without these two foundations, the so-called "market economy" can only be fragile and unstable, unable to support a modern industrial system.

Economists often talk abstractly about "market risk," but rarely ask: Where does the risk come from? The answer lies in: **\*\*Food and Energy.\*\*** As the means of production located at the very upstream of the economic chain, the fluctuations in their supply and price determine the stability of the entire market. This is not an abstract concept but one that can be specifically measured: different geographical environments and resource endowments determine the stability of food and energy supplies in different countries, thereby determining their market risk levels.

The Qianlong Emperor of the Qing Dynasty put it clearly:

> "There is no one under heaven who does not eat rice. If the price of rice rises, the prices of all goods, labor, and the like will inevitably rise accordingly."

When grain prices fluctuate violently, the entire price system vibrates. If there is a bumper harvest this year, prices crash, and farmers' income drops; if there is a crop failure next year, prices skyrocket, and the purchasing power of urban residents falls. This fluctuation affects not only the grain market itself but is transmitted to the entire economic system. Enterprises cannot anticipate stable demand—consumer income is uncertain, purchasing power fluctuates; workers cannot leave the land with peace of mind—fearing they cannot afford food when prices spike; capital dares not invest long-term—investment returns are highly uncertain.

A deeper impact lies in the failure of asset pricing. In a society shrouded in survival anxiety, long-term assets lack a stable value anchor. In good years, everyone scrambles to buy land for security, creating a bubble; in bad years, land worth thousands might be sold cheaply just to exchange for life-saving grain. This violent price oscillation makes trading as risky as gambling—expectations of buyers and sellers can never align, negotiations stall, and transactions are hard to conclude. Even if a deal is forced, once grain prices reverse, defaults and disputes follow. The "easy taxes" mentioned by Adam Smith also become difficult—when asset values swing wildly

with survival crises, how much tax the government should levy becomes a muddle, inevitably leading to a vicious cycle of excessive taxation and tax resistance.

### **### England's Luck: "The Chosen One" and the Spontaneous Formation of an Effective Market**

England is the paradigm of the spontaneous formation of an "Effective Market," but this is by no means accidental, nor is it the inevitable result of some abstract culture. Tracing it to its root, the rise of England is to some extent the luck of "The Chosen One," rather than an experience that can be universally replicated.

Let us analyze from the most fundamental factor—the certainty of grain output.

#### **\*\*Natural Lottery: The Greenhouse Favored by God\*\***

England possesses a mild and moist maritime climate. Influenced by the North Atlantic Drift and the Westerlies, precipitation is evenly distributed throughout the year, with no obvious seasonal droughts or floods and few extreme weather events. Grain production is highly predictable. In sharp contrast to China, where the "timing of the south wind" is uncertain, farmers in England do not have to worry about the violent fluctuation of a bumper harvest this year and a crop failure next year; the grain output of a piece of land can be estimated quite accurately.

It is precisely this high degree of certainty that allowed England to embark on a path completely different from that of the Eurasian continent. **\*\*This "low risk" bestowed by the geographical environment is England's inalienable "good fortune."\*\***

#### **\*\*Institutional Consequences: The Luxury of Luck\*\***

In the Eurasian continent, where grain output fluctuates high and low and is uncertain, the harvest is as unpredictable as gambling. If a fixed rent is adopted, the landlord gets nothing if the rent is set low, and the farmer loses the "gamble" if the rent is set high. Therefore, **\*\*Sharecropping\*\***—"sharing blessings and hardships together," where you provide the land and I provide the labor, distributing the harvest proportionally, sharing profits and risks—is the only possible universal system on the Eurasian continent.

England is the exact opposite. Precisely because agricultural production has been stable for a long time, landlords and farmers could use the simplest "fixed price" and "unchanged for fifty years" to set the rules for grain distribution—this is the origin of the **\*\*Long-term Fixed Rent System\*\***. According to the research of economist Steven N.S. Cheung, there is no clear record of short-term sharecropping in recorded English history; since the Middle Ages or even earlier, "permanent or near-permanent agricultural land leases" were prevalent in England.

This system is simple and easy, leaves no disputes, has no sequelae, and has the lowest

implementation cost, allowing both landlord and farmer to save worry and effort without losing out. It was able to become the prevalent system in England. But this is not because the British possess more "contractual spirit" than others, but because **stable grain production granted them the "luxury" right to adopt this system.** "Confidence is more precious than gold"; the long-term fixed rent system not only saved worry for farmers and landlords but also had a profound impact on the operation of the entire society.

#### **Evolution of Business Models: The Rise of Tenant Farming**

On the basis of the long-term fixed rent system, British agriculture evolved the business mode of **Tenant Farming**. As an operator, the tenant farmer rents land from large landowners paying a fixed rent on one hand, and hires agricultural laborers paying fixed wages on the other. The produce of the land is sold independently by him, and the surplus after deducting rent and wages becomes his profit.

This special business mode is the **forerunner of the modern entrepreneur**—it is completely isomorphic to the modern enterprise model of "fixed interest paid to banks, fixed wages paid to workers, and exclusive enjoyment of surplus profits." As the herald of modern industrial enterprises, tenant farming, like modern enterprises, had profits and losses; not everyone could survive. Fortunately, thanks to Britain's highly certain agricultural production, and the consequent highly certain price and wage levels, this expansive production operation had a chance to sustain itself. There was always room for its survival in society, and so tenant farming gradually developed.

#### **Social Order: The Unified Source of Smith's Three Elements of Wealth**

The certainty of grain output brought even deeper social consequences. In a 1755 lecture, Adam Smith proposed three elements for the growth of wealth: "Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice."

Historically, these three elements were considered independent, and transforming a backward country into a prosperous one seemed like a treasure hunt quest. But from the British historical experience, **this understanding is incorrect.**

"Peace" in Smith's context is not just "peace" between nations (no war), but also includes "tranquility" in daily life—a state of weak conflict among people in society. It was the certainty of grain output on the British Isles that reduced survival anxiety and promoted the weak-conflict, relatively peaceful tone of British social life.

In a sustained peaceful social life, where prices of all products and services are consistently stable, the demand for arbitration of various social conflicts remains at a stable low level. Low arbitration demand means lower demand for taxation; price certainty makes profits from production and exchange predictable, leading to a higher level of division of labor, affluent social members, and strong tax-paying ability; property price certainty makes tax calculation easy, and struggles over taxation easier to compromise—this is the origin of "easy taxes."

Similarly, with low levels of social conflict in Britain, the tasks faced by the judiciary were not arduous, and the necessary resources were not lacking, so the "insufficiently rationalized" Common Law system was sufficient to cope. Just as Hawaiian grass skirts represent a warm environment where there is no need to fight the cold, the Common Law prevalent in Britain is a manifestation of its specific social conditions. By contrast, social life on the Eurasian continent is high-conflict; maintaining order requires heavy and difficult work, demanding huge tax support. Yet, high-conflict society hinders production development, insufficient to support such tax demands, creating a paradox between judicial demand and judicial capacity. "It all depends on comparison"; with the Eurasian continent as a terrible comparison, Britain's judicial situation could naturally be considered "tolerable"—this is also a product of "peace."

**\*\*Smith's three elements of a prosperous nation — "peace, easy taxes, and a tolerable administration of justice"—are merely different forms repeatedly presenting the same root cause: the high certainty of British agricultural production, and the peaceful order arising therefrom.\*\***

**\*\*Comprehensive Effect: The Natural Formation of an Effective Market\*\***

Before the Industrial Revolution, England also underwent a profound Agricultural Revolution. In the 17th and 18th centuries, the spread of the four-course rotation (wheat-turnip-barley-clover) eliminated fallowing and increased yields; improvements in animal husbandry combined livestock with planting to improve soil fertility; and the Enclosure Movement also integrated scattered land to some extent. This agricultural revolution significantly increased grain output and stability, releasing a large amount of labor.

As an island nation, no place in England is more than 120 kilometers from the sea. The coastline is winding, with many natural harbors like London, Liverpool, and Bristol. The canal construction boom in the 18th century connected industrial areas with ports, making transportation costs extremely low. Central and Northern England are rich in coal reserves; coal mines in Yorkshire, Lancashire, and Newcastle were close to major industrial areas and ports, providing the material basis for the invention and large-scale application of the steam engine.

