

The Theory of Market Economy and Its Macro-Control Thought in Guanzi

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Abstract

Guanzi, as a collection of thoughts of Guan Zhong and his disciples, focuses on how to enrich the country and strengthen the people. It emphasizes national macro-control on the basis of market supply and demand changes and value laws, that is, it advocates the combination of market economy and macro-control, and is regarded as the representative of oriental economic thoughts. Guanzi's economic thought is characterized by pragmatism, openness, compatibility, innovation and gradualism, and the macro-control thought it contains has important reference significance for China's economic development under the new normal. With the establishment and development of China's market economy, western economics, which specializes in market economy, has spread widely in China and exerted a profound influence on the formulation of national economic policies.

Key words: Guanzi; Macro-control; Market economy

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I. INTRODUCTION

Guanzi is a book with the most discussions on economic issues in ancient Chinese classics. Its core concern is how to enrich the country and the people. It shares similar economic theory with Adam Smith's Wealth of Nations.

However, modern scholars usually give "The Wealth of Nations" a rather high evaluation and regard it as the ancestor of modern economics. Compared with The Wealth of Nations, for Guan Zi, which was written in 2000, scholars' research on the development of economic thought and the evaluation of historical value did not really show the true value of Guan Zi.

Landres and Conan Del introduced the economic thought of Guanzi in detail in the chapter of "Early Pre-classical Economic Thought" in their textbook of economic thought history, and considered it to be the representative of eastern economic thought. The book makes some comments on Guan Zi, for example, it thinks that most of the early economic works are mostly confined to the moral system to analyze public affairs control, but they are not rigorous scientific research. However, Guan Zi, as a collection of thoughts of Guan Zhong and his disciples, stands out and goes far beyond the basic framework of public affairs management. Guanzi contains many viewpoints belonging to economic thoughts, among which the most distinctive one is its "light and heavy theory", which can even be regarded as a prediction of contemporary supply and demand theory. Before Adam Smith, a systematic study of the relationship between supply and demand, combined with the mechanism of economic life itself, was not only limited to the theoretical discussion of moral and state theories, but also involved very few research works by western economists. However, this has presented us with this theoretical framework for Guan Zi 2,000 years ago.

Guanzi advocates that the new ruling class should use the power of the government to enrich its economic strength, firmly control the food and money that are related to the national economy and the people's livelihood, and widely use the skills of weight to make a profit. The color of state intervention is very strong, but it emphasizes the macro-control of the state on the basis of the changes of market supply and demand and

the law of value, that is, it advocates the combination of market economy and macro-control, takes the light and heavy laws of “everything”, “grain” and “money” as the theoretical basis, takes the changes of market supply and demand as the basic point, combines administrative and economic means, stabilizes prices and promotes the growth of national finance and economic income.

From the perspective of economic thought, “Guan Zi” can be said to be a political and economic work of feudal society, and some scholars also classified it as pre-classical economics. Its core idea is to respect the laws of market economy, give full play to the role of various economic levers such as money, credit, price and trade, and widely adopt hidden taxes, such as indirect taxes and voluntary taxes. In short, Guan Zi advocates making full use of the market mechanism and macro-control by the state to promote the country’s economic prosperity and development.

2. THE MARKET ECONOMY

The market, also known as the marketplace in ancient times, was a place for commodity exchange. The premise of establishing the market economy thought in Guanzi is that people are profit-driven, the basis of market operation is market exchange, and the business can be regarded as an industry of scholars, peasants, industry and commerce.

2.1 The Human Nature of the Idea of Profit

Guanzi advocates that people are self-interested. “Guan Zi Ban Zang” discusses: “For ordinary people’s feelings, do not take advantage of advantages and avoid disadvantages.” Guanzi believes that people seek advantages and avoid disadvantages, and there is no distinction between high and low.

“The love of mortals, have what you want is joy, meet the evil is sorrow, the noble and humble with also; If you are near, you must not desire; if you are far away, you must not be evil. Human feelings are the same, but likes and dislikes are different. “ It is natural for people to like what they seek, and to worry about what they dislike when they meet what they dislike. No matter how humble they are, they are all the same. If you are close to the things you like, you must pursue them. If you are far away from the things you worry about, you will also be disgusted. People have the same mentality, but the standards of liking and hating are different.

