The Mandate of Heaven: When China Leads the World

> *"What does not kill me makes me stronger."*
> — Friedrich Nietzsche, *Twilight of the Idols*

> *"Thus, when Heaven is about to confer a great office on any man, it first exercises his mind with suffering, and his sinews and bones with toil. It exposes his body to hunger, and subjects him to extreme poverty. It confounds his undertakings. By all these methods it stimulates his mind, hardens his nature, and supplies his incompetencies."*
> — *Mencius*, Gaozi II

Introduction: The Pendulum of History

The grandest narrative in the world today is undoubtedly China's return. This is not merely a redrawing of the economic map, but a violent swing of the historical pendulum of humanity.

Faced with this transformation, Western academia is accustomed to interpreting it as a threat to existing hegemony, or the return of a heterogeneous civilization. However, these interpretations are too superficial. They see only the waxing and waning of power, ignoring the deeper logic: **This is not just a question of *who* will lead the world, but with *what logic* the world will be led.**

If we cast our gaze over the river of history spanning five thousand years, we discover that the uniqueness of the Chinese path did not begin in the present, but originated in the very initial survival settings of the civilization:

Faced with a vast land so bountiful yet so treacherous, how was the Chinese nation to survive?

I. The Origin of Civilizations: The Mountain of Law vs. The Mountain of Construction

At the source of human civilization stand two metaphorical peaks, defining the distinct survival logics and governance genes of the West and China.

One is **Mount Sinai**. The prophet Moses climbed alone amidst thunder and lightning to face the divine will. What he brought down was not bread, nor tools, but two stone tablets engraved with the Ten Commandments. Faced with the chaotic tribes of Israel in the wilderness, Moses established order through **"The Law"**—establishing a covenant between man and God, from which the covenant between man and man was derived. This moment serves as a metaphor for

the **"Conservative"** survival logic of Western civilization: Order comes from heaven-sent laws; perfect order lies in conserving a set of eternal rules. It focuses on the definition of rights, presupposing a greenhouse garden under divine grace. Its core task is to divide the cake through political debate and legal gaming. In the modern West, this logic has evolved into a mystical confidence in "Government by Lawyers."

The other is **Mount Tu**. Here, Yu the Great convened the lords, but before arriving, he had already trudged through the mud for thirteen years. Faced with monstrous floods, Yu did not flee to the wilderness to wait for manna and quail to fall from the sky; instead, he picked up the plow and the measuring line. The way he established order was through **"Construction"** — dredging riverbeds, leveling hills, and channeling the raging floods into rivers, thus defining the Nine Provinces. This moment serves as a metaphor for the **"Transformative"** survival logic of Chinese civilization: Order comes from construction practice; effective order lies in taming a constantly changing environment. It focuses on problem-solving, presupposing a survival trial of raging floods. Its core task is how to make the cake bigger by transforming nature and reshaping the landscape. In contemporary China, this logic is embodied in the construction miracles of "Government by Engineers."

Over the past few centuries, the rise of the West allowed the "Conservative Logic"—dedicated to maintaining existing boundaries of rights—to dominate global concepts. Today, however, the rise of China is demonstrating to the world the power of the "Transformative Logic"—dedicated to self-renewal through practice.

II. The Arrogance of American Theology: Confusing "Luck" with "Ability"

The narrative of modernization in contemporary China has long been dominated by a discourse originating from the liberal right, which we might call **"American Theology."**

Its core argument mirrors Francis Fukuyama's declaration of the "End of History": that Western institutions represent the final form of human government. This theology is a modern echo of "Order from Divine Law": prosperity is God's reward for "keeping the faith." through "Justification by Faith," as long as one copies the Anglo-American holy laws of "Market Economy" and "Constitutional Democracy," prosperity will automatically descend. It deifies a success based on specific temporal and spatial conditions into a universal truth.

Unfortunately, this theology commits a fundamental attribution error: **It depicts the gifts of nature (Luck) as the victory of institutions (Ability), turning itself into a cheap form of successology.**

The sin of arrogance emboldens it to claim a monopoly on truth, daring to measure complex historical processes with a single standard of value—Western institutions. Under the shadow of American Theology, thousands of years of Chinese history are simplified into a dark age of

"despotism and stagnation," as if this land had never known the glory of civilization, nor had its people created achievements worth pride. Even more paradoxically, this narrative selectively affirms the last forty years of China's history, portraying it as the inevitable result of moving closer to Western institutions, yet refuses—and fails—to tell a complete, coherent Chinese story.

This not only belittles the immense achievements gained through the arduous struggles of the Chinese people but also misleads the vast Global South. Only by transcending this theology and seeing the difference between the "Greenhouse Garden" and the "Survival Trial" can we understand the true meaning of the "Chinese Path"—this is by no means sailing with the current in a greenhouse, but a heroic epic of a nation changing its destiny against the odds in a survival trial. For every country in the Global South without "Heaven-sent Luck," this is a revelation for breaking fate.

III. The Undertone of History: The Game Between Man and Nature

Let us return to the most fundamental perspective. Human history, at its root, is the story of humanity conquering nature to survive and develop. Different geographical environments, climatic conditions, and resource endowments set different difficulty levels for survival and shape different forms of civilization.

