

South China Morning Post

Why China needs its critics

James Dorn says trust in government can't be built amid fear of reprisal

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June 3, 2013

People's trust in government erodes when there is no genuine rule of law to limit the power and scope of the ruling elite. The latest breach of trust in China is the discovery that more than 40 per cent of the rice supply in Guangzhou was tainted with cadmium, a toxic metal. The socialist idea that "power resides in the people" is a mantra without substance.

The truth is that leaders in the Chinese Communist Party and their crony capitalists are still above the law.

The lack of an effective constitution that protects basic human rights to life, liberty and property - including the right to free speech - means the politicisation of economic life, corruption and injustice. Without the right to freely express ideas and to criticise government abuses of power, the Chinese people are subservient to their state masters.

Freedom of the press and freedom of conscience are essential for the development of a harmonious society. The legitimate function of government is to safeguard people and property under the rule of law.

China's leaders pay lip service to the rule of law but have no incentive to limit their power. Yet failing to allow what Nobel laureate economist Ronald Coase and his co-author Ning Wang call "a free market for ideas", in the book *How China Became Capitalist*, means future innovation will face serious obstacles.

Without competition and criticism, the market discovery process cannot fully operate. People have to be free to write and think - and to spot and correct errors. A dynamic market system requires what the economist Joseph Schumpeter called "creative destruction". There can be no creation without freedom and failure.

In the information economy, ideas matter. China was once a land of great inventors. It could become so again if people were free to exchange all kinds of ideas and not fear government reprisals. It is easy to trust a small government surrounded by a large free market - such as Hong Kong. The former British colony has a genuine rule of law but not yet democracy. Mainland China, too, could move in that direction.

China's new leaders, President Xi Jinping and Premier Li Keqing, have promised to continue economic liberalisation, end corruption and strengthen the rule of law. Yet one sees repeated violations of that principle.

Chinese liberals continue to be harassed and the media strictly controlled. Yang Jisheng's book, *Tombstone*, in which he holds Mao Zedong accountable for the mass starvation initiated in 1958 by the Great Leap Forward, has been banned on the mainland. Mao Yushi, one of China's leading proponents of the rule of law, has been under increasing attack by leftists. And Hu Shuli, the highly regarded editor of Caixin, has been ordered to discontinue the legal affairs section of her popular magazine.

Those violations of human rights are harming China's dream of realising what Xi calls "the great renewal of the Chinese nation". As Coase and Wang note, "When a government stays above the law, but possesses enormous assets, it inevitably leaves many rights unspecified and open in the public domain. This corrupts politics, invites plunder, and engenders injustice".

Imposing an iron curtain on free speech undermines trust in government. There can be no justice without an independent judiciary to enforce the rule of law and a free press to defend it. China's biggest challenge will be to repair the deficit of trust and find a way to mesh political and economic reform.

The two cannot long be separated without severely damaging China's prospects for long-run prosperity, peace and harmony.

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