**\*\*Agricultural stability, sufficient energy, convenient transportation — the superposition of these conditions made grain prices stable, market risk low, property prices determinable, transaction costs relatively low, labor able to safely leave the land, and capital bold enough to invest long-term. An "Effective Market" was formed naturally.\*\***

However, later theorists often ignored the huge component of "luck" contained in these preconditions, mistakenly believing that as long as Western institutions were imitated — privatization, marketization, price liberalization — prosperity would automatically arrive. **\*\*Denying the complexity of the world and universalizing this Western development model based on specific spatiotemporal conditions is akin to a form of cheap successology—it ignores the gifts of the environment and arrogantly packages the luck of "The Chosen One" as a replicable capability.\*\***

**\*\*Flowers in a greenhouse cannot withstand the scorching sun and frost of the wilderness.\*\***

For the vast majority of developing countries in "Hard Mode," lacking the stable production environment bestowed by God, blindly copying institutions based on good luck is like climbing a tree to catch fish.

### **### The Replication in the American North**

Conditions in the American North were as superior as in the mother country, England. New England, New York, and Pennsylvania belong to a temperate humid climate, influenced by the Atlantic, with stable and even precipitation and no violent fluctuations of a monsoon climate. Pennsylvania's land is fertile, known as the "Breadbasket of America," with abundant wheat yields, stable grain prices, and predictable farmer income. Excellent ports like Boston, New York, Philadelphia, and Baltimore are scattered like stars; inland rivers like the Hudson and Delaware are navigable; and the opening of the Erie Canal in 1825 connected the Atlantic with the Great Lakes, drastically reducing transportation costs. Although New England lacked coal, it had numerous rivers with large drops and abundant water resources, making Lowell, Massachusetts, a famous hydraulic textile industrial center; nearby Pennsylvania possessed abundant coal resources, which could be conveniently transported to coastal states via canals, providing the energy basis for the transition from hydraulic to steam power.

Stable agriculture, combined energy sources, convenient water transport—the American North almost perfectly replicated England's industrialization conditions. An "Effective Market" also formed spontaneously, and industrialization unfolded logically.

**\*\*But China is different.\*\***

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## **## IV. China's Challenge: High-Risk Environment and the Low Division of Labor Trap**

China's geographical environment determined that she faced far more severe challenges. The uncertainty of drought and flood brought by the monsoon climate, the mountainous and hilly terrain occupying most of the land, the severe shortage of arable land per capita, and the relative poverty of fossil energy in modern times—these were huge obstacles placed on China's path to modernization.

Traditional China's agricultural predicament has long existed. We can start with an ancient ballad

said to describe the Salt Lake of Hedong:

- > "When the South Wind is gentle, it can ease the resentment of my people."
- > When the South Wind is timely, it can enrich the wealth of my people."

This "Song of the South Wind" is said to be composed by Emperor Shun. The "South Wind" is the summer monsoon from the southeast; the rainfall it carries determines the abundance or failure of the agricultural harvest. "When the South Wind is timely"—the monsoon arriving on time helps the people harvest wealth; "When the South Wind is untimely"—the monsoon not arriving on time brings loss or even disaster. From the Three Sovereigns and Five Emperors to the establishment of New China, for five thousand years, from agriculture to commerce and industry, all production by our ancestors has long been under the threat of this risk, hindering development. This situation has never fundamentally changed.

### ### Market Risk and the Double Dilemma

The instability of agricultural production created a double dilemma through price fluctuations.

Let us take the residents around the Hedong Salt Lake as an example to understand this dilemma. The Hedong Salt Lake is located in the Yuncheng Basin of Shanxi. The land around the salt lake is saline and not very suitable for farming. If the salt workers around the lake concentrated on drying salt and exchanged it for grain with those farming on fertile land, both sides could benefit from the division of labor and exchange. But in reality, this division of labor was difficult to form spontaneously.

The monsoon is unstable; the "timing of the South Wind" is uncertain. In the event of a grain yield reduction, grain growers would reduce grain sales. Salt workers would find that, regardless of whether their salt harvest was large or small, their product had devalued relative to grain, exchanging for less food. In extreme cases, grain growers would stop selling grain to maintain survival, and salt workers would face the danger of starvation or even death. Therefore, to ensure survival, salt workers could not rely entirely on exchange to obtain grain; they also had to grow grain themselves to maintain a minimum survival baseline. Historically, because salt was an important tax source, the government often set up specialized salt households, forcing them to dry salt exclusively. But this specialization maintained by the government was equally fragile—once grain prices skyrocketed, salt households either relied on government relief or fled to take up other jobs. Historical records contain many accounts of salt households living in hardship and scattering.

This principle can be extended to all industries. On one hand, concentrating on planting makes it difficult to obtain stable income—in good years, there is much grain but prices are low, and it cannot be sold for a good price; in disaster years, there is little grain, one needs to eat it oneself, and not much can be sold. It is difficult to maintain a livelihood stably by selling grain, so one must do handicraft work outside of planting to earn money, buy other supplies, or even supplement grain. On the other hand, if one concentrates on handicrafts, the money earned is

not guaranteed to buy enough grain to make a living. In normal years, handicraft income can buy enough grain; but in disaster years, grain prices may skyrocket several times, and the same income cannot buy enough grain, facing a survival crisis. Therefore, one must grow some grain oneself as a safety net.

This double dilemma led to the phenomenon of "Involution" in the late Qing Dynasty in Jiangnan and North China described by Huang Zongzhi (Philip C. C. Huang): Farmers farmed and did handicrafts; all family members had to work; working hours were extremely long, labor intensity was extremely high; they were extremely industrious but extremely poor. In "Speeches in Elberfeld," Engels spoke of a similar situation in Germany: "The partitioning of land proceeds until the parcel is too small to feed a family... This class [of small peasants] forms a transition stage between the possessing class and the proletariat... The land does not allow them to seek other employment, yet at the same time cannot supply them with sufficient means of subsistence. This class is also extremely poor." This phenomenon is not limited to a certain country or region; it can be seen everywhere on the Eurasian continent where grain production is unstable.

**\*\*But the essence of "Involution" is Low Division of Labor.\*\*** Because large-scale industrial and commercial operations cannot be established—there are no large-scale handicraft workshops, no large-scale mechanized industries — everyone is trapped in small-plot farming and scattered small-scale handicrafts.

The cotton cloth industry in traditional China is a typical portrayal of this low division of labor dilemma. On the eve of the Opium War, cotton cloth was the most important non-agricultural product, with a commercial volume for market sales of about 310 million bolts, which does not look small. But these cloths were basically produced in villages and sold locally; sales outside the local township or city accounted for less than 15%. The vast majority were produced by farmers as a family sideline alongside farming. Only in a few concentrated production areas could weavers dedicated to the trade be found, but their limited surplus would soon be swallowed up by constantly changing grain prices, unable to accumulate or expand scale. Thus, in this largest non-food industry, production and sales were extremely "localized," manpower and resources were extremely dispersed, and large-scale workshop handicraft industries could not grow.

Why could scale not be established? Because market risk was extremely high. From the demand side, consumer income was unstable, market demand fluctuated greatly, and enterprises could not anticipate stable sales; from the supply side, labor was trapped on the land and could not transfer stably—workers went home to farm during busy agricultural seasons, and factories could not maintain stable production; from the capital side, investment returns were highly uncertain, and capital dared not invest in large-scale production projects requiring long-term recovery.

So, could these limited small workshops break through the bottleneck by introducing efficient machinery? The answer is also no. Purchasing machinery requires a high one-time investment, while the workshop owner's profits are constantly swallowed by grain price fluctuations, making it difficult to accumulate enough funds. What about borrowing to buy? Similarly, due to grain price fluctuations, all prices in society are unstable, making borrowing a high-risk activity;

therefore, the sources of loans people can find are often usury, with extremely high capital costs. Even if funds are obtained, what are the prospects for recovering the investment and making a profit? Future prices and costs of products are hard to estimate, and it is unpredictable when the funds invested in purchasing machinery can be recovered and then turn a profit. A serious and cautious operator should not risk buying machinery, while a reckless gambler will soon be punished by reality. Under these heavy obstacles, it was impossible for the small workshops of traditional China to leapfrog into the machine age.

When large-scale production is impossible, deep division of labor is impossible. Adam Smith pointed out at the beginning of "The Wealth of Nations" that division of labor is the source of wealth. His famous pin factory example showed that 10 workers could increase efficiency thousands of times through division of labor and cooperation. But the division of labor is limited by the extent of the market, and the true meaning of "extent of the market" is not geographical size, but market stability and predictability. A volatile large market is inferior to a stable small market.