Chinese civilization is a grand narrative with "Yu the Great Taming the Flood" as its source and symbol. This land is not barren; on the contrary, it possesses the vastest temperate fertile soil and the most abundant water-heat resources in the Northern Hemisphere. Relying on this natural bounty, China created a brilliant civilization in the long agricultural era, supporting the world's largest population, with its economic aggregate leading the world for two thousand years. However, this superior endowment was accompanied by a dangerous trial — an unstable monsoon climate. In the history of world civilizations, rarely has any civilization, like China, been forced to elevate the struggle between man and nature to such a core position. The harnessing of the Yellow River and the Huai River, the construction of Dujiangyan and the Zhengbuguo Canal, the excavation of the Grand Canal—behind these engineering miracles lies a nation's continuous combat against floods and droughts, an extreme adaptation of agricultural civilization on the East Asian continent.

This combat shaped the "Seeking Truth from Facts" gene of Chinese civilization: faced with ruthless natural laws, empty talk and dogma are of no avail; only through large-scale organization and mobilization can survival be sought in the wilderness. Here, survival is not a natural right, but the result of conquering crises.

However, the immense natural risk and the consequent survival pressure, while stimulating the Chinese people's potential to transform the world in the agricultural era, also formed a high wall, blocking its path to spontaneous industrialization.

Therefore, when the Industrial Revolution arrived, the glory of agricultural civilization instantly became fragile. The century of humiliation in modern China was essentially the inevitable collapse of an agricultural nation dependent on the weather when faced with an industrial nation armed to the teeth.

Criticisms of China's "stagnation" or "backwardness" since modern times often ignore this point: the problem lies not in some fundamental cultural defect of the civilization itself, but in the colossal challenge it faced.

IV. The Physics of the Market: Agricultural Stability Behind Industrialization

Industrialization does not happen in a vacuum; it requires stringent economic and social conditions. For the vast majority of countries other than a few "lucky ones" like Britain and the United States, these conditions are not naturally available. The most critical among them is the formation of an "Efficient Market."

However, an "Efficient Market" does not appear simply by hanging up a sign saying "Market Economy." Its prerequisite is extremely low market risk. Economists often talk abstractly about "market risk," but rarely ask: Where does risk come from? The answer is: **Food and Energy.**

As the bedrock at the very upstream of the economic chain, the supply status of food and energy directly determines the stability of the entire market.

We are talking not just about shortages of materials, but about violent fluctuations in prices. The Qianlong Emperor once said: "There is no one under heaven who does not eat rice. When the price of rice rises, the prices of all goods and labor must follow." This means that the price of rice is the base of all prices; once it rises, all commodities and labor costs follow. This reveals a transmission mechanism ignored by modern economics:

When grain prices fluctuate violently, the entire price system collapses. In years of plenty, cheap grain hurts farmers; in years of disaster, expensive rice leads to starvation. This volatility transmits rapidly to the whole society via price signals: enterprises cannot predict costs and revenues, so they dare not expand reproduction; laborers cannot predict the purchasing power of their wages, so they dare not leave the land to become industrial workers; capital, to avoid risk, prefers hoarding to investing in long-cycle technology R&D or industrial projects.

A deeper fatal wound lies in the difficulty of stabilizing asset valuation. In a society with extremely unstable survival expectations, land and assets lack a baseline for preserving value. In years of plenty, everyone scrambles to buy land, inflating prices; in years of disaster, fertile fields worth a thousand gold are sold cheaply for a mouthful of life-saving grain. This price oscillation turns asset trading into gambling; buyers and sellers cannot see future value, making business difficult to negotiate. Even if deals are struck, defaults are common, making transaction processes

and terms extremely complex and transaction costs exorbitantly high.

Ultimately, only when the most basic prices of food and energy are stabilized can all things in the market be priced accurately. Only when price signals no longer reveal survival panic can transaction costs decrease, division of labor deepen, and an "Efficient Market" truly take form to support a modern industrial system.

V. The Greenhouse Garden: Low-Risk Endowment and the Rise of the West

Fundamentally, the Industrial Revolution provided the West with overwhelming material power. England, which nurtured this revolution, was a special case where an "Efficient Market" formed spontaneously. However, this was not the inevitable result of some abstract culture, but the encounter of a "Child of Fortune": a historical experience based on unique geographical endowments that cannot be universally replicated.

1. The Natural Lottery: The Greenhouse Garden of Overflowing Luck
England possesses a mild and moist maritime climate. Influenced by the North Atlantic Drift and westerlies, precipitation is evenly distributed throughout the year, with no obvious seasonal drought or flood, and extreme weather is rare. In sharp contrast to China's unpredictable monsoon climate, English farmers did not have to worry about the violent volatility of "bumper harvest this year, total failure next." Grain output on a piece of land could be estimated quite accurately.

"Those with constant property have constant perseverance." It was this high degree of certainty (low risk) that allowed England to embark on a path different from the Eurasian continent. Here, people only cared about delineating boundaries and writing leases. Grain would always grow in the fields; a unit of effort would yield a unit of harvest without worry.