Those who are good at governing the country use “harm” to restrain them and “profit” to guide them. Those who can make use of advantages and avoid disadvantages will have more wealth and fewer disasters. The common psychology of the people is that there is nothing that people do not pursue when they see benefits and nothing that they do not escape when they encounter disasters. The businessmen who do business, who drive two days a day, work day and night, do not think that they are far away

because they pursue their own interests. Fishermen go into the sea. The sea is deep in Wan Ren. They go up and down with the current by boat. They venture for hundreds of miles and drift on the sea day and night because their interests lie in the sea. It can be seen that as long as there is a place of interest, people are willing to climb even if there is a thousand peaks, and people will also go down. Therefore, people who are good at governing the country will naturally live and work in peace and contentment as long as they firmly grasp the source of interests. They do not need to be pushed. They will also move forward without being guided. They will follow and will not need to be disturbed by troubles. They will be able to become rich. Just like birds incubate eggs, they can’t see the shadow and hear the sound. Before they know it, they will see the birds break their eggs and leave.

From this perspective, the basic idea of “Guanzi” for human nature is equal to Adam Smith’s “invisible hand”. Smith mentioned in his book “Wealth of Nations” that individual actions usually do not actively promote the public interest and do not consciously distinguish what interests they are promoting. Thus Smith believed that the traders in the market were usually guided by “an invisible hand” and finally completed the selfish and altruistic trading behavior.

2.2 The Idea of Market Exchange

“Guan Zi Wen” discusses: “The market, heaven and earth are also rich, and the sum of all people and profit, it is also the Tao.” The so-called “harmony and benefit” means that commercial exchange activities exchange benefits and benefits for both parties. In ancient times, farmers and craftsmen could exchange their surplus labor products for the necessities of life and production.

“Guanzi Xiaokuang” discusses that the market exchange activities can be carried out through “taking responsibility for the load, serving the horses and cattle, and serving the four corners of the country; How much is expected, count the high and the low, with its all, easy to have nothing, buy the low and the high “,to achieve the purpose of” feather Mao don’t seek, bamboo arrows is more than in the country, it is strange to come, Jane foreign body together “.

“Guan Zi rides a horse” discusses: “If there is no city, the poor people in the country will be exhausted.” If there is no commercial and market exchange of products, people’s production and daily necessities will not be supplemented and adjusted, thus people’s life will be poor. If there is no commercial exchange, the products produced by farmers and artisans cannot be sold, thus it is difficult to realize social reproduction without the supplement of means of production. The result is that, on the one hand, producers have lost their enthusiasm for production and are unwilling to reproduce. On the other hand, people’s means of production and living will not be satisfied, and the phenomenon of “lack of people” will appear.

2.3 The commodity economy thinking

“Guanzi” mentioned in the article “Xiaokuang” that the four kinds of people, namely, intellectuals, peasants, businessmen and businessmen, make up the vast majority of the country. They should have a clear division of labor and live in their own homes. The villagers can be placed in township schools to let farmers live and work in peace and contentment in the countryside, skilled craftsmen in workshops and businessmen in the market.

“Guanzi” advocates that businessmen should gather together to understand the sources of goods in various places according to the year’s success, the national conditions and the changes in the four seasons, so as to grasp the market situation. Carry on one’s shoulders, travel around the world, calculate the surplus and shortage of goods, compare prices, exchange needs, buy cheap and sell expensive. In this way, luxury goods such as feather feathers can be collected without collecting them, and the suppliers of military supplies such as arrows have more than enough to use, and strange things are gushing out. Moreover, businessmen talk about how to benefit each other. They are engaged in selling and educating their children every day. They exchange information with each other about changes in market conditions. They are familiar with business activities from an early age and devote themselves to them. In this way, the education of their father and brother can be effective without being strict. Their children are also exposed to learning and doing business. Therefore, the children of businessmen are also businessmen in general. This paper makes a clear exposition of the businessmen’s commercial and economic activity pattern and also determines the pattern of division of labor.

In short, Guan Zi has long discussed the theory of market economy in modern economics, described the basic mode of operation of commodity economy based on human nature’s pursuit of profit, and put forward the view that “if there is no market, the poor in the country will be poor”. Based on its famous theory of separation of four people and settlement, it regards businessmen as an industry in the society and approves their social and economic status and moral status to a certain extent.

3. THE MACRO-CONTROL IDEOLOGY

The color of state intervention in Guanzi is very strong, especially in the skills of weight and benefit. As a means of state macro-control, its content covers the supply-demand relationship in modern economics, financial policy, monetary policy, price control, price control, foreign trade, etc. It has had a profound impact on the history of Chinese economic thought. However, it emphasizes more on the national macro-control on the basis of the change of market supply and demand and the law of value. To be exact, it is an economic management

model that combines market economy with macro-control, taking the light and heavy laws of “everything” (commodity), “grain” and “currency” as its theoretical basis, and taking the change of market supply and demand as its basic point, combining administrative and economic means to stabilize prices and promote the growth of national finance and economic income.