Therefore, under high market risk, people cannot achieve deep division of labor and can only be trapped in a state of low division of labor: family workshops do everything, a family both farms and does handicrafts, mastering neither, with no economies of scale, no specialization, and extremely low efficiency. Attempting to compensate for efficiency losses by increasing working hours and labor intensity results in being extremely industrious yet remaining poor. **\*\*This is the true mechanism of "Involution": not irrational behavior caused by population pressure, but a passive state of being forced to stick to low-efficiency small-scale production because deep division of labor cannot be realized under high market risk.\*\***

It is worth noting that throughout the Eurasian continent, grain prices were generally not stable enough, and small production becoming an obstacle to the Industrial Revolution was a common phenomenon. Although in certain times and places, risks might briefly decrease, spawning advanced machinery—for instance, Yuan Dynasty China produced and used the water-powered great spinning wheel, which was far higher in complexity and efficiency than the Spinning Jenny—but because this low-risk state was unstable, with its disappearance, these advanced machines that once led the world eventually vanished into the long river of history. Only in England did the risk of grain production drop to the lowest point, grain prices were sufficiently stable, and this low-risk state was very solid and long-lasting. This is why the Industrial Revolution occurred in Britain, and not on the Eurasian continent where the population was dense and coal, iron, and water resources were no more lacking than in Britain.

### **### The Dual Mechanism of Population Pressure**

The instability of agricultural production also promoted population growth through a dual mechanism, exacerbating the contradiction between man and land.

The first mechanism is "Population Locking." Violent fluctuations in grain prices make people

dare not completely leave agriculture. Once leaving the land, one must buy grain through the market to survive. When grain prices are relatively stable, this is feasible; but when prices skyrocket, the money earned may not buy enough grain, leading to livelihood difficulties or even inability to survive. Therefore, rational people dare not bear this risk, and a large population is "locked" on the land.

The second mechanism is "Encouraging High Fertility." Even if one makes a living through agricultural planting, one will encounter survival crises due to unstable grain production, triggering social conflict. In a society with a high level of conflict, uniting through blood relations becomes a preferred strategy—they can help each other (those with grain help those without), unite against enemies (prevent robbery by other clans), and collectively acquire resources (rob collectively if necessary). In such an environment, a large population means strength and a high chance of survival, which triggers the pursuit of having children early and often, and population multiplication.

**\*\*"More children, more blessings" is not a baseless cultural preference, but a rational choice under a high-risk environment.\*\***

The superposition of the two mechanisms caused the extreme dilemma of a large population trapped on limited land. Arable land is limited, population grows constantly, per capita arable land declines constantly, per capita output decreases, and it is easier to encounter grain shortages, forming a vicious cycle where the man-land ratio and grain risk push each other higher. In contrast, in England and the northern US states, due to stable agricultural production and relatively stable grain prices, people could safely leave agriculture for industry and commerce. The low level of social conflict meant there was no need to rely on large clans, so the birth rate was naturally lower. The result was that, relative to arable land, total population density was not high, and the man-land contradiction was not prominent, which greatly improved social stability and created conditions for industrialization.

If following the logic of a laissez-faire market, under high-risk conditions like China's, it is difficult to spontaneously form an "Effective Market" supporting industrialization. This is the uniqueness of the Chinese path: **\*\*Through the proactive efforts of a "Proactive Government," investing in agricultural progress and energy progress, systematically lowering market risk, and artificially creating the conditions for an "Effective Market."\*\***

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## **## V. The Inevitability of Revolution: Collapse of the Production System and Reconstruction of Order**

Before understanding the significance of the first thirty years, one needs to understand the deep

cause of the revolution itself. The revolution was triggered by social disorder and collapse, and its deepest cause was the collapse of the production system.

In the late Qing and early Republic, traditional agriculture could not support the surging population, and Western impact destroyed the original production system. Grain shortages, skyrocketing prices, currency collapse. When prices fluctuated violently to a certain extent, property prices could not be determined at all, transaction costs became infinitely high, the market economy completely disintegrated, and social order totally collapsed—famines occurred frequently, refugees were everywhere, warlords fought chaotically, and bandits ran rampant, along with foreign invasion and national peril. Under such conditions, revolution was not a choice of ideology, but a historical inevitability to rebuild production system and order.

The success of the revolution lay not in seizing power, but in rebuilding a stable production system. The revolution successfully created a new order, strengthened social organization, brought stable production, and thus the possibility of further improving social order.

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## **## VI. The First Thirty Years: The Foundation Project of Creating an "Effective Market"**

Re-examining the first thirty years of New China from this perspective, we discover a completely different story—this is not the "Dark Age" or the "detour violating comparative advantage" depicted by some, but a foundational process of systematically lowering market risk and creating the preconditions for an "Effective Market."

At the beginning of the founding of the PRC, China was essentially still a traditional country. The total population was 540 million, of which the rural population was 480 million; the urban population ratio was only 11%, and the true city population was only about 5%. After long-term war, although agricultural production recovered, subject to traditional technical conditions, per capita grain output hovered around 300 kilograms for a long time. Grain surplus was limited and unstable, so the proportion of the urban population supported by grain surplus was low. And with such a small urban population, it was impossible to support comprehensive industrial development. The so-called modernization achievements existing at that time were merely rootless imported goods.

If China wanted to move towards modernization, it had to first win a turnaround battle against backward agriculture. It was necessary to stabilize yields and increase yields; only by thoroughly overcoming the grain risk hanging overhead could the foundation of modernization be firmly laid. This was a modern version of "Yu the Great Taming the Flood," an unworldly achievement of rebuilding China.

It was precisely under this extremely difficult situation that the most magnificent struggle in Chinese history unfolded.

Often, people criticize the planned system of the first thirty years with "shortage economy," believing that the unified purchase and sale and planned allocation led to a scarcity of materials. **\*\*Shortage is indeed a fact, but blaming it on the planned system is a historical myopia.\*\*** We should not forget, before the establishment of the planned system, in the late Qing and the Republic of China, when was China ever without shortage? The shortage then was frequent famine and starved corpses everywhere, as Mao Zedong painfully stated: **\*\*\*"What can we make now? ... We can't make a single car, a single plane, a single tank, a single tractor."\*\*\***

The deeper logic lies in: Under the extremely high-risk production environment at that time, the grand social market based on free exchange was actually in a paralyzed state—transaction costs were infinitely high, and division of labor could not proceed. **\*\*Lenin once profoundly pointed out that socialism is merely state-capitalist monopoly made to serve the interests of the whole people. The essence of the planned system was that, in a situation where the grand social market could not operate effectively, the state, through administrative power and anchored by the limited grain surplus, created and maintained a "closed small market."\*\***

**\*\*To put it in a nutshell: It was not the planned system that caused shortages, but shortages that necessitated the planned system.\*\***

Within this closed system guaranteed by state credit, heavy industry, national defense industry, and scientific research sectors could engage in stable complex division of labor in an environment insulated from external turmoil. **\*\*Compared to the ideal "grand social market," this system was indeed inefficient and rigid; but compared to the grand social market which was then in a state of paralysis and involution, it was a huge progress.\*\*** It was this strenuously maintained "closed small market" that nurtured the spark of China's industrialization, maintained minimum socialized mass production, avoided a comprehensive collapse of the national economy, and prepared the preconditions for the future explosion of the grand social market.

### **### Systemic Construction of Infrastructure**

In the early 1950s, China received massive assistance from the Soviet Union for 156 key industrial projects, covering civil industries like petroleum, coal, electric power, machinery, metallurgy, chemicals, and light industry, as well as national defense industries like weaponry and aviation. At the same time, China vigorously developed railways, highways, aviation, inland river and maritime transport, and postal services. The Chengdu-Kunming Railway and Qinghai-Tibet Highway were built under extreme terrain conditions; the development of Daqing Oilfield and Shengli Oilfield achieved energy self-sufficiency. These early constructions laid the industrial foundation of China, promoted China's military progress, and coupled with the breakthrough in atomic weapons in the 1960s, guaranteed internal and external peace, making it possible for

industry to nurture agriculture. Although the power grid and railway/highway networks were limited compared to today, the basic framework covering major regions had been initially built. These investments, which might have seemed "uneconomical" at the time, were actually paving the foundation for later comprehensive industrialization, lowering transaction costs, and expanding the market scope.