2. Fixed Rent: A Luxury of Fortune
In the Eurasian continent, where grain output fluctuated wildly like a gamble, if a fixed rent system were adopted, the landlord would starve if the rent was set low, and the farmer would "lose the gamble" if the rent was set high. Therefore, sharecropping—"sharing blessings and hardships"—sharing revenue and risk—was the only possible universal system.

But England was different. Precisely because agricultural production had been quite stable for a long time, landlords and farmers could settle grain distribution rules with the simplest "fixed price" for "fifty years unchanged"—this is the origin of the long-term fixed rent system. According to economist Steven N. S. Cheung, "permanent or near-permanent agricultural land leases" were widespread in England since the Middle Ages or even earlier. This was not because the British had more "contract spirit" than others, but because stable grain production endowed them with the "luxury" right to adopt this system.

"Confidence is more precious than gold." The long-term fixed rent system not only saved worry and effort for both farmers and landlords but also had a profound impact on the operation of the entire society.

3. Evolution of Business Models: The Rise of Tenant Farming
Based on the long-term fixed rent system, English agriculture evolved the tenant farming mode. As an operator, the tenant farmer rented land from large landowners paying fixed rent, and hired agricultural laborers paying fixed wages. The produce was sold independently by him, and the surplus after deducting rent and wages became his profit. This special business mode is the precursor to the modern enterprise—it is completely isomorphic to the model of "fixed interest to banks, fixed wages to workers, exclusive residual profit."

As the harbinger of modern enterprises, tenant farms had profits and losses; not everyone could survive. Fortunately, thanks to England's high certainty of grain production, and the consequent high certainty of price and wage levels, this expansive production operation had a chance to sustain itself. There was always room for it in society, so tenant farming gradually developed.

4. Social Order: The Unified Source of Smith's Three Elements of Wealth
The certainty of grain output brought deeper social consequences. In a 1755 lecture, Adam Smith proposed three elements for wealth growth: "Peace, easy taxes, and a tolerable administration of justice." For a long time, these three elements were considered independent "institutional recipes." But looking at English history, they are actually projections of the same root — a **low-risk environment**—on different sides:

* **Peace:** Not just the absence of war, but low internal social conflict. The certainty of grain output reduced people's survival anxiety—based on long-term life experience, people were convinced that if they could make ends meet today, they would likely do so in the future. This definite expectation for future survival eliminated fierce survival gaming, creating a peaceful order.
* **Easy Taxes:** Under a peaceful order, the government had no urgent need for taxes to maintain military force, and people had stable incomes to pay taxes. Moreover, when output was predictable and price fluctuations were small, taxes became easy to calculate and collect. This reduced the struggle around "excessive taxation" and "tax resistance," further consolidating peace and prosperity.
* **Tolerable Administration of Justice:** This point is most often misunderstood. The reason England practiced a seemingly loose, even somewhat "muddled" common law system was that its social conflict intensity was low, so the judicial task was naturally light. Just as warm Hawaii does not need heavy winter coats, a society with surplus grain does not need precise, high-efficiency justice. In contrast, the survival environment on the Eurasian continent was harsher, social conflicts were frequent, and the government had to establish a strong control system to maintain order, otherwise, society would disintegrate. Rather than saying England possessed "superior rule of law," it is better to say it possessed the fortune of "not needing strong rule of law."

Smith's ideal state was not a universal institutional design, but a natural condition under a low-risk environment.

5. Comprehensive Effect: The Natural Formation of an Efficient Market
Before the Industrial Revolution, England 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. Livestock improvement combined animals with planting to improve soil fertility. The Enclosure Movement further established competitive tenancy relations, clearing institutional obstacles for large-scale operations. This dual revolution of technology and institutions significantly increased grain output and stability, releasing a large amount of labor.

Coupled with unique geographical advantages—as an island nation, no place in England is more than 120 km from the sea, with a winding coastline and many natural harbors like London, Liverpool, and Bristol. Canal construction connected industrial areas with ports, making transportation costs extremely low. Coal reserves were abundant, and mines in Yorkshire, Lancashire, and Newcastle were close to ports and major industrial areas, providing the material basis for the invention of the steam engine.

Stable agriculture, sufficient energy, convenient transportation — the superposition of these conditions made grain prices stable, market risk extremely low, property rights prices easy to determine, transaction costs low, labor safe to leave the land, and capital daring to invest in the long term. An "Efficient Market" formed naturally.

6. The Mirror Image of England: The American North
The conditions of the American North were as superior as the mother country, England. New England, New York, Pennsylvania, and other central colonies belong to a temperate humid climate. Influenced by the Atlantic, precipitation is stable and uniform, without the violent fluctuations of monsoon climates. Pennsylvania's land is fertile, known as the "Breadbasket of America," with abundant wheat yields, stable grain prices, and predictable farmer incomes. Excellent ports like Boston, New York, Philadelphia, and Baltimore are scattered like stars. Inland rivers like the Hudson and Delaware are navigable. 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 many rivers with large drops, rich in hydropower resources. Lowell, Massachusetts, became a famous hydropower textile industrial center. Not far away, Pennsylvania had abundant coal resources, which could be conveniently transported to coastal states via canals, providing the energy basis for the transition from hydropower to steam power.

