



Mao, the liberal

Mao Yushi, China's best-known liberal thinker, who runs its only independent think tank, talks to Vikram Khanna about the state of affairs in his nation

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"I AM not a dissident," says Mao Yushi, the 84-year-old crusader for economic and political liberalisation in China, and an iconic figure among China's liberals.

"I am just an independent thinker. I am neutral. I appreciate the good deeds the government has done, and encourage it to move forward where it does well. But I also criticise the government where it is not doing well."

Mr Mao runs the only independent think tank in China, the Unirule Institute, which he set up in 1993. It is unique for the fact that the Chinese government not only tolerates it, but even taps its expertise.

While Mr Mao may not be a dissident now, in the past he was decidedly so - or even worse, at least in the eyes of the regime. In 1958, at the start of the then Chinese leader Mao Zedong's "Great Leap Forward," he was labelled a "rightist," expelled from the Communist Party, removed from his job as a railway engineer and banished to the countryside. Among his alleged crimes: criticising the attempts to build backyard steel furnaces and making such economically sensible but politically heretical statements as "If there is a shortage of pork in the market, the government should allow the price to rise."

Consistently outspoken for half a century, Mr Mao never pulled his intellectual punches, even when this put him at personal risk. In April 2011, he created a political furore by writing an essay for a blog hosted by the Chinese financial daily Caijin entitled Restore Mao Zedong as a Man, calling for an honest appraisal of the record of Chairman Mao. "We have yet to fully acknowledge that Mao was a man and not a God," he wrote. "Only when we strip away the mythology and superstition that once surrounded him can he finally be judged."

The essay triggered furious protests from pro-Mao Zedong groups, who demanded that Mao Yushi be prosecuted. But the government took no action against him.

Dramatic, tragic, triumphant

But Mr Mao is not one who flinches from controversy. Just a year earlier, he was prevented from leaving the country, in 2010, before the Chinese dissident Liu Xiaobo

was awarded the Nobel Peace Prize that year (an award to which the Chinese government took exception as Mr Liu was a political prisoner).

"On Dec 1, I wanted to come to Singapore, and I got a boarding pass for my flight," recalls Mr Mao. "But I was stopped at passport control. I asked the reason. I was told it is because of state security. I said, give me a document to prove this; they said there is no document. The Nobel Prize ceremony was on Dec 10."

But when the ceremony was over, the travel restrictions on Mr Mao were apparently lifted. "On Dec 25, I was able to travel out of China to go to Hawaii - there was no problem," he says.

Mao Yushi was in Singapore last month to give a talk about the development of western China. He came at the invitation of the Sichuan Academy of Sciences, which released a report on the subject jointly with the National University of Singapore.

Mr Mao's life has been dramatic, tragic and triumphant. But he tells his story with matter-of-fact simplicity. After he graduated from high school, he studied mechanical engineering at Shanghai Jiao Tong University. He then joined the railways in China. "At the beginning, I was a locomotive driver and fireman, from 1950-55," he recalls, during our conversation at Raffles City. "Later, I became a research engineer."

His career was interrupted during the tumultuous decade from 1957 through the cultural revolution in the late 1960s. He was stripped of his job, dispossessed of his family property and exiled to the countryside. He endured intense hardship. During the great famine of 1958-61, he witnessed many of his neighbours die from hunger and sickness. He himself barely survived, by eating locusts.

He eventually managed to return to his job as a railway engineer, and continued working till 1984. In the late 1970s, when China's reformist leader Deng Xiaoping started to open up the economy, Mr Mao started taking more interest in economics. Initially, he was interested in technical rather than social issues. "I first approached economics through mathematics and programming," he explains. For instance, he used operations research (the use of quantitative methods to improve decision-making) to determine ways to reduce coal consumption and improve efficiencies in the railways.

But as China opened its economy from the 1970s onwards, he became more interested in wider issues of economic and social policy and joined China's elite Academy of Social Sciences where he worked till 1993.

He acknowledges that in the post-reform period since 1978, China's government has achieved amazing results.

"China has 5,000 years of history but has never seen this kind of change," he says. "In the past, Chinese people suffered hunger not only in wartime, but also in peacetime. But now everyone has sufficient food and many people have their own cars and apartments. It never happened in Chinese history."

China has done especially well in providing infrastructure such as power, transportation, telecommunications and other public facilities, he adds, and credit for this must go to the government. "If we had relied on the market to provide infrastructure, it would have

taken a very long time."

Scourge of economic inequality

But as China has developed, new economic problems have surfaced. One of them is excessive investment relative to consumption. While investment was needed to enable China to develop fast, an investment ratio of 49 per cent of GDP (in 2011) is abnormally high, according to Mr Mao, and reflects "a distorted economic structure". "We need to change the structure towards more consumption and less investment," he says - a point also made by several other economists, and indeed by China's own economic mandarins.

Another problem is inequality, which is among the highest in Asia. "Before the economic reforms, China had a very low Gini coefficient of about 0.25," says Mr Mao, referring to economists' standard measure of inequality - the higher the number, the greater the inequality. "Now our Gini coefficient is close to 0.5. One reason for this change is the embrace of the market. But it is also the result of privileged power; some people in China have privileged power. They can do business that others cannot, so they get rich. Corruption contributes to inequality as well."

The country's rural-urban gap makes things worse. "The government provides public services more for city people, who have better incomes than rural people," Mr Mao points out. "In education and medical services, public expenditure favours the cities."

He suggests that the government direct more public expenditure to rural areas and encourage non-governmental organisations (NGOs), which help rural people. He himself runs an NGO called the Fuping Poverty Alleviation Institute, which provides microcredit to China's rural poor.

