

Questioning Liberalism in the History of Economic Thought  
between Europe and Eastern Asia

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1. *Identifying issues in the history of the introduction of liberalism in Eastern Asia.* Reflecting on the issues of the history of liberalism, the development of relationships between Europe and Eastern Asia (mostly Japan, China and Korea) makes necessary a new understanding of liberalism in weaving together economic, political and social dimensions. This involves a comparative analysis of the cultural differences in interpreting discrepancies in development and the enforcement of liberal views, in particular with respect to economic, social and environmental rights in Modern times. This comparative study of European and Eastern political philosophy and political economy, legal practice and philosophy of right stands at the confluence of two major issues for Europeans.

The first issue is how a liberal civil society and various types of market-enhanced economies bring concerns such as investigating the historical introduction and adoption/adaptation of European notions. The way such reception was practised relates to how European countries exported their views and how this went on until present globalization. One thus needs to focus on relationships between Europeans and China and Japan particularly.

A second issue involves past and present enforcement and implementation and/or revision of concepts such as human freedom, free trade, human rights etc. They are related together, intricate but also distinct and they can be addressed by focusing principally on the political, legal and economic aspects of the concept of Liberalism. The latter is made of several traditions, from social liberalism to liberal theories of economics disclosing cultural and political differences in terms of interpretation and of enforcement.

For instance, what is the meaning applied when a non-liberal country becomes a so-called 'liberal democracy' and asks to be reckoned as a "market economy" and as encompassing its own kind of a so-called 'civil society' (in the sense of *bourgeois* in French, or of *bürgerliche Gesellschaft* in German) ? It points to the study of the new partnerships that

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Europeans have been building since the end of the Bakufu system and Meiji Restoration, through the wars and crises of the twentieth-century until the present ‘*Great Recession*’ and a high level of trouble within international relationships.

Because such an inquiry discloses cultural and political differences in terms of interpretation and enforcement of “Liberalism” in Europe and in Eastern Asia, one needs to discuss theories called “liberal”, building conceptual tools and criteria useful for that goal. To do this in detail requires more than a short-format presentation so the task most urgent here is to discuss what global economics has enhanced in terms of temptations to incriminate third parties: the risks that globalization bears have been a recurrent crisis theme since the nineteenth century. How is that illustrated in the literature of the History of economic thought?

2. *The LIBEAC programme as a contribution to clarify what ‘liberalism’ means.*

Globalization is often identified as the culprit for allowing in successive order: first, domination by European trade companies (like the Eastern India Company), then competitive Asian companies to slow down European growth and last, but not least (and the source for much resentment) having created high levels of unemployment as a backlash in the West, and especially in Europe. Asian counterparts assert that European social benefits schemes (the so-called ‘*Welfare-state*’) were a model for anti-liberal thoughts like Marxism, while they could also be seen as responsible for European present crisis, for lack of competition and unwillingness to accept that other countries may catch up – and, indeed overcome, at least in some aspects, the earlier industrialized countries. Confrontation between economic models as well as between models of economic thinking were also major contributors to tensions that brought up wars in the twentieth-century that extended to the whole planet.

All such mutual misunderstandings need a severe readjustment to examine a variety of insights and ideas on and about Liberalism. A program dedicated to that task, namely bringing out the meaning of liberal ideas as they transferred from West to East, were adopted/adapted and/or were rediscovered, furthermore in a later stage, came back with labels and brands tailored-made in Eastern countries correspondingly to their respective situations (mainland China with a one-party political scheme, various anti-deflation and stimuli-packages in Japan, including so-called ‘*Abe-nomics*’) may help bring forth such aspects.

Both the European side and Eastern Asian side may benefit from a better understanding of each other and from revising some of their mutual assumptions. New economic, political and juridical realities call for such an assessment, Eastern Asia being viewed not only through today’s obtaining Chinese new economic power perspective, but

through that of Japan and/or (why not?) other Asian countries. The framework of such analysis is the LIBEAC programme. It is headed by the author, who presents partners to a wider scholarly community involved<sup>2</sup>.

3. *Does Liberalism truly work as a Western Ideology?* Inasmuch as some regard Liberalism as indeed being a Western Ideology, some structural correlation is often assumed between Economic Liberalism and Political Liberalism, as well as between Capitalism and Democracy: it goes at a par with the assumption that the more developed the economy in one country, the freer the persons living in this country. Now, does Liberalism truly work as a Western Ideology? And, in any case, is this correlation stable, in particular in the case of non-Western economies? Japan has been the first example, in the Meiji times, to face this dilemma. South Korea and Taiwan followed. And China is the most significant example in our times. If Liberalism works both at the level of expected economic welfare for the people and of political rights that it endows people with, shall we expect to observe such correlation in China as well? Is China an exception to the general “rule”, regarding its peculiar cultural background (notably its Confucian heritage) or is China a counter-example demonstrating that there is nothing as such a Rule, i.e. that the correlation between economic and social liberty purported by Liberalism is a matter of belief?