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

7. Western Superiority: The Arrogance of Greenhouse Flowers
The rise of Britain and the US contained a huge component of "luck." However, later theorists

intentionally or unintentionally ignored this, proclaiming that as long as one imitates Western institutions—engaging in multi-party elections, privatization, and marketization—prosperity will automatically descend. This view denies the complexity of the world and universalizes this Western development model based on specific temporal and spatial conditions. It is tantamount to a cheap successology—it ignores the gifts of the environment and arrogantly packages luck as ability.

VI. Colonial Plunder: Assistance, Not Driver

Regarding the rise of the West, two diametrically opposed misunderstandings have long existed in public opinion: the right-wing "Institutional Theology" attributes it to the victory of liberal democracy, packaging luck as ability; while the left-wing "Dependency Theory" attributes it to the consequences of colonial plunder, exaggerating sin into motive power.

After exposing the cheap successology of the former, we must also be wary of the misleading nature of the latter.

Dependency theory argues that the West became rich because it accumulated primitive capital through colonial plunder, thereby achieving industrialization. While this theory reveals the evils of colonialism, it commits a fatal error—reversing cause and effect.

Historical facts prove: Plunder is not the fundamental reason for modern nations to become strong.

1. Spain: The Lesson of the Golden Funnel
The most potent counterexample is Spain. It was the earliest "Empire on which the sun never sets." Starting from 1492, it plundered an astonishing amount of gold and silver from the Americas for 300 years. According to the "Plunder for Wealth" theory, Spain should have become the strongest modern industrial nation. But the result was the opposite: Spain became the famous "Golden Funnel."

Why? Because Spain's mainland is constrained by a Mediterranean climate, agricultural output is very unstable. It could not provide a stable grain surplus and market demand for industry and commerce, making local industry and commerce extremely fragile. Therefore, the huge wealth plundered was not converted into capital investment for reproduction domestically but was used to buy foreign goods, maintain a huge army, and fund luxury consumption.

This gold flowed through Spain like water, quickly flowing to the Netherlands, Britain, and France—countries with stable agriculture and prosperous industry and commerce. In the end, sitting on mountains of gold, Spain not only failed to industrialize but rapidly declined into a second-rate nation due to severe inflation.

2. Britain: The "Money Power" of Wealth Multiplication
In contrast, Britain plundered less in the early stages, but relying on the stability of local grain production, it developed a prosperous industrial and commercial system (textiles, shipbuilding, finance).

When Britain later began to plunder outwardly, every penny snatched could be invested into the local industrial cycle: investing in factories, improving technology, expanding trade. This "Money Power" of wealth multiplication was the key. Britain was able to come from behind to become the world hegemon because it possessed the "stomach" to digest and utilize wealth, not just the "claws" to snatch it.

3. Industrialization: Dynamics Within, Not Without
In the rise of the West, colonial plunder was undoubtedly a huge "assistance," but by no means the "driver."

The true "driver" originated from the industrial and commercial advantages brought by stable local agriculture. The stable rainfall and low-risk environment of Northwestern Europe nurtured an efficient market and deep division of labor; this was the source of Western power. With this core, they later had the ability to plunder the globe militarily and commercially.

Deliberately simplifying the rise of the West as the result of plunder, although occupying the moral high ground, falls into a logical trap. This "external attribution" thinking obscures the true threshold of industrial civilization.

At this point, we can make a complete clarification of the Western model: Facts prove that neither the "Institutional Theology" praised by the right nor the "Dependency Theory" clung to by the left touches the essence of the problem. The success of the West is ultimately built on an unreproducible premise—a gifted low-risk environment.

Greenhouse flowers cannot withstand the scorching sun and severe frost of the wilderness. For the vast Global South countries in the "Survival Trial," lacking the gifted low-risk environment, blindly copying Western institutions is tantamount to climbing a tree to catch fish.

But China walked a new path.

VII. Survival Trial: High-Risk Challenges and Low-Level Equilibrium

What Chinese civilization faced was not only unique richness but also a trial brought by the monsoon climate. Although this land possesses huge development potential, the unpredictability of droughts and floods, the mountainous terrain occupying most of the country, the severe shortage of arable land per capita, and the relative scarcity of fossil energy in modern times—these were huge obstacles on China's path to modernization. Here, well-drawn boundaries and

written leases could not withstand the fatal blows from floods and droughts.

1. Division of Labor That Could Not Deepen
We can start with an ancient song said to describe the Salt Lake in Hedong:
> *The fragrance of the South Wind can ease the anger of my people.*
> *The timing of the South Wind can increase the wealth of my people.*

This "Song of the South Wind" is said to be composed by Emperor Shun. It reveals the truth that the monsoon brings both richness and danger: the "South Wind" brings abundant rainfall and heat, the best conditions for agriculture and salt harvest. This allowed East Asia to possess amazing yield and wealth. However, behind this unique richness lay immense uncertainty: "The South Wind is untimely"—once the monsoon misses its appointment, it brings huge losses or even disasters. For five thousand years, all production by ancestors was in this environment of coexisting abundance and risk.