### **### The Profound Significance of the Agricultural Revolution**

More important was the systemic transformation of agriculture. Water control is the beginning of Chinese civilization and a memory carved into the national gene. The first plenary session of the Chinese People's Political Consultative Conference wrote "constructing water conservancy, flood control and drought relief" into the "Common Program." To achieve stable and high yields under the adverse influence of the monsoon climate on agriculture requires powerful water conservancy facilities to combat flood and drought disasters, pesticides to ensure stable yields, and chemical fertilizers and high-yield seeds to ensure high yields. By promoting the four major elements of "Water, Fertilizer, Pesticides, and Seeds," China realized a quiet agricultural revolution:

**\*\*Water Conservancy (Hydraulicization):\*\*** As soon as New China was established, a struggle to conquer nature through water control began. The Huai River harnessing project in the 1950s formed a flood control system balancing storage and discharge, eliminating major floods from the historically disaster-prone banks of the Huai River. Thereafter, the governance of major rivers like the Yellow River, Yangtze River, and Hai River unfolded comprehensively. During the Great Leap Forward and the 1960s and 70s, the scale of farmland water conservancy construction was grand; more than half of the reservoirs existing across the country today were built during this period. By the end of the 1970s, 80,000 reservoirs were built (accounting for over 90% of today's total), millions of kilometers of irrigation channels crisscrossed, and the effective irrigation area grew from 240 million mu at the founding of the PRC to about 700 million mu, basically eliminating major flood and waterlogging disasters. This was not just "construction," but systematically reducing the volatility of grain output.

**\*\*Chemical Fertilization:\*\*** The construction of the chemical fertilizer industry was a long cumulative process. Medium-sized fertilizer plants aided by the Soviet Union in the late 1950s went into production, followed by the construction of a batch of coal-based medium-sized plants, reaching 50 by 1979. But production was still far from meeting demand. In the 1970s, the "43 Plan" introduced 13 sets of large-scale chemical fertilizer equipment from the West; these installations went into centralized production around 1979, causing fertilizer output to leap significantly. However, the cumulative effect of fertilizer construction was only truly released in the 1980s—fertilizer application was about 12.7 million tons in 1980, exceeding 25 million tons by 1990, and grain yield per unit area increased significantly.

**\*\*Pesticides:\*\*** The pesticide industry started in the 1950s, initially producing mainly organic chlorine pesticides (like BHC, DDT), and gradually developing organic phosphorus pesticides and

other varieties in the 1960s and 70s. By the late 1970s, China had established a relatively complete industrial system for pesticides, with an annual output of about 400,000 tons. The popularization of pesticides greatly improved the ability to prevent and control pests and diseases, reducing grain losses. It is estimated that the use of pesticides can salvage 15%-30% of grain yield losses, contributing significantly to stable yields.

**\*\*Improved Seeds:\*\*** Seed breeding is a long-term cumulative work. In the 1950s and 60s, relying mainly on traditional selection methods to improve varieties had limited effectiveness. A breakthrough came in the 1970s: In 1973, Yuan Longping's team realized the three-line system for hybrid rice, and large-scale promotion began in 1976, increasing rice yield per unit area by over 20%; Li Zhensheng cultivated the disease-resistant and high-yield Xiaoyan series varieties through distant hybridization of wheat. High-yield improved seeds not only increased the level of yield per unit but, more importantly, enhanced the crops' resistance to diseases and pests and their environmental adaptability, making yields more stable and reliable.

The significance of this agricultural revolution cannot be overestimated. In the first thirty years, accompanied by a near-doubling of the population, per capita grain output stabilized around 300 kilograms for a long time—this in itself was a huge achievement, meaning the yield-stabilizing effects of water conservancy and pesticides had already appeared. But the greater breakthrough awaited the release of the effects of fertilizer and improved seeds. Starting from the 1980s, the fertilizer production capacity accumulated in the first thirty years went into centralized production, high-yield seeds were comprehensively promoted, and grain yield stability and high yield flew together; per capita grain no longer hovered around 300 kilograms but climbed steadily. It not only fed the constantly growing population but, more importantly, systematically lowered market risk: the stability of grain output increased significantly, inter-annual fluctuations decreased significantly, and grain prices tended to stabilize.

When grain prices tended to stabilize, a series of chain reactions occurred. Various commodities and assets had relatively determinate prices, buyers and sellers could easily reach agreements, and the cost of doing business was greatly reduced; government taxation had a clear basis, reducing many disputes and conflicts. Most crucially, labor could finally leave the land safely—farmers no longer worried about not affording food when grain prices spiked and could concentrate on industrial labor; enterprises dared to build large-scale factories and make long-term investments; large-scale production became possible, and the conditions for moving from low division of labor to high division of labor were thus created. Batch after batch of farmers were liberated from the shackles of the land and walked into factory workshops...

**\*\*The first thirty years were not a detour. It was the modern interpretation of "Yu the Great Taming the Flood," the historical process of "Proactive Government Creating an Effective Market," and the necessary preparation for pioneering the path to comprehensive industrialization.\*\*** Although many unfortunate events occurred, it was the end of tradition, the gestation of modernity, and a fundamental turning point in five thousand years of civilization history. Without this process, the market economy of the latter forty years could not have operated at all—because the preconditions for an "Effective Market" simply did not exist.

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## **## VII. The Latter Forty Years: The Historic Leap from Low to High Division of Labor**

When the basic conditions were ready, the industrial explosion of the latter forty years became a matter of course. This is essentially a brilliant story of successful development.

The results of the agricultural revolution released huge potential: sufficient and stable grain supply stabilized society, and the transfer of rural labor provided abundant human resources for industry. At the same time, the continuously accumulated infrastructure began to take effect—railway and highway networks supported large-scale logistics, power grids and communication networks reduced industrialization costs, and the completeness of industrial categories accelerated technology diffusion.

China's industrialization showed amazing speed and scale; its deep mechanism was the historic leap from low division of labor to high division of labor. After the Reform and Opening Up, hundreds of millions of farmers entered cities to work. They no longer had to stick to the land and juggle agriculture and handicrafts like their ancestors, but could concentrate on industrial labor. This was not a simple population flow, but a fundamental improvement in the level of division of labor—when agriculture was stable and market risk was reduced, people dared to give up self-sufficiency and specialize in a certain production activity.

China built large-scale factories, realizing deep division of labor and assembly line collaboration. Textile mills with thousands of people, electronics factories with tens of thousands, automobile assembly lines — each worker specialized in a specific process, practice made perfect, and efficiency increased drastically. This is the efficiency revolution brought by the division of labor mentioned by Adam Smith—the example of the pin factory replicated millions of times on the land of China.

China became the "World Factory," not just because of cheap labor (which is only a surface phenomenon), but because it realized deep division of labor—this is the true source of efficiency. When other late-developing countries were still trapped in a state of low division of labor with labor stuck on the land, China had already realized the specialized collaboration of hundreds of millions of laborers. This difference in organizational capability and level of division of labor is the fundamental source of competitiveness.

From the comprehensive development of light to heavy industry, the gradient advance from the coast to the interior, the leap in capability from imitation to innovation, the transformation from world factory to technological power — the foundation of all this is the low market risk

environment and high division of labor capability created by seventy years of sustained infrastructure construction.

More notably, China did not stop at traditional industrialization but, based on its industrial capabilities, took the lead in marching into the new energy revolution. Photovoltaics, wind power, energy storage technology, electric vehicles—China's breakthroughs in these fields are paving the way for the next stage of development. Especially in photovoltaics and power batteries, China has occupied absolute dominance in global production capacity, grasping the core lifeline of the new energy revolution.

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## **## VIII. Unification of the Theoretical Framework: Proactive Government Creates Effective Markets**

It must be pointed out that although Lin Yifu proposed the important concepts of "Facilitating State" (Proactive Government) and "Effective Market," in his view, the two are basically a parallel relationship — the government provides infrastructure and industrial guidance, the market allocates resources, and the two cooperate to succeed. This is a superficial understanding of the Chinese path.

"Effective Market" does not exist naturally; it will not appear automatically just by privatization, marketization, and price liberalization. Russia's shock therapy has proven this point. "Effective Market" requires specific preconditions: **\*\*low market risk, determinate property prices, and low transaction costs.\*\*** And these preconditions are established on the material basis of stable grain production and stable energy supply.

New Structural Economics argues that the first thirty years took a "detour" by defying comparative advantage under conditions of capital scarcity to prioritize the development of capital-intensive heavy industries, leading to many enterprises lacking viability, relying on government blood transfusions, causing resource misallocation and shortfalls in light industry, becoming a historical lesson that must be faced squarely.