The current research on Guanzi’s economic thoughts, philosophical theories, general plans of governing the country and other documents are relatively mature. This paper thinks that the monetary control policies and consumption ideas of Guanzi are forward-looking in the whole economic thoughts. Therefore, it makes a detailed discussion on the two parts.

3.1 “Guanzi” Macro-Control Thought Summary

The first article of Guanzi Qingzhong, Giant Horse, advocates that the state should control the price of grain and deprive the working people of the fruits of production to the greatest extent in the process of controlling the fluctuation of grain. The sequel to the book, The Number of Horses, mainly discusses the necessity of “opening and closing all depend on the top” from the specific measures of economic planning, as well as finance, labor arrangement, prices and taxes, etc., and formulates a series of economic policies and measures.

Guo Xu systematically discusses the thought of “light and heavy” and advocates that the feudal rulers should make use of the power of the government to enrich their own economic strength and firmly control the food and money that are related to the national economy and the people’s livelihood. In this way, on the one hand, the “dajia Xu Jia” cannot continue to control the market, hoarding and taking advantage of the situation; On the other hand, the state can use food and money to adjust the fiscal revenue and expenditure through market, price and credit. The idea of using hidden taxation to store grain has always been followed by the feudal rulers of all dynasties. The “mountain country track”, which is the standard of managing the country, also advocates relying on the state power and using the currency value to control the circulation of goods in order to crack down on the idea that the rich and the poor store up the rich, which is the embodiment of the view in the “country store” that “people govern the grain in order to win, and the operation depends on the inequality”. Its views on commodities, money, market prices and other issues are also the core of Guan Zi’s economic thoughts.

However, in the “Land Number” article, land refers to geographical conditions and natural resources, giving full play to the ideas of “light and heavy” and “official mountain and sea”, and proposing that the state should “seal and ban” natural resources. The state should adopt policies and laws to adjust the price of materials obtained from natural resources, so as to increase the state’s income and achieve the goal of “one treasure in the world for our

own use”.

“Light and Heavy Armor” demonstrates in detail the application of “light and heavy skills” in various aspects, and adopts “scattered accumulation, higher, lower, points and wealth” to the rich and powerful merchants. “Light and Weight Ding” and “Light and Weight E” list many examples of sports light and weight skills. China’s economic relations with other countries, material transfers between different regions in the country, and the use of fiscal and tax measures to achieve “mutual benefits and losses”, advocate the use of economic measures to force other countries to give in without fighting.

3.2 Monetary Policy

The currency mentioned in Guanzi is gold, which is the standard used for measurement. There is a standard requirement for the circulation of money, i.e. the need to know the quantity, know the festival, deflation and inflation will bring about instability in the country. At the same time, on this basis, a taxation system is proposed. Different taxes are levied on different sizes of land. At the same time, the tax is calculated based on the number of personnel carriers that can be supplied. That is, the tax is mainly used for national defense, and the tax rate is announced in the vernal equinox. long summer checks the tax on a monthly basis. In the autumn, the total number of people who pay the tax is counted.

Guanzi believes that money plays a very important role in economic society and is a key policy tool for macroeconomic regulation. “Excuse me, vassal of (goods)? There are also disadvantages. Those who do harm (money) are also at home. If you have a family, you should do it for the sake of others. “ Huan gong asked, what is the most important commodity that the governors think? The answer is money. Money is the thing that expresses price, becomes the thing that expresses price, because everybody takes seriously, circulate in the society.

The whole collection of Guanzi advocates that government departments should use the leverage function of money efficiently to intervene in the economy rationally. Specifically, the intrinsic mechanism of its monetary policy lies in: on the basis of the theory of monetary quantity, analyzing the influence of monetary quantity on changes in purchasing power, and then adjusting prices, mainly including the following three aspects:

One is the monetary tightening to increase the purchasing power of money. In the “mountain country track” there is a statement that “the counterfeit money of the family is in the form of coins in the valley, the straight coins are in the form of gold, the valley is in the form of gold, and the coin is in the form of gold”. the goal of “the coin is in the form of gold” is achieved by “the valley is in the form of gold”. that is, the goal of returning the currency to the market is achieved by liquidating the government’s grain reserves. It can be seen that the form

of the money returned from the liquidation of grain is essentially the same as the central bank’s operation of open market business in the bond market today.