The instability of grain production created a double dilemma through price fluctuations. Let's use the residents around the Hedong Salt Lake as an example. The land around the lake was saline and unsuitable for farming. If the salt workers focused solely on making salt and exchanged it for grain with farmers on fertile land, both sides would benefit from the division of labor. But in reality, this division of labor was hard to form spontaneously.

The monsoon is unstable. In normal years, income from salt could buy enough grain. But in disaster years, farmers needed to survive and would reduce grain sales, causing grain prices to skyrocket. Salt workers would find they couldn't afford grain. Simultaneously, most purchasing power in society was forced to shift to panic-buying life-saving grain, leading to a drop in demand for handicraft products. Salt workers would find they couldn't sell their salt. This price scissors of rising costs and falling income would expose them to the danger of starvation, so they had to grow some grain themselves as a buffer.

This logic extends to all industries. Not only did workers dare not specialize, but farmers also dared not specialize.

This double dilemma led to the "Involution" phenomenon described by Huang Zongzhi in the late Qing Dynasty: **Farmers farmed and did handicraft simultaneously; all family members had to work; working hours were very long and intensity very high; extremely hard-working but extremely poor.** This "Low-Level Equilibrium" trapped the vast labor force in a cycle of inefficiency.

2. Why Could Large-Scale, Mechanized Operations Not Be Established?
The essence of "Involution" is not overpopulation, but the stagnation of the division of labor.

Using the traditional cotton cloth industry as an example, although the total output before the Opium War was as high as 310 million bolts, this was not an industrial scale in the modern sense, but a simple superposition of countless family workshops. Why did large-scale weaving factories

fail to emerge in this largest non-agricultural industry?

The fundamental reason lies in the high-risk environment killing the possibility of capital accumulation and scale expansion.

First, market demand was extremely unstable. In an agricultural society dependent on the weather, consumers' purchasing power depended entirely on grain harvests. In years of disaster, demand for cloth would plummet. This violent demand shock meant any factory owner attempting to expand capacity was destined to face inventory backlogs and broken capital chains—a disaster.

Second, the capital accumulation process was interrupted. In an environment of skyrocketing and plummeting grain prices, the meager surplus of small producers was often exhausted in disaster years just to buy grain to survive, unable to be converted into capital for expanded reproduction.

3. The Double Mechanism of Population Pressure
The instability of grain production also drove population growth through a double mechanism, exacerbating the man-land contradiction.

The first mechanism is "Population Lock-in." Violent fluctuations in grain prices prevented people from completely leaving agriculture.
The second mechanism is "Encouraging Fertility." In a high-conflict society caused by survival crises, forming groups through blood ties became the optimal strategy. "Many sons, many blessings" was a rational choice in a high-risk environment.

These two mechanisms superimposed caused the extreme dilemma of a massive population trapped on limited land.

4. Technology Adapts to Environment: The Loss of the Grand Spinning Wheel
In ancient China, complex machines like the water-powered grand spinning wheel (32 spindles) were invented. But as the population pressure increased and labor became extremely cheap, this labor-saving technology became unprofitable and eventually disappeared in the long river of history.

Without a stable environment and consequent sustained demand, no matter how advanced the technology, it cannot evolve into an Industrial Revolution.

VIII. The Great Foundation: Installing a "Shock Absorber" for the Divine Land

Before understanding the significance of the first thirty years of New China, we need to answer a deeper question: What was the revolution for?

The revolution was not just an ideological choice but a reconstruction of survival order. From the late Qing to the Republic of China, the traditional agricultural system collapsed, Western impact destroyed the old order, famine was frequent, warlords fought, and foreign enemies invaded. Social order was chaotic to the extreme. In this "high-risk" environment of great chaos, the market mechanism was paralyzed.

The success of the revolution lay not in seizing power, but in rebuilding a strong organization capable of maintaining survival order.

To move toward modernization, China had to first win a turnaround battle against backward agriculture, the "root of disorder." Only by thoroughly overcoming the grain risk hanging overhead with stable and high yields could the foundation of modernization be firmly cast. This was a modern version of "Yu the Great Taming the Flood."

1. The Planned System: The "Breakwater" Against Market Risk
At the founding of the People's Republic, China was essentially still an agricultural country. Grain production was unstable.

Critics often use "shortage economy" to criticize the planned system. Shortage certainly existed, but this criticism reverses cause and effect: **It was not the planned system that caused the shortage, but the shortage that necessitated the planned system.**

However, to carry out economic construction, one first faces the hard constraint of economic laws: **Grain surplus is the physical anchor of currency value.** The credit of currency is not built on gold or foreign exchange, but on the abundance of what classical economics calls "Wage Goods"—primarily grain. As Chen Yun said: **"How much money is issued depends on how much material there is, mainly grain and cotton."** Grain surplus is the bottom-line anchor for currency issuance.

In an environment of violent grain output fluctuations, a free market would only lead to skyrocketing grain prices, rampant speculation, and order collapse. The essence of the planned system was that, in a situation where the big market could not operate effectively, the state used administrative power to create and maintain a risk-insulated "small market" using limited grain surplus as the currency anchor. Within this system guaranteed by state credit, heavy industry and national defense could accumulate capital and iterate technology in an environment isolated from external turbulence.