**\*\*But if we jump out of the simple "industrial efficiency" perspective and look from the dimension of "national survival risk," we will discover another significance of the first thirty years.\*\***

We must ask: Why did China want to "defy comparative advantage" to engage in heavy industry at that time? Aside from national defense needs, a reason often ignored by economists is: **\*\*The stable and high yield of modern agriculture is essentially a process of "transforming" nature using heavy industrial products.\*\***

Without the steel and cement industries, it would be impossible to build tens of thousands of reservoirs and supporting irrigation canal systems; without the machinery manufacturing industry, it would be impossible to produce the high-pressure equipment needed for synthetic ammonia, and the fertilizer industry would be out of the question; without the chemical industry, pesticides would not be popularized; without the electric power industry and motor manufacturing, the electric drainage and irrigation network covering the countryside could not be built—and it is precisely this network that defended the bottom line of agriculture in the face of flood and drought disasters.

The seemingly "inefficient" heavy industry investment in the first thirty years was actually injecting hard-core industrial strength into agriculture, a "high-risk industry." The "detour" theory sees the loss in local efficiency of the catch-up strategy but underestimates the strategic value of this system in building a "safety base" for China globally.

The various basic constructions of the first thirty years completed the supporting system for agricultural industrialization ranging from water conservancy and chemicals to machinery. They were precisely creating the preconditions for comparative advantage. If the fundamental constraints of unstable agriculture, energy shortage, and blocked transportation were not solved first, labor-intensive industries could not exist at all, and comparative advantage would be out of the question.

Only after grain supply stabilized, price fluctuations decreased, and market risk was lowered, could property prices be determined, transaction costs be reduced, labor leave the land safely, and large-scale production be established—**\*\*an "Effective Market" was formed, deep division of labor was realized, and industrial upgrading could succeed.\*\***

This is the fundamental point of the Chinese path: not a simple cooperation of "Proactive Government" and "Effective Market," but "Proactive Government Creating an Effective Market"—first lowering market risk through large-scale investment, creating conditions for division of labor, and then the market mechanism can operate effectively.

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## **## IX. The Rise of the West: Plunder is "Assist" not "Drive"**

When discussing the Chinese path, one cannot avoid a popular theory: World Systems Theory and Dependency Theory. This theory posits that the West accumulated primitive capital through colonial plunder and financial plunder, achieving industrialization, while Asia, Africa, and Latin America were plundered and reduced to the periphery. While revealing the evils of colonialism,

this theory reverses the causal relationship.

Spain plundered the most gold and silver from the Americas, earliest in time and largest in scale — starting from 1492, lasting 300 years, plundering the gold and silver of all Latin America. According to the logic of World Systems Theory, Spain should have become the strongest country. But the actual result was the opposite: Spain eventually became a "Golden Funnel"; wealth flowed through Spain but could not multiply, and it quickly declined into a second-rate power.

Why? Because Spain's own agricultural development was fraught with difficulties — a Mediterranean climate, unstable rainfall, and unprosperous industry and commerce. The plundered gold wealth was mainly used to buy foreign goods, maintain the army, and for luxury consumption, flowing out quickly and unable to multiply domestically. Where did the gold flow? It flowed to the Netherlands, Britain, France, and other countries with industrial and commercial foundations and wealth-multiplying capabilities.

Conversely, Britain plundered less in the early stages, but relied on the stability of grain production to develop prosperous industry and commerce. Wool industry, textile industry, shipbuilding, commerce, finance — these industries could make wealth multiply. The gold and silver earned by Britain through trade were invested in industry, generating more wealth, forming a virtuous cycle. Eventually, Britain came from behind to become the world hegemon.

France and Germany were also inferior to Britain and the American North in terms of agricultural stability and industrial and commercial prosperity. Although they also engaged in colonial plunder, their overall development level was still inferior to Britain and the US. This proves once again: Plunder is not the root of prosperity and power.

**\*\*In the rise of the West, colonial plunder and financial plunder were "assists," not the "drive." The "drive" itself was the industrial and commercial advantage brought by agricultural stability.\*\*** Northwestern Europe has stable rainfall, small grain price fluctuations, and low market risk; the population could leave agriculture, industry and commerce could develop, and deep division of labor could be realized. Only with industrial and commercial advantages and wealth-multiplying capabilities did they have the military and commercial power to plunder others.

Plunder is the consequence of industrial and commercial progress, the "assist" to rising, not the "drive" of rising. This is a fundamental correction to World Systems Theory—it is not plunder that leads to prosperity, but agricultural stability leads to developed industry and commerce, which then enables the capacity to plunder. Clarifying the causal relationship is crucial for understanding development paths.

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## **## X. The Unified Source of Government Characteristics: The Inevitable Choice Under Pressure**

Yao Yang proposed the "Neutral Government" theory, arguing that the Chinese government is relatively detached from interest groups and pursues the maximization of overall interests; Daniel A. Bell and Wang Shaoguang proposed "Political Meritocracy," believing political power should be exercised by those with virtue, ability, and experience; Lin Yifu emphasizes "Proactive Government" (Facilitating State), advocating that the government should guide according to circumstances and provide infrastructure and industrial guidance. These seemingly different theories essentially describe the same phenomenon: the unique governance form of late-developing countries formed under immense survival pressure.

Late-developing countries, including China, generally face high-risk survival and production environments — unstable agriculture, high market risk, and societies prone to disorder. This pressure is not abstract but a concrete survival threat: if handled improperly, famine, turmoil, and collapse will ensue. The establishment and survival of the government must face huge challenges from the natural environment and social conditions. If power is not concentrated on efficiency and planning to improve production capacity and social conditions, whether the government itself can sustain existence would be a problem.

This huge survival pressure becomes the "discipline" constraining government behavior. If captured by interest groups, resource distribution will be unbalanced, and social contradictions will intensify; if personnel are improper and officials incompetent, policies will fail and governance will be chaotic; if one does not look to the long term and invest in long-term capacity building, society cannot cope with future crises and challenges. These consequences range from shaking the foundation of rule to the collapse of the regime. Therefore, the government is forced to possess multiple characteristics: it must be "neutral" (not kidnapped by interest groups), "meritocratic" (selecting capable people), "proactive" (actively creating conditions), and long-term oriented (investing in basic capabilities that may not be effective immediately but concern the future).

**\*\*This is not a moral choice or cultural preference, but the forcing of survival pressure.\*\***  
Pressure is the strongest disciplinary constraint, forcing the government to possess these characteristics. It is not that the government "wants" to be neutral, meritocratic, and proactive, but that it "has to" be so; it is not government moral nobility, but survival instinct.

In contrast, the West, especially Britain and the US, faces relatively small natural and social challenges. Grain production is stable, society is relatively stable, and the government's survival pressure is not great. In such a low-pressure environment, the government can muddle through, can accommodate interest groups, and can be short-term goal-oriented — because the cost of these behaviors is not high enough. The worst result is merely economic fluctuation or election

failure, not regime collapse or national extinction. So although the short-termism and inefficiency of electoral democracy exist, it can still operate.

Taking the United States as an example, its geographical conditions are superior, industrialization was early and fruitful; the geopolitical environment is equally superior, with two oceans separating potential invaders and no strong power threats around. Therefore, the US government has not encountered fundamental challenges in domestic affairs or foreign wars originating from survival pressure. This makes it difficult for the US to form a "Neutral Government" and "Political Meritocracy" like China, lacking the tradition of actively creating conditions for economic development with a long-term attitude. Over the past hundred years or so, late-developing countries in Asia, Africa, and Latin America were generally weak, and European countries were mired in division, unable to pose a fundamental challenge to the US, so the weakness of US political efficacy was not fully exposed. However, today, with the universal development of late-developing countries led by China, facing their competition, the weakness of US governance capabilities will become increasingly prominent.

This difference is also reflected in the types of governance talent. There are a large number of officials with engineering backgrounds in China's leadership, while British and American political elites mostly come from law schools. This is not accidental. The core challenge China faces is transforming nature — building water conservancy, constructing infrastructure — these are engineering problems that need engineer thinking to solve. **\*\*The legend of Yu the Great Taming the Flood is the symbolic starting point of this tradition: this sage king himself was a diligent hydraulic engineer who passed his door three times without entering\*\***; for thousands of years since, Dujiangyan, Zhengguo Canal, the Grand Canal, Yellow River governance, until New China's water conservancy construction, railway grid, and energy development, all continue this vein. Whereas British and American agriculture is stable, and society's core problem is not fighting nature, but coordinating interpersonal interests — property definition, contract disputes, parliamentary debates, interest negotiations—these require lawyer thinking to handle. The type of talent is a natural reflection of the difference in core social tasks.