The second is to put in money to reduce the purchasing power of money. Corresponding to the monetary tightening, if the government wants to reduce the purchasing power of money, it needs to expand the amount of money, i.e. the quantitative easing policy, which is implemented mainly through the purchase of agricultural products, raising the salaries of officials and micro-credit loans in money, and changing the medium of payment of state expenses into money: such as salaries of officials and government financial expenditures. “Guanzi” mentioned many times that “you give money to fortune”, “you give money to the valley and you give money to fortune”, “you give money to men, you give money to the city, you give money to men, you give money to the valley of a country, you give money to the valley of a country, you give money to the valley of a country, you count it.” From this, it can be concluded that the following measures of Guanzi can realize the policy objective of putting money into the market: to change the form of salary payment for officials who can be “scholars” and “doctors” into the form of money; Raising the price of food; At the same time, when the grain price is too low to hurt the farmers, the country will buy a large amount of grain and implement the policy of protecting the price, which means “the grain is the king and the coin is the next”.

Third, the amount of money issued is closely related to the theory of seriousness. “Husband is more than base, few is expensive; Scattered is light, gathered is heavy “,”content Zang is heavy, hair is light “, namely the law of supply and demand determines the price of goods, this is applicable to general goods or currency. However, the relationship between money and commodities can be said to be one of the opposite, i.e. there is a negative correlation between the amount of money in circulation and commodity prices, which is the so-called “money is more important than everything, money is less than everything”; “Gold is more important than millet, while gold is more important than millet. The two are not equal.”

3.3 Both Thrift and Extravagance of the Consumption Proposition

“Thrift and thrift” is a traditional virtue of the Chinese nation. Advocating thrift and opposing extravagance and waste have always been the mainstream of our consumption thoughts. Guanzi believed that “the state spends money while the people are poor” and that when the state is poor and the people are poor, the state has no savings and the people are rebellious. Once there is a famine or other accidents, the state will inevitably be destroyed. Frugality has a unified standard suitable for every member of society, that is, it can meet people’s physiological needs: “The palace is enough to avoid

dampness, food and drink are enough to harmonize with the blood, and clothes are enough to keep warm and cold.”

However, in the article “Luxury and extravagance”, he put forward the policy of advocating high consumption. “The rich are weak, the poor are weak, and the people’s idle life is a hundred vibrations and food is not”, “if the age of fierce drought water, people lose this, then repair the palace pavilions, before no dog after no zhan for agent. Therefore, it is not a pleasure to build a palace or a pavilion. It is also a state policy to make peace. “ “Giant chronic diseases, so the poor also; Beautiful ridge tomb, so civilization also; The huge coffin, so the carpentry also; There are many clothes and quilts, so the female workers are also very busy. There are still many things left to be desired. Therefore, there have been times of ups and downs, and there have been cases of poor fan, and there have been cases of chronic diseases. If we eat together, then the people will benefit and the preparations for the war will be ready. “

Frugal consumption and extravagant consumption seem to be two completely opposite ideas, which are contradictory to each other. However, in Guan Zi, they are unified by their ultimate goals of developing and vitalizing agriculture-oriented social production and maintaining the stability of the ruling order.

Guanzi’s proposal of extravagance has certain social and material roots, which is not without theoretical and practical basis. Since the founding of the People’s Republic of China in Jiang Taigong and the implementation of the policy of attaching importance to industry and commerce, Qi’s economy has continued to develop. Until the early Spring and Autumn Period, the commodity economy had reached a high level of development, and the overall economic level and wealth level showed a rapid growth trend. However, one of the social characteristics that followed was utilitarianism, hedonism and wealth worship. Because of this, the accumulation of wealth has become an important condition for the improvement of the country’s overall consumption standard. On this basis, Guan Zi thinks extravagance is an important power and means to promote the development of productive forces. “If you want to make things better, you should not be good at extravagance.” Guanzi believes that only by continuously consuming commodities can the continuous and rapid development of productive forces be ensured by increasing more output, which in turn will further improve people’s living standards and constitute a virtuous circle. To advocate extravagance is to stimulate people’s desire to consume luxury goods and high-end services. The stronger the desire, the stronger the enthusiasm for production. It is because “those who eat and drink, those who indulge in pleasure, and the people’s wishes.” Only by “doing what one wants and looking after what one wishes” can one win the support of the people and achieve the goal of living the world. This is also the same reason

that we are currently digesting excess production capacity by stimulating domestic demand.