2. Transforming the Physical World: The Modern Version of Yu the Great Taming the Flood
In the first thirty years, China completed a deep transformation of the physical world with one core goal: countering survival threats.

* **Systematic Advance of Infrastructure:** Centered on the 156 projects aided by the Soviet Union, China built a complete industrial system.
* **The Hidden Battleground of Agricultural Revolution:** To achieve stable and high yields

under the monsoon climate, "anti-natural" transformation was necessary.

* **Water Conservancy:** 80,000 reservoirs were built. These were not just water containers, but macro-control devices to stabilize grain prices.
* **Fertilizer:** The introduction of large-scale fertilizer plants meant China finally possessed the ability to inject industrial energy into agriculture, breaking away from the natural fertility cycle.
* **Seeds:** Hybrid rice and high-yield wheat.

3. Significance of the Foundation: The Bridge to an "Efficient Market"
When the grain supply tended to be stable and abundant, a series of chain reactions occurred:

* **Price Predictability:** Grain surplus constituted a solid currency anchor, making the prices of labor, commodities, and assets predictable. The government had a clear basis for taxation and corporate investment.
* **Labor Unlocking:** Breaking free from the "hand-to-mouth" survival constraint, hundreds of millions of farmers could leave the land and enter factories.

The first thirty years were not a detour. It was the decisive beginning of "a Facilitating Government creating an Efficient Market."

Just as a building cannot be built on sand, without the safety base laid in the first thirty years, the "Market Economy" building of the subsequent forty years could not have been constructed.

IX. Creating the Big Market: From Physical Foundation to Division of Labor Explosion

1. The Breaking of Chains and the Explosion of Division of Labor
The arduous construction of the first thirty years finally gathered into a force that broke historical shackles in the early 1980s.
First was the removal of grain risk. With fertilizers and seeds, stable agricultural yields became the norm. The state finally had the confidence to loosen control over population mobility.
Second was the accumulation of infrastructure. The railway and grid network provided energy stability far exceeding that of average nations.

Thus, the most spectacular division of labor in human history exploded: hundreds of millions of migrant workers entered factories. Adam Smith's efficiency revolution in the pin factory was replicated ten million times on Chinese soil. China became the "World Factory" not just because of cheap labor, but because of deep division of labor.

2. Deepening Lin Yifu's Theory: Facilitating Government Creates Efficient Market
Lin Yifu proposed the parallel concepts of "Facilitating Government" and "Efficient Market." This is a great observation, but there is room for deeper interpretation.

"Efficient Market" is not naturally existing. It requires specific prerequisites: low market risk, defined property rights, low transaction costs. These prerequisites are built on the material basis of stable food and energy supply.

The true logic of the Chinese miracle is: "Facilitating Government" *creates* "Efficient Market."

Some argue that the first thirty years were a "detour" because prioritizing heavy industry violated comparative advantage (labor abundance).
But we must ask: Why did China violate comparative advantage?
Because in that high-risk era of grain scarcity, the massive labor force was locked on the land to survive. It could not be transformed into an industrial army. To unlock this labor, agriculture had to be stable; and for agriculture to be stable, heavy industry products were needed to "transform" the physical world.

Without steel and cement, reservoirs could not be built; without machinery, fertilizer equipment could not be made.
The heavy industry strategy of the first thirty years was a necessary choice based on economic laws: it injected industrial power into backward agriculture, solved the food crisis through physical transformation, stabilized the price system, unlocked labor, and thus *created* the "Efficient Market" and "Comparative Advantage."

This is the root of the Chinese path: Not a **dual governance** of government and market, but government **creating** the market—first by investing to transform the physical world and reduce risk, then allowing the market mechanism to operate effectively.

X. The Origin of Species in State Governance: Engineer Mindset vs. Lawyer Mindset

The difference between Chinese and American governance is often summarized as "Engineer Governance" vs. "Lawyer Governance," but this is a projection of survival logics: **The Divergence between Reform and Conservatism.**

1. Two Political Ethics: Process First vs. Result Delivery
Western governance logic stems from the English experience. In the greenhouse garden of England, grain production was stable. The government didn't need to fight natural crises. Maintaining existing rights boundaries was the safest way to survive. Thus, the West developed the political ethic of **"Procedural Justice."** The core of this tradition is "Conservative": **Unless absolutely necessary, between doing nothing (inaction) and breaking existing rights boundaries (reform), it always favors the former.**

For example, Britain's traditional "muddle through" approach is a low-cost solution allowed by a low-risk environment. The Anglo-American common law system, which is as messy as a junk heap

yet highly touted, is a typical symbol of this low-efficiency governance.

The US pushed this to the extreme. The US is a "Mosaic Empire" patched together by interest groups. When facing challenges, "procedure" becomes the only consensus, and "results" are sacrificed by internal gaming. This led to "Government by Lawyers"—obsessed with debate, captured by interests, losing the ability to solve problems.

In contrast, China faces a "Survival Trial." With floods, droughts, and invasions, there is nothing to conserve; reform is mandatory. Therefore, **"Result Delivery"** is a necessary political ethic. The government must be like Yu the Great, responsible for the final survival result. This "Ethic of Responsibility" forces the Chinese government to be an active builder: constantly reforming in practice to deliver results of survival and development.