The case of the Soviet Union provides another contrast. As a former ally, the Soviet Union's political structure was similar to China's, also possessing the organizational form of a "Proactive Government" and strong mobilization capabilities. However, the Soviet Union failed to solve the grain production problem to the end. Located at high latitudes, about two-thirds of the Soviet territory is permafrost or seasonal frozen soil, effective agricultural areas are limited, the growing season is short, and precipitation is unstable. Restricted by this rigid climatic constraint, Soviet grain output always fluctuated drastically. In the 1980s, it fluctuated violently between 150 million tons and 210 million tons, with multiple serious crop failures. The extreme instability of grain production prevented the Soviet Union from creating the preconditions for an "Effective Market" like China. Although the state system achieved remarkable success in military, aerospace, and other fields, economic development lacked stamina: agricultural products were in long-term shortage, industrial products lacked international competitiveness, and it had to rely on exporting oil to earn foreign exchange to buy grain, importing 30 to 40 million tons of grain annually in the 1980s. But oil and grain prices on the international market are highly unstable. From 1985 to

1986, oil prices plunged from \$30 per barrel to below \$10, and Soviet hard currency revenue plummeted, causing an instant fiscal imbalance. Grain had to be imported, the arms race and the war in Afghanistan continued to consume resources, the fiscal deficit expanded sharply, and foreign debt piled up. Long-term fiscal bleeding played a fundamental role in the final collapse of the Soviet Union. The lesson of the Soviet Union shows: "Proactive Government" is a necessary condition for creating an "Effective Market," but not a sufficient condition—it must also possess natural conditions that can be transformed.

China's luck lies in the fact that although it faces severe agricultural challenges, the monsoon climate provides basic precipitation after all. Through large-scale water conservancy construction and agricultural revolution, the problem of stability in grain production can be solved. The Soviet Union was restricted by more rigid climatic constraints; even with strong organizational capabilities, it was difficult to overcome fundamentally. Although the Soviet Union failed to complete the agricultural revolution back then, today's Russia has seen great improvements in its agricultural situation under changing conditions — it is just that for the Soviet Union, this agricultural revolution came too late.

**\*\*This is the fundamental difference in Eastern and Western governance and government characteristics.\*\*** It is not a cultural difference, not a value choice, but a difference in survival pressure determined by the natural environment, and a difference in whether natural conditions can be transformed. High-pressure environments force out "Neutral Government," "Political Meritocracy," and "Proactive Government," while low-pressure environments allow "Non-neutrality" and decentralized governance. The Soviet case shows that even with the form of a "Proactive Government," if natural conditions are too rigid and exceed the transformation capacity under historical conditions, the path of "Proactive Government Creating an Effective Market" cannot be walked either. China's success is the result of the combination of "Proactive Government" and "Transformable Natural Conditions."

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## **## XI. The Traditionalization of Capability: From Forced by Pressure to Conscious Maintenance**

The capability forged under this pressure will gradually be institutionalized and traditionalized. Through organizational memory, selection inertia, planning culture, and the inheritance of crisis consciousness, capability gradually transforms from "forced acquisition" to "conscious maintenance," gaining independence relative to pressure.

The capabilities forged in pressure during the first thirty years — long-term planning, concentration of power, organizational mobilization, basic construction — formed a set of institutions and cultural traditions. These experiences accumulated in the organization and were

passed down through document systems, talent cultivation, case summaries, and experience promotion. The long-term selection system formed inertia: starting from the grassroots, performance assessment, layer-by-layer selection, and survival of the fittest became unshakable rules. The practice of long-term planning formed a culture: doing things must have a plan, goals must be long-term, execution must be persistent, and effects must be verified became a way of thinking. Long-term survival pressure formed a collective psychology: being prepared for danger in times of peace, planning ahead, not slacking off, and continuous struggle became a crisis consciousness passed down from generation to generation.

This allows this capability tradition to be maintained to a considerable extent and continue to play a role even in a country like China which has made huge progress and where external survival pressure has diminished. From coping with survival to pursuing development, from internal governance to global competition, from passive response to active leading—capability is constantly upgraded and applied. China's layout in the new energy field, the "Belt and Road" initiative, poverty alleviation, epidemic response, etc., are all continuations and developments of this capability tradition.

This forms a positive feedback loop: capability promotes progress, progress provides resources, resources strengthen capability, and capability promotes greater progress. This is the deep mechanism by which China can continue to develop and upgrade.

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## **## XII. Correct Understanding of Other Developing Countries**

It must be explicitly pointed out that the poor development of most developing countries is not because the pressure is small or life is easy; on the contrary, the difficulties they face often exceed China's, and are so great that they exceed their coping capacity.

West Asia and North Africa are located in the subtropical arid belt, where agriculture is naturally limited by water scarcity. The Two Rivers Basin and the Nile Valley once nurtured brilliant ancient civilizations, but thousands of years of irrigation led to increasingly severe soil salinization and long-term decline in agricultural output. Modern climate change has further aggravated the drought trend, and frequent wars have destroyed existing irrigation systems. The fundamental problem is too little rain and too much evaporation, and a serious shortage of total water resources—this cannot be solved by building reservoirs or canals because there is simply not enough water to allocate.

The dilemma of Sub-Saharan Africa lies in special geographical conditions: the tropical climate leads to high temperature and humidity, severe pests and diseases, and rapid loss of soil

nutrients; rainfall distribution is extremely uneven, with rainforest areas being too wet, grassland areas having distinct dry and wet seasons, and semi-arid areas having scarce rainfall, with seasonal floods and droughts alternating frequently; tropical rainforest soil looks fertile but is actually nutrient-poor (organic matter is in the vegetation), becoming barren quickly after logging; diseases like malaria, schistosomiasis, and sleeping sickness proliferate, weakening labor; lack of natural good harbors, waterfalls blocking river transport, difficult inland transport, and huge costs for transportation construction. Combined, these factors make agriculture naturally low-yield and unstable, and the difficulty and cost of human transformation are enormous.

The situation in India is especially worth analyzing in depth. India's rainfall is extremely irregular — the arrival time, intensity, and duration of the monsoon are highly uncertain, with huge inter-annual variations, yet national agriculture is highly dependent on this single rainy season; high temperature and humidity cause pests and diseases to breed all year round, causing severe yield losses; tropical diseases like malaria are widespread, weakening labor. **\*\*India faces natural conditions even worse than China.\*\***

**\*\*More crucially, these harsh agricultural conditions have traditionally constrained India's state-building capacity.\*\*** Frequent agricultural disasters and violent yield fluctuations mean that the surplus available for collection is small and unstable, and the tax base is naturally weak. Insufficient tax revenue cannot support a huge standing bureaucratic system and a large-scale standing army. This formed a vicious cycle: insufficient tax → inability to build infrastructure like water conservancy → agriculture continues to be unstable → tax continues to be insufficient. Therefore, in sharp contrast to China's two-thousand-year tradition of great unity, periods of unification under a centralized government in Indian history were extremely short. The peak of the Mauryan Dynasty lasted only a few decades, the actual unification period of the Mughal Empire was about one hundred and fifty years, and for most of the rest of the time, it was in a state of fragmentation. The Mughal Empire's Mansabdari system relied on agricultural tax to support the bureaucratic-military system; once expansion stopped and surplus was insufficient, the system quickly disintegrated—decades after Aurangzeb's death, the empire fell apart. This shows that India did not lack the desire to unify, but agricultural conditions simply did not support the long-term maintenance of a centralized bureaucratic system.

Therefore, unlike China, India historically lacked the tradition of a "Proactive Government." China's "Proactive Government" is not only the result of revolutionary forging but also the organizational heritage accumulated over two thousand years of the commandery-county system; India lacks such accumulation. It is true that India did not undergo a thorough social revolution—although the non-violent independence movement won national independence, the old landlord class, caste system, and religious forces were preserved; the Western-style democratic system under Indian conditions led to short-termism, partisan struggle, and identity politics tearing society apart; the colonial legacy caused elites to revere Western theories and detach from local reality. However, the more fundamental question is: **\*\*Why did India not produce a powerful organization capable of leading a thorough revolution?\*\*** The answer lies in the material basis — agricultural conditions constrained the possibility of state-building. Historically, India did not accumulate an organizational tradition and governance experience that could be inherited like

China. India's dilemma is twofold: facing natural challenges greater than China's, yet lacking the historical legacy of organizational heritage, and failing to create new organizational capabilities through revolution.

**\*\*This is not because "they don't work hard" or "life is easy and lacks motivation," but because the objective conditions are indeed too harsh, exceeding the coping capacity of the local society.\*\*** China succeeded because although the difficulties were huge, they were still within the range of human coping—unlike West Asia and North Africa which fundamentally lack water sources, unlike Sub-Saharan Africa which is severely eroded by tropical diseases, unlike India which is highly dependent on a single monsoon; China has moderate rainfall for regulation (though unstable), a temperate climate reducing the burden of pests and diseases, and major rivers supporting water control. More importantly, China had the organizational tradition of two thousand years of great unity to inherit, and experienced a thorough revolution to further strengthen organizational capabilities, maintaining a relatively independent development space and seizing historical opportunities.