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<sup>2</sup> A Short Presentation of the LIBEAC Project : The LIBEAC project (‘Liberalism In Between Europe And China’) is among the few elite objectives selected by the Research Executive Agency (REA) of the European Commission inside the Seventh Framework Programme for Research and Technological Development (FP7-PCRD). Inside the 2007-2013 50 billion euros FP7-PCRD, LIBEAC belongs to the category PEOPLE-IRSES objective. (From 2014 on, a new FP is on, called ‘Horizon2020’)

LIBEAC officially started on January 1st, 2013 and will finish on Dec. 31st, 2016.

With a total funding of 588,000.00 Euros, it is a multidisciplinary project based on a comparative study of European and Chinese political philosophy and political economy, legal practice and philosophy of right. It aims at being a significant contribution to EU policies and thoughts with regard to East Asia (LIBEAC acronym also stands for LIBERalism for ACTION). More on its organization is found on the official site [www.libeac.org](http://www.libeac.org)  
The LIBEAC program : - uses a methodology both multidisciplinary & comparative; epistemological & historical ; - addresses the issue of the nature of Liberalism, notably through a comparison between Western economic doctrines and Chinese contemporary reality ; - focuses on relationships between the European Union and China in particular, but accommodates as well viewpoints from China’s neighbors ; - enhances and implements Mobility between European and Asian partner institutions and cooperation more widely, including intra-European (France, Italy and Czech Republic, with the cooperation of some German experts) and intra-Asian (Mainland China, Japan, S. Korea – and Taiwan on an individual basis). Given the LIBEAC project is the basis for this talk, contents are naturally related to the programme, whose scientific part is a work-in-progress.

and highlights China's role as an economic powerhouse. Liberalism is a key element within such modernization: how does China illustrate it at economic, political, social and law levels?

Focusing on economic development, with a comparative analysis of the context in which it is displayed, there are indeed very different ways to interpret China's 'liberalization', if such is the case. 'Cultural economics' and comparative 'socio-economics' can be put forth, while political discrepancies with the Western model point to how the rule of law may be effectively implemented in local business. Thus the influence of the legal frame on mid- and long-term trade is of interest to Law and Economics, for instance, besides history of economic thought (HET). What about notions adopted/adapted from Europe? How did conceptual and economic environment in China 'co-evolve', so to speak, from the 'Break-up period' of the 1890's (sparked by the war lost to Japan in 1895) through a century of revolutions and wars until the situation we know these days?<sup>3</sup> Since 1978, how were coupled together a somehow quite recent opening to the world and the rise of a new type of liberalism throughout the world, say, during the last thirty-five years?

Differences between European and Chinese schools of thought make this undertaking both specific and valuable as they are straightforwardly assessed, beyond what is usually observed in studies on modernizing China. We frankly face the necessity to assess a variety of viewpoints in understanding modern facts (including Japanese and Russian viewpoints). Not only do we gather thoughts upon economic development, but we discuss upstream some of the concepts underlying it (impact and limits of individualism, universalism, etc.), and we debate downstream the effects it has upon population, with some of the risks and opportunities that go with it. In this light, it may seem difficult to maintain that merely because of its economic development China will necessarily adopt full market economy and democracy (in the Western meaning of the word and, to the point, philosophers question this meaning in various contexts).

4. *A few reminders of the concepts of a liberal civil society and the conundrum they create.* This is where the experiment in modernization in continental China must be appreciated also from the viewpoint of China's 'others', namely her neighbors, especially when they

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<sup>3</sup> Chinese 'modern' chronology can roughly be divided into three Periods: the 'break-up' period to the end of the Empire 1911, the Republic of China (1911-1948) and the People's Republic of China (1949-to this day), while the latter period itself can be divided into the upheavals of 1949-1978, including the so-called 'Cultural revolution', the 1978-1992 including the shock of June 4, 1989 Tian-an-Men incident, and the last twenty years or so dedicated to full-fledged growth and path to become a world economic power. Economic relationships between China and Japan are therefore a major aspect of discussion. Professor Ezra Vogel came to deal with that issue in a brilliant talk to Hokudai Economics Department (September 20, 2014).

modernized earlier, like Japan and South Korea, and the West, or rather different components of a West itself differentiated (at least, the EU and the US of A have different interests/ goals).