2. Tempered into Steel: Unlimited Responsibility Government
These ethics shaped different governance forms.
The West has a "Limited Responsibility Government" acting as a passive arbiter. China has an **"Unlimited Responsibility Government."**

This "Unlimited Responsibility" stems from survival pressure. For Global South countries facing "Survival Trials," if the government does not become an "Engineer" to transform the environment, its continued existence is in question. This pressure constitutes a discipline.

"Born in sorrow, die in ease." The value of the trial lies here: It did not destroy this ancient civilization but forced it to complete the **"Tempering into Steel"** of its governance system under extreme pressure.
The powerful organizational, mobilization, and coordination capabilities evolved to fight floods and famines did not lose value when the survival red line was lifted; instead, they transformed into strategic advantages in modern competition that other civilizations cannot replicate.

3. The Tragedy of the Soviet Union: Strong Government Hitting a High Threshold
The Soviet Union offers a contrast. It also had strong mobilization capabilities but failed.
Why? Because the Soviet Union faced a rigid climate constraint (high latitude, unstable precipitation). Its grain output fluctuated wildly.
This reveals the deep economic root of the Soviet failure: It never solved the shortage of "Wage Goods" (Grain). Without a stable agricultural surplus as a "Currency Anchor," the ruble lost physical support. Even though it could build tanks and satellites, it couldn't convert heavy industry into prosperity for light industry—because the market exchange chain was paralyzed by the lack of grain.
To survive, the Soviet Union had to rely on exporting oil to import grain. When oil prices collapsed in the 1980s, this fragile cycle broke, leading to collapse.

XI. Breaking the Myth: Civilizations Need Not Clash

The Chinese path not only provides a reference for the Global South but is also reshaping the world structure.

After the Cold War, Western academia failed to move out of the logic of confrontation. Samuel Huntington proposed the "Clash of Civilizations," predicting irreconcilable conflicts caused by cultural differences.

However, the rise of China changed everything. As Lee Kuan Yew predicted in 1994: "China is the biggest player in the history of man." Before this huge variable, the "Clash" theory appears outdated.

The blind spot of this theory is: It tries to explain the world with cultural differences but ignores the true driving force of human history—the eternal pursuit of survival and development.

1. Farewell to Survival Anxiety: The Foundation of Peace for Modern Nations
Historically, conflicts originated from survival pressure — fighting for land and water due to scarcity.
But today is different. The industrial and agricultural revolutions have historically alleviated grain risks. From Europe to East Asia, major nations have become homogenized modern industrial states. The foundation of social order is no longer religion, but stable industrial production.
Grain risk is a survival crisis; energy risk is a development crisis. With the grain defense line secured, humans no longer face the threat of mass starvation.
Therefore, there is no inevitable pressure for conflict between China and other major powers.

2. Farewell to Colonial Plunder: The Uniqueness of China's Rise
Furthermore, unlike emerging powers in history, China's rise is not accompanied by the impulse for colonial plunder.
Historically, China formed a stable core area early on. The "Tributary System" was a defensive arrangement to maintain peripheral order at minimum cost, sharing peace through trade, distinct from the Western colonial logic of conquest.
In reality, plundering the Global South would only push them to the opponent, causing strategic harm. More importantly, China can choose another path: helping the Global South benefit from China's experience, creating a win-win situation through construction and trade. When China can obtain higher and safer returns through equal exchange than through plunder, plunder loses its rational basis.
The "Belt and Road" initiative is the embodiment of this relationship. It focuses on connectivity. By helping others cross the development threshold, China opens up broader markets for itself.

3. Opening Civilization Convergence: The Strategic Value of the Energy Revolution
More importantly, China is making breakthroughs in the new energy field.
Modern agricultural revolution reduced grain risk; the new energy revolution will reduce energy risk. It marks a fundamental shift in energy acquisition logic: from the **"Extraction Mode"** relying on geographical endowment, to the **"Manufacturing Mode"** relying on industrial

ability.
Whether it is PV, wind power, or nuclear fusion, essentially they turn energy issues into technical issues. As long as these technologies are mastered, every inch of wasteland can become an energy source.
This eradicates the soil of "wars caused by energy scarcity" from the root, and further shatters the geopolitical foundation of the old hegemony. When energy changes from a "geographic resource" that must be fought for into a ubiquitous "manufacturing technology," the "Offshore Balancing" aimed at controlling sealanes loses its physical point of attachment.
This is not "Western Victory," but the convergence of human civilization.

XII. The Way of Leadership: An Alliance of Builders Escaping Fate

Looking back at this story, who can be the true leader? The true leader must understand how to survive in the storm, not just grow flowers in a greenhouse.

1. The True Plight of the Global South
Most Global South countries are underdeveloped not because life is easy, but because they face difficulties exceeding China's — West Asia's water shortage, Africa's tropical diseases and fragmented geography.

2. The Predicament of India: A Survival Trial Hard to Cross
India faces deeper state capacity dilemmas. Harsh agricultural conditions limited the construction of state capacity historically (weak tax base). India lacked a tradition of "Facilitating Government" and did not undergo a thorough social revolution.
Consequently, the transplanted "Western-style democracy," on a fragmented social soil, alienated into an electrical game of patronage, reinforcing the barriers of caste and religion, and intensifying social fragmentation. India is trapped: facing greater natural challenges than China, yet lacking the heritage of state capacity.