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## **## XIII. True Leadership Qualifications: From Arrogant Preaching to Empathetic Mutual Aid**

Reviewing this complete story of human development, we can finally answer that core question: In a world full of uncertainty, who is qualified to be a true leader?

**\*\*A true world leader cannot only know how to grow flowers in a calm greenhouse but must know how to survive in the wilderness of storms.\*\***

The leadership of the West (represented by Britain and the US) is built on a "Chosen" low-risk environment. They are accustomed to sowing seeds in fertile black soil and taking it for granted that as long as there is sunshine (freedom) and rain (market), flowers will bloom automatically. However, the vast majority of developing countries in the world do not have this "greenhouse" luck. They face dilemmas similar to China's: barren soil, violent climate, and scarce resources.

**\*\*This creates a fundamental aphasia in Western leadership.\*\*** They cannot understand the suffering of developing countries because they have never truly faced the survival desperation based on the natural environment. Facing the Global South trapped in the "high-risk trap," the West only offers arrogant preaching judging others by themselves: they accuse these countries of "not being free enough," "government managing too much," "market not being open," and even hit them when they are down during crises, utilizing the dual advantages of trade and force to plunder. This attitude is essentially the mockery of "Why don't they eat cake?" from a rich man who has never gone hungry to the poor struggling in famine.

**\*\*China is qualified to be a "true world leader" precisely because China, through its own rebirth from fire, has mastered the code to crack the human survival dilemma.\*\***

China has proved: Even in the face of harsh natural environments, humanity can still control its own destiny through the organizational construction of a "Proactive Government" and systemic investment in infrastructure to forcibly transform the environment. This experience is more valuable than any Western textbook for the vast number of Asian, African, and Latin American countries.

Therefore, the relationship between China and the Global South presents a characteristic that the West cannot replicate—**\*\*deep understanding and empathy\*\***.

**\*\*Not condescending charity:\*\*** Western aid is often accompanied by harsh political conditions and moral judgment, while China provides tangible tools—railways, ports, power grids, hybrid rice.

**\*\*Not hypocritical preaching:\*\*** China does not force specific ideologies but shares survival wisdom on how to build roads in quagmires and how to find water in dry lands.

**\*\*Not indifferent ignorance or suppression:\*\*** China knows deeply the difficulty of moving from the periphery to the center, so it is more willing to pull partners along through connectivity.

This is a rational choice based on mutual benefit. China helps the Global South not to establish some dependency system, but because China clearly knows: **\*\*Only when the wilderness is transformed into fertile fields, and when more countries gain a sense of survival security, will the world market truly expand, and human civilization truly move from the "Law of the Jungle" to "Great Harmony" (Datong).\*\***

In this sense, the Chinese path does not belong only to China; it lights a lamp for all countries in "Hard Mode," **\*\*declaring the bankruptcy of that fatalistic "desperate old world,"\*\*** and opening a new era of humanity jointly renewing itself in adversity.

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## **## XIV. From Hegemonic Impulse to Civilization Convergence: The Future of World Order**

The Chinese path not only provides reference for developing countries but is also profoundly changing the world structure itself.

After the end of the Cold War, facing the world after the disappearance of ideological confrontation, Western academia fell into two diametrically opposed predictions. Francis Fukuyama proposed the "End of History," optimistically believing that Western liberal democracy is the final form of human government; while Samuel Huntington proposed the "Clash of Civilizations," pessimistically predicting that cultural differences between different civilizations would lead to irreconcilable confrontation.

However, the rise of China has changed everything. Former Singaporean Prime Minister Lee Kuan Yew predicted as early as 1994: "China's participation in the reorganization of the world status makes it necessary for the world to find a new balance within 30 or 40 years. It is impossible to pretend that China is just another big player; it is the biggest player in human history." Before this "biggest player in human history," both of these once-popular theories seem outdated:

The "End of History" is bankrupt because China has proven that there is not only one path to modernization, and the Western model is not the universal end point; the "Clash of Civilizations" has failed because China has demonstrated that different civilizations can transcend cultural barriers and achieve win-win results through development and cooperation.

**\*\*The common blind spot of these two theories is: They both ignore that the true driving force of human history is not ideology or cultural identity, but the eternal pursuit of survival and development.\*\***

At any time in history, ideology and cultural identity are not the ends of human existence, but tools for existence. The roots of conflicts between ancient civilizations, whether the Peloponnesian War, the Crusades, or the Mongol Westward Expeditions, lay in survival pressure under high-risk agricultural environments—struggles for land, water sources, and trade routes. It was precisely because "those without constant property have no constant perseverance" (Mencius) that people in agricultural high-risk areas had to expand outward and snatch resources to compensate for the uncertainty of internal production.

But the situation today is fundamentally different.

After World War II, the combination of industrialization and the Green Revolution brought a rapid increase in agricultural surplus and its certainty to major civilized regions of the world. Fertilizers, improved seeds, pesticides, irrigation — these technological advances drastically reduced the grain risk that had not been shaken for thousands of years. From Western Europe, Eastern Europe, Russia to China, major civilized regions have successively completed the Green Revolution and obtained a peaceful order based on low-risk agriculture.

**\*\*Today, the major countries on the world stage are all homogenized modern states.\*\***  
Although the historical path of each civilization has left unique cultural traditions, for countries that have completed modernization transformation, these cultural traditions represent more of past civilization paths than present social life. Whether China, the US, Europe, or Japan, their social orders are established on stable grain production, developed industrial systems, and high

levels of division of labor collaboration. Huntington-style civilization classification cannot define the heterogeneity between these countries—modernization established on a peaceful order is the homogeneity hidden beneath superficial cultural differences.

Therefore, if we are to look for precedents for China-US competition in history, the only comparable one is not the struggle for hegemony between Athens and Sparta, not the confrontation between Britain and Germany before WWI, but **\*\*the peaceful transfer of power between the United States and Britain\*\*** — that was the first competition in world history between two truly "modern" countries.

Of course, this does not mean that differences and conflicts do not exist in today's world. In the post-Cold War era, West Asia, North Africa, Sub-Saharan Africa, and the former Soviet regions are still frequently turbulent. But the root of these turbulences lies not in civilization clash, but in developmental imbalance: on one hand, grain risk in these regions remains high or is released relatively slowly, and social order transformation is not yet complete; on the other hand, many of them are important producers of oil and gas resources, and violent fluctuations in energy prices bring continuous instability to national economic and political systems.

**\*\*But energy risk and grain risk are fundamentally different.\*\*** Grain risk brings survival crisis, while energy risk brings only development crisis. For countries where grain risk has been fully released, there is no longer a survival threat brought by high agricultural risk. Therefore, the intensity of divergence and confrontation between major countries today is far from comparable to the two World Wars and the Cold War period.

#### **\*\*The Unique Nature of China's Rise\*\***

Unlike emerging powers in history, China's rise is not accompanied by the impulse of colonial expansion. This is not moralizing, but a geographical and historical necessity.

China is a civilization that formed a stable core area very early. Since the Qin and Han dynasties, the agricultural areas centered on the Yellow River and Yangtze River basins were largely determined. In the two thousand years since, although the dynastic territory expanded and contracted, the border areas were either nomadic zones, high alpine mountains, or tropical jungles, none suitable for farming, making it difficult to generate enough surplus to pay for ruling costs, requiring continuous blood transfusion from the core area. For a civilization based on agriculture, expanding in these directions often outweighed the gains — this is completely different from the Western colonial empires extracting wealth from colonies.

Therefore, the core task of successive Chinese dynasties has always been internal governance, not external expansion. Ruling tens of millions to hundreds of millions of people, coping with drought and flood disasters brought by the monsoon climate, and maintaining peaceful order on a vast territory — this itself was a sufficiently arduous challenge. The "Tributary System" developed by China was essentially a security arrangement to maintain stability in the periphery at minimum cost: surrounding countries recognized China's central position, and China gave generous return gifts and trade privileges in return; both sides took what they needed and

shared peace. This is completely different from the logic of military conquest and economic plunder of the Western colonial system. That Zheng He of the Ming Dynasty led the world's most powerful fleet on seven voyages to the Western Seas, bringing silk, porcelain, and friendship rather than guns, enslavement, and colonial outposts—this was no accident, but an inevitable manifestation of the internal logic of Chinese civilization.