Mr Mao also points to problems with China's tax system. "We don't really have a progressive income tax," he says, "because the tax office does not have proper information on people who have high incomes - such people don't report to the tax office."

But overall, he agrees that China's economy has made huge strides in the last 35 years.

However, its future development is at risk because of one glaring weakness. "On the political side we are still far behind developed countries," he points out.

A believer in the classically liberal idea that economic and political reforms go hand in hand, he concedes that there has been some political liberalisation. "The economic changes could not have happened if there had been no changes on the political side," he points out. "There have been improvements in human rights. In Mao Zedong's time, the government killed millions of people. But now the government doesn't kill anybody without good reason."

But for him, the progress hasn't gone far enough. While the government has been effective in many ways, it is "too strong" relative to civil society, he says. One reason the official corruption has been increasing in recent years is because there isn't enough vigilance from civil society. "Freedom of speech is an important measure to deal with corruption," he points out, "But in China, freedom of speech is limited. Education and information exchange would also help China attack corruption. We need a more

democratic system, but this would be a big change."

Mr Mao is hopeful, but not quite optimistic, that under its new President Xi Jinping, China will move substantively on political reform. "I think Xi Jinping would like to move in this direction, but I don't think he can do so without facing resistance," he says. Part of the problem lies in China's leadership structure. "There are seven members of the Standing Committee," he points out, referring to the top leadership of the Communist Party of China. "These seven people don't agree on everything; they are very different from each other."

"In the Chinese system, they are appointed by a small group. In the United States, President Obama was popularly elected and he can invite his colleagues to join his cabinet. They have more or less the same perspective on issues, so they can agree easily. But in China, the seven members of the Standing Committee are very different. Although Xi Jinping is the chief among them, he cannot coordinate every one of them."

"So, we will see some cosmetic and technical improvements, such as putting an end to red carpet treatment for political bosses and removing flower vases from tables. But profound and deep change will be difficult."

Nevertheless, Mr Mao notes that there is change from below, driven by the Internet and social media, which are widely used in China. "The Internet is a very strong instrument and it is making a very, very big difference," he says. "Now, nothing can be fully covered up, because of the Internet. I myself get more than half of my information from the Internet. I am on it every day. It was from the Internet that I learnt about the case of Bo Xilai."

Mr Bo was a high-flying politician, formerly a Minister of Commerce of China, member of the Central Politburo and boss of the Communist Party's Chongqing branch, until he fell from grace last year, amid a major political scandal and was expelled from the party. A charismatic figure, Mr Bo was popular among China's leftists and reportedly tried to revive the cult of Mao Zedong.

Thirty-six years after his death, Chairman Mao, as he is still known, remains highly revered in some sections of Chinese society.

"The creed of Mao Zedong is very attractive," says Mao Yushi. "Even I believed in Mao when I was in my 20s, at the beginning of the People's Republic. His idea was to have a more equal society. He wanted to remove the richer people because they belonged to the old order. This was an attractive idea to many people."

"But after 30 years of experience, I saw, in person, how people were killed and how they died of hunger, and I learnt that Mao's direction was wrong."

"But many of the young people of today, they have no such experience. They just read Mao Zedong's book and they believe, as I did 60 years ago, that he is right. They are also angry that the society is very unequal and they want to change it."

After retiring from the Academy of Social Sciences, Mr Mao was invited to be one of the five founders of the Unirule Institute in Beijing in 1993. "At the beginning, we were not clear about what the Institute would do," he recalls. "Gradually we found our direction,

which was to be an independent think tank."

The institute has published reports on high-profile and controversial issues such as the performance of China's state-owned enterprises, food security and the law governing land transactions. "It's a small institute, we have less than 30 people," says Mr Mao.

Living with privileged power

Its funding comes mainly from donations, domestically as well as from foreign foundations. But it also gets income from consultancy, including from China's central and local governments. "The governments have so many problems," he points out. "They have their own research institutes, but they are not well equipped to do high quality research; the governments are often not able to get good answers to their questions, so they come to us."

"We are the only independent think tank that has survived in China. Unirule is well known, so the government views it as a special case. So we are more or less protected. China is a society of privileged power. Unirule also has some privileged power."

"Even I myself enjoy some privileged power," he adds, with a chuckle. "Not because of any relationship I have with the government, but because I have become well known."

Indeed, Mr Mao is known and respected far beyond China's shores. Last year, he was awarded the prestigious Milton Friedman Liberty Prize by the libertarian **Cato Institute** in the United States. The prize was named after the late Nobel-prize winning economist who, like Mr Mao, was a champion of both economic and political freedom.

In a moving acceptance speech in Washington, with his grand-daughter by his side, Mr Mao said he accepts the prize on behalf of two constituencies: "The thousands of grassroots organisations who serve the common citizens of China; and the tens of millions of Chinese across the centuries who have sacrificed their lives for liberty to overthrow feudalism, warlordism, foreign colonialism."

"All big rivers come from small streams," he concluded. "Our efforts in China are but one small stream."

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MAO YUSHI

Engineer, economist, author and social critic

Co-founder and Chairman, Unirule Institute, China

Co-founder, Fuping Development Institute, China

Born: Jan 14, 1929 in Nanjing, China

1950: Graduated in Engineering from Shanghai Jiao Tong University

1950-1957: Served as engineer in China's Railways, also from 1970-1984

1957: Denounced as a 'rightist', sent to countryside in Shandong province

1984-1993: Member, Chinese Academy of Social Sciences

1986: Visiting Scholar, Harvard University

1990: Senior Lecturer, Queensland University, Australia

Author of 15 books, including the popular bestseller, *The Economics of Everyday Life*

1993: Co-founded Unirule Institute

2012: Awarded Milton Friedman Prize in Advancing Liberty by the **Cato Institute**, Washington, DC