3. The Arrogance of the West and the Empathy of China
Western countries, accustomed to the luck of the greenhouse, think flowers will bloom as long as there is sunshine (Democracy) and rain (Market). They cannot empathize with the suffering of the survival trial.
Therefore, facing the Global South, the West only has arrogant lectures.
China, having risen from the ashes, holds the password to breaking the survival dilemma. China proves that even in harsh conditions, humans can master their fate through "Facilitating Government" and infrastructure construction.
Therefore, China's relationship with the Global South shows deep empathy:
* **No Hypocritical Lectures:** No imposing ideology or political conditions.
* **Providing Real Help:** The BRI exports construction capabilities—from infrastructure to agricultural and energy technology assistance—helping the South build a survival base.
* **Equality and Respect:** "Do not do unto others what you do not want done to yourself."

XIII. The Great Game: The Dissolution of Hegemony and the Rebirth of Order

1. Offshore Balancing: "Freedom" Fed by Blood
The secret of Anglo-Saxon hegemony lies in "Offshore Balancing." Utilizing the geographical isolation of islands (UK/US), they sit back and watch or incite division among continental powers. Their safety is built on the division of the continent.
The price of this "Liberal Order" is expensive—it means the Old Continent must remain in turmoil.

2. Farewell to the Hobbesian Jungle: Walking Out of the Cage of Fear
However, China's rise is breaking this cage.
First, because of the fundamental reversal of the power balance. China is a super-large single political entity with high internal integration (no cracks for offshore manipulation). Externally, there is no neighbor in Asia with enough strength to act as a "Strategic Proxy" for the US to balance China.
This situation of "no internal cracks, no external strong enemies," coupled with China's sheer size, imposes a severe strategic cost inversion on the US—it is forced from the ease of "four ounces moving a thousand pounds" into the predicament of "moving four ounces with a thousand pounds."
This means China possesses sufficient strategic space and does not need to be forced into the zero-sum game of hegemonic struggle.

More importantly, the new energy revolution is dismantling the foundation of maritime hegemony from the physical bottom layer.
Historically, fossil energy distribution was uneven and relied on sea transport, making control of "choke points" a lethal weapon of maritime hegemony. However, when energy transforms from a contested "geographic resource" to a ubiquitous "manufacturing technology," maritime hegemony aimed at blockading sealanes will lose the physical basis for its existence.
This not only provides a definitive solution for China to break the energy security straitjacket but also brings a dawn to human society—eradicating the soil of wars caused by energy contention.
When energy is no longer a target of zero-sum games, international relations possess the material basis to shift from a "Hobbesian Order" of fear to a "Reciprocal Order" of cooperation.

3. Building a New World, Dissolving the Old World
Therefore, China does not need to fight for hegemony with the US.
Facing containment, China's mindset is like the fable in *Zhuangzi*: The owl guarding a rotten rat (hegemonic interest) screeches at the phoenix flying high (the builder aiming for renewal).
Fighting for hegemony means grabbing the rotten rat. China aims to dissolve hegemony.

Supporting the Global South is "removing the firewood from under the cauldron" of hegemony. By helping the South achieve industrialization, China enables them to break away

from the hierarchical order. A standing Global South dissolves the order from the bottom.
Engaging Developed Nations is "disintegrating" hegemony. China's market attraction versus the US's harvesting of allies creates a centrifugal force within the alliance.
Facing Hegemony Itself, China practices "Strategy above Combat." Using strength to deter hegemony and protect trade, but using mutual benefit to dissolve confrontation. This is a path of redemption for the old hegemon to return to being a normal country.

Building a peaceful and prosperous new world will automatically dissolve the hegemonic old world.

XIV. Conclusion: Its Mandate is Renewal

When the dust of the game settles, we will find this is not just a transfer of power, but a rebirth of civilization.

"History has ended," it was once arrogantly claimed, stating Western institutions were the final form. However, the Chinese path broke this myth. It proved that there is not only one path to modernization; history has not ended, but opened a new chapter in the East.

"Although Zhou is an old state, its mandate is renewal." This ancient verse from the *Book of Songs* glows with new meaning today: it heralds a fundamental turn of human history from the "Law of the Jungle" to "All Under Heaven for the Public Good" (Tian Xia Wei Gong).

China's Renewal: China's modernization is a path of a builder, based on the gene of "Yu the Great Taming the Flood" and the spirit of "defying fate." It proves that poverty is not destiny; wastelands can be turned into fertile fields through construction.

The World's Renewal: Human civilization has been locked in the double fate of the "Malthusian Trap" and "Thucydides Trap" for thousands of years due to scarcity. The Chinese path is breaking this lock.
The baton is being passed from "Lawyers" (rulers of men) to "Engineers" (rulers of nature). The future world order will no longer be based on hegemonic hierarchy, but on common development.

Yu the Great returns, and the world is at peace. All rivers flow to the sea, and ten thousand nations live in harmony.
We all have a bright future.