Today's China certainly will not, and should not, return to the tributary system, but this history reveals an important fact: **\*\*China has no tradition of colonial expansion, nor does it have a need for colonial expansion.\*\***

**\*\*China and the Global South: The Possibility of a New Relationship\*\***

This historical legacy, combined with the practical constraints of the contemporary international landscape, determines the unique nature of the relationship between China and the Global South.

Calculated from realistic interests, in the landscape of great power competition, adopting colonial-style bullying and plunder against the Global South will only push them into the embrace of competitors, causing long-term strategic harm to China. More importantly, today's China has the ability to choose another path: help the Global South benefit from China's experience, and then through construction and trade, mutually benefit in equal exchanges with a prosperous Global South.

China's development experience—"Proactive Government Creating an Effective Market"—has special reference significance for the vast Global South. As mentioned before, most of these countries face natural challenges more severe than China's, and it is difficult to cross the initial threshold of development by their own strength alone. What they need is not "aid" with political strings attached, not Western-style institutional preaching, but tangible help: infrastructure construction, agricultural technology guidance, industrial capability incubation, and energy supply guarantees. China has the ability to provide this help, and this help runs parallel to China's long-term interests.

The "Belt and Road" initiative is a concrete manifestation of this new relationship. Unlike the Marshall Plan during the Cold War, the "Belt and Road" does not aim to establish spheres of influence or attach political conditions, but focuses on connectivity and common development. When China helps African countries build railways, ports, and power grids, helps Southeast Asian countries develop manufacturing, and helps Central Asian countries develop energy—these investments not only help local countries cross the development threshold but also open up broader markets and more stable supply chains for China itself.

**\*\*This is not altruistic charity, but a rational choice of mutual benefit.\*\*** A prosperous Global South means larger markets, more partners, and a more stable international environment. This aligns better with China's long-term interests than any form of plunder and control.

More importantly, China is making breakthrough progress in the field of new energy. As

mentioned before, photovoltaics, wind power, energy storage, electric vehicles — in these key areas determining the future energy landscape, China already occupies a dominant position in global production capacity. **\*\*If the Green Revolution opened the door to civilization convergence by lowering grain risk, then the New Energy Revolution will further dissolve the material basis of today's global divergence and confrontation by lowering energy risk.\*\***

Major civilizations of the world, regardless of their cultural traditions, are moving towards homogenized modern states — societies built on stable agriculture, developed industry, and a high division of labor foundation. This is no longer "the victory of the West," but the convergence of human civilization.

As the leader of this process, China is not to conquer other civilizations, but to lead all civilizations out of the long dark night of "survival anxiety," jointly welcoming a future defined not by hegemony, but by development and peace.

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## **## XV. Epilogue: The Mandate Renewed**

"The Mandate Renewed" (Qimng Weixin) comes from the "Classic of Poetry, Daya, Wenwang": "Zhou is an old state, but its mandate is new." Although Zhou was an ancient state, the mandate it received was brand new. These four characters aptly summarize the spiritual essence of the Chinese path and foreshadow the historic turning point human civilization is experiencing.

The Zhou clan was not an emerging force that appeared suddenly; it had been passed down from Hou Ji to King Wen for more than ten generations, operating in the Shaanxi area for hundreds of years, an ancient tribe with deep roots. But the Zhou Dynasty established by King Wen and King Wu received a brand-new historical mission: ending the six-hundred-year rule of the Shang Dynasty, proposing the governance concept of "Revering Heaven and Protecting the People," perfecting the ritual and music system, establishing the patriarchal clan system, and creating the eight-hundred-year foundation of Zhou. "Zhou is an old state, but its mandate is new" cleverly solved a political philosophical problem: the legitimacy of revolution — emphasizing both historical continuity and cultural orthodoxy (Old State), and the new mission of changing the world (Renewed Mandate).

### **\*\*China's Renewal\*\***

China's modernization is not a simple imitation of the West, nor is it finding its own position within the framework of "Soviet Theology" or "American Theology," but based on its own historical tradition ("Civilizational Gene of Yu Taming the Flood"), realistic national conditions (severe challenge of high-risk environment), and people's practice (arduous struggle of the past seventy years), walking a path of independent innovation.

This path has its own logic: from the constraints of the natural environment, to the challenge of agricultural stability, **\*\*to the construction of infrastructure\*\***, to the reduction of market risk, to the determination of property prices, to the decline of transaction costs, to the creation of an "Effective Market," **\*\*and finally to the realization of deep division of labor and industrialization\*\***. It does not need "selective forgetting" of any historical stage, because the first thirty years creating conditions (lowering risk) and the latter forty years releasing potential (industrial explosion) are originally a coherent, mutually supporting whole—the former is the premise of the latter, and the latter is the result of the former.

This path has its own rhythm: not the radicalism of shock therapy, but the gradualism of "crossing the river by feeling the stones"; not pure marketization, but first lowering risk and creating conditions, then developing the market; not passively waiting for the market to form spontaneously, but actively investing to create the preconditions for an "Effective Market."

This path has its own cost: the arduous struggle of the first thirty years, the people endured huge sacrifices; but it was precisely these sacrifices, through stabilizing agriculture, lowering risk, and improving division of labor, that laid an irreplaceable foundation for later development.

This path has its own achievements: from poverty and blankness to the world's second-largest economy, from the dilemma of "Involution" with low division of labor (both farming and handicrafts, extremely industrious but extremely poor) to the "World Factory" with high division of labor (specialized collaboration of hundreds of millions of laborers), from passively coping with survival crises to actively leading the new energy revolution, from a peripheral status to increasingly approaching the center of the world stage.

#### **\*\*The World's Renewal\*\***

But "The Mandate Renewed" belongs not only to China.

Human civilization is also an "Old State"—and an "Old State" in a double sense.

The first is the cycle of rise and fall of the traditional world. For thousands of years, digging wells did not guarantee water, plowing fields did not guarantee food on the Eurasian continent, peaceful order was naturally shaky, and civilizations rose and fell periodically under high-risk survival pressure. This cycle was once viewed as an eternal fate, as Ibn Khaldun asserted six hundred years ago: "The future resembles the past more than one drop of water resembles another."

The second is the law of the jungle of the modern world. In England, digging wells guaranteed water, plowing fields guaranteed food, peaceful order was naturally stable, and modernization occurred naturally; the rise of Britain and the US brought the immense power of industrial civilization but did not change the nature of the weak being the prey of the strong in international relations—colonial plunder, hegemony struggles, bullying the weak, from "The Empire on which the sun never sets" to "Pax Americana," the hegemonic hierarchy ran through it all.

The Green Revolution is changing all this.

Fertilizers, improved seeds, pesticides, irrigation — these technological advances drastically reduced the grain risk that had not been shaken for thousands of years, making the originally divergent paths of civilization begin to converge. From Western Europe, Eastern Europe, Russia to China, major civilized regions successively obtained a peaceful order based on low-risk agriculture. Ibn Khaldun's assertion no longer holds true — the future is no longer a simple repetition of the past; human civilization is experiencing "a change unseen in five thousand years."

This "Old State" is receiving a "New Mandate."

The New Energy Revolution will further dissolve energy risk, clearing the last material obstacle for civilization convergence. A new peaceful order centered on the democratization of international relations and the universal prosperity and development of countries around the world is replacing the old order of hegemonic hierarchy. This is not the victory of a certain ideology, not the conquest of other civilizations by one civilization, but the inevitable result of all civilizations moving towards peace and prosperity together after overcoming survival risks.

**\*\*The True Meaning of Renewal\*\***

Zhou is an old state, but its mandate is new.

This ancient civilization of China is constantly innovating on the journey of modernization, continuously evolving in the struggle against adversity. This is not a simple "revival" (restoration), but "renewal" (innovation); not returning to the past, but creating the future; not sticking to tradition, but activating tradition, letting the civilizational gene of "Yu Taming the Flood" radiate new vitality in the new era.

This ancient species of humanity, in the process of overcoming grain risk and energy risk, is walking out of the fate of divergence and marching towards a future of convergence. This is also not a simple "return," but "renewal"—not returning to some imagined golden age, but creating a new epoch never before seen in human history.

There is a passage in the Bible, Genesis: "Your name will no longer be Jacob, but Israel, because you have struggled with God and with humans and have overcome." China struggled with adversity and overcame; humanity struggled with fate and overcame — this is where the true meaning of "The Mandate Renewed" lies.

All rivers flow to the sea, and all nations live in harmony. We all have a bright future.

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