On the other hand, Guan Zi believes that the government should adopt the policy of high consumption and expansion of domestic demand at a time of economic stagnation and depression of all industries. By increasing government spending and consumer spending, the rich will not be able to get rid of the poor, thus stimulating the development of production and driving up the sluggish market, thus increasing the employment rate, or “the poor will do it.” However, if it is hard hit by external factors caused by natural disasters, and the resulting rapid economic collapse and sudden drop in employment rate, i.e. when the “people lose their capital”, then the policy implementer should increase the investment in infrastructure construction, such as building large-scale projects, building public works, and “repairing palaces and pavilions” to expand domestic demand, increase employment and lift the economy from the state of depression and stagnation. Similar to Guanzi, Keynes also has a similar explanation: “If a rich family builds a mansion as a residence when it is alive and a pyramid as a tomb after it is dead”, it can increase employment; Digging holes in the ground can not only increase employment but also increase output.

The two concepts of production and consumption are a pair of dialectical unity in the market economy. Consumption is determined by production, which provides the object and content of consumption as well as the motive force for consumption. Production, in turn, arises from consumer demand. It is precisely because of consumer demand for products that enterprises will have the motivation to produce and specific production targets. As a result, the relationship between production and consumption is complementary to each other, and both are indispensable. Otherwise, the economy and society will not be able to operate normally. However, from a historical point of view, people’s consumption habits tend to be more frugal and restrain consumption, mainly because people pay more attention to the decisive role of production in consumption and ignore the adverse effect of consumption. Advocating thrift, so that people can only meet people’s basic living needs and only seek the practicality of goods, is not conducive to the improvement of the appearance quality of consumer goods such as design and packaging, nor is it conducive to the improvement of consumption level and the diversification of consumption structure, thus weakening the power of production. More than 2,000 years ago, Guan Zi’s thought of paying equal attention to thrift and extravagance has a very rich connotation and is also of great reference value to future generations. In particular, his proposal of extravagance and extravagance has some enlightening significance for promoting consumption and stimulating domestic demand in our country.

At present, China's productivity level has been greatly improved. Most of the country's population has solved the problem of food and clothing. Many of them have reached a well-off level. Enjoyment-type and development-type consumption have become a new fashion pursued by people. China's economic structure is changing from "supply-constrained" to "demand-constrained". The further development of productivity will depend on people's effective demand. Therefore, expanding domestic demand and stimulating consumption have become the top priorities in the current economic development. However, to encourage consumption does not mean to encourage waste. As Guan Zi said, high consumption also requires "moderation" and should be premised on one's own financial resources and expected income.

4. CONCLUSIONS

Guanzi's economic thought has the characteristics of practicality, openness, compatibility, reform and gradualness. During the Spring and Autumn Period when the governors fought each other, it not only promoted the great social change in the state of Qi at that time, but also had a profound impact on later generations. Many thoughts are still in use today.

The macro-control thought contained in Guanzi is of great significance to China's economic development under the new normal. With that establishment and development of China's market economy, western economics, specialize in the study of market economy, has been widely spread in China and has had a profound impact on the formulation of national economic policies. In comparison with "Wealth of Nations", Guanzi's economic thought is rooted in the practice of economic operation in ancient China and has strong local characteristics. It may be more suitable and adaptable to solve the problems in China's current economic development.

Like Guan Zi's idea of emphasizing both thrift and consumption, we still need to advocate thrift while advocating high consumption. However, this kind of thrift is no longer the past sense of frugality to live a miserable life, but is opposed to wasting everything. At present, in various production and construction undertakings, the promotion of thrift is to save raw materials, reduce costs and improve efficiency. Therefore, Guanzi's consumption thought of paying equal attention to thrift and extravagance still has valuable reference value today after 2,600 years.

What history teaches the world is to take history as a mirror and look at the development of things with dialectical materialism. In studying the history of economic thoughts, we hope to draw nourishment from the treasure-house of economic thoughts in Guanzi, which may contain many theoretical viewpoints that cannot be accepted by the current mainstream thoughts for the time

being. However, in the face of new social problems, it can enlighten us, help us to explain new phenomena and solve new problems.

At present, the research on the history of western economic thoughts has been very rich and prosperous. It can be said that the western scholars have carried out the research very deeply. Followed by the attention to the eastern economic theory, including the study of Guanzi. From the existing analysis, we can see that the economic thoughts in Guanzi still have very important theoretical guiding significance to our present economic practice. And no matter from the language environment or cultural background, Chinese scholars have great advantages. Scholars in the history of Chinese economic thought should have more responsibility consciousness to lay down the academic position of Guanzi in the history of economic thought.

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