One needs to deal with China's political economy issues, and with China's economic relations with other countries, her Asian neighbors as well as the West. Conceptual differences are assessed in economics, culture, philosophy, history, law... The role that past plays within present touches on the definition of the "Rule of Law", regards national governance and the position in international organizations, like Japan wishing to enter the UN Security Council, and China wishing access to WTO (World Trade Organisation), with repeated WTO rejection of China's being reckoned as a "Market Economy", not for lack of capitalistic organizations but for lack of 'civil society' structures, including free intercourse between independent bodies.

In the case of all East-Asian countries, one wonders whether a political transition is in turn dependent upon the socio-economic development and what role the state, at a certain stage, plays and whether it has better then be phased out. Concerning Western economic doctrines and many implicit creeds related to times of crisis, while most mainstream and pro-market economic theories have discarded state intervention as negative – or, at best, too little efficient, in any case less efficient than free market development, would we observe a counter-example in the case of East Asia, and particularly especially of the PRC now, as its government holds (or seems to hold) the reins of economic life ? <sup>4</sup>

Western notions were received, adopted/adapted, implemented/rebuked in China since mostly the 1920s (and in Japan half a century earlier, since the Meiji era) : this is decisive in attempting answer such queries and solve such a conundrum (Ma & Trautwein, 2012). Some couples of general categories with Western liberalism include whether Liberty/Freedom is logically irreducible derivation or univocal metaphysical norm?, methodologically considered as conceptual/schematic, positive/negative, historically definable in Ancient times or only in the Modern era, in relationship with Cartesian consciousness or procedural rules, such as are discussed by Isaiah. Berlin, Friedrich Hayek, and so forth ; ontologically subjective/objective, ideologically dependent on national frameworks as divergent according to British, French or German sources, for instance.

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<sup>4</sup> Many questions can be raised from there. Here are some we discuss in the project:

- Classical Political Economy and Eastern Asia;
- Colonialism, mercantilism and unequal relations with Western countries (Unequal Treaties in the 19th century, Asian economic domination on labor-intensive products today);
- Translation and dissemination of ideas from abroad;
- European visions on Eastern Asian economies;
- Economic discourse and the making of national identities;
- Money and credit: institutions, policy, instability;
- Institutionalization of the Economics profession in Eastern Asia;
- Establishment of critical and heterodox traditions;
- Underdevelopment, backwardness, and catching-up;
- The role of foreign experts in regional thought and policy;
- Research institutions, think tanks, and policy formation

Divergent facets of the apparently similar concepts bring forth related obstacles, and ways to overcome these : the adoption/adaption of Western economic doctrines in Asia passed through stages of translations (often *via* many languages from source to destination, not unfrequently for instance from French or German to English, then to Japanese at last to be put into Chinese), textbooks introduced as successful artifacts (like the success encountered by Eliot Cairnes in Japan), the coining of new terms ('economics' as *keizaigaku*, 経済学, or 'philosophy' as *tetsugaku* 哲学 by Nishi Amane, for instance) and developing the field from yesteryear to nowadays. In China, in the 1920s, the role played by Cai Yuanpei (then Rector of Beida) cannot be overly be stressed.

Back then, pragmatic thought struck a chord in China, John Dewey pragmatic idea of 'economic democracy' and principles of 'well-being of the people' (民生主義 *minshengzhuyi*) put forth by Sun Yat-sen (孫中山, 1866-1925) in his *Three Principles of the People* (三民主義 *Sanminzhuyi*). Other facets of Liberalism got developed, essentially in Classical British Liberal Thought with reference to Bertrand Russell, Continental Thought to Frenchman Henri Bergson and German Rudolf Eucken, in Evolutionist Thought with Herbert Spencer. In the light of present-day regain of interest for Dewey, the issues of forms of liberalism related to happiness (with formal rights and effective capacities) vs. forms of liberalism related to pure freedom also indicate a path of inquiry to solve our conundrum.

Within LIBEAC, for instance, we often adopt a symmetric conceptual approach between a renewed communitarianism on a multicultural (modelled on Canada's experience) and / or 'Neo-Confucian' (Chinese genuine system of elite selection) approaches, and rationalism, individualism and liberalism from a comparative study of German vs. Austrian economic doctrines, and their migration to the US Academia from 19<sup>th</sup> century to nowadays<sup>5</sup>.

5. *Conclusive quote*. Let's end with a quote: "Conceptions that we have about the state, about what is 'political', how 'public service' contrasts with 'private activities', etc. either have no existence in China, or do have a totally different meaning" (Billeter, 2000 : 107)

#### 6. *References list*

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<sup>5</sup> As respectively illustrated in the works of Daniel A. Bell, member of the project, and the author, as LIBEAC PI.