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Zhang Youmin

Li Tianchen

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Economic lessons from Confucius for the new century

Abstract

Extract:

In 1988, 74 Nobel Prize winners made the assertion in Paris that if human beings want to live in peace and prosperity in the 21st century, they must look back 2,500 years and seek the wisdom of Confucius. Now the 21st century is upon us, and the advice of 12 years ago is more pertinent than ever.

Keywords

21st century, Confucius, Chinese history, sustainability

Economic Lessons from Confucius for the New Century

by Zhang Youmin and Li Tianchen¹

In 1988, 74 Nobel Prize winners made the assertion in Paris that if human beings want to live in peace and prosperity in the 21st century, they must look back 2,500 years and seek the wisdom of Confucius. Now the 21st century is upon us, and the advice of 12 years ago is more pertinent than ever. Since 1988, the Berlin Wall fell, the Cold War ended, and the world system increasingly became a globalised one, so much so that by 1997 a number of countries in eastern Asia experienced severe economic crises and considerable social dislocation due to global forces. With global financial markets and international economic institutions (notably the IMF, World Bank and WTO) taking the spotlight on the international stage, the time has truly come to look for the humane face of economic advancement, and to turn the trend away from a widening gap between the wealth of the 'haves' in the global system and the marginalisation of the 'have-nots' - *while not casting aside the genuine benefits of economic development*. In this light, it is advisable to study Confucius' thought on economy.

I. Growth without greed

Social production is the material base on which humans live. Attaching importance to production is basic to economic thought. Confucius was not an empty talker. He advocated an active participation in business and social activities, and always attached importance to production.

During the Spring and Autumn Period of Chinese history (771-475 BC), social productive forces developed rapidly and continuously. In order to meet their daily increasing greed, the rulers ruthlessly exploited the labouring people. Sometimes they carried out large-scale construction. Sometimes they built roads and city walls; often they were recruited to fight wars. The common people suffered considerably. In view of this situation, Confucius advocated that the rulers show compassion for the people, and use their labour in a sustainable manner. Sustainability at that time meant using the labour of the peasantry only in the slack season of the year, so that the peasants had enough time for ploughing and sowing - thus increasing the production of grain (*Analects*, I:5). Today there continues to be a need for economic development in many countries, but not at the price of prestige mega-projects if they detract from the people's welfare or give rise to corruption. Developing countries still suffer from these failings, though the pursuit of economic development is not in itself a fault.

Besides removing wherever possible that unwanted companion of growth, greed, there is also the adding of positive qualities in the form of compassion and sustainability. These find ready application if the political and social will is forthcoming. Compassion - or love of the people - comes in many forms, including:

- respect for indigenous and traditional cultures;
- respect for the natural environment on which many of these cultures earn a living;
- avoidance of military conflict which not only inflicts misery upon the people but also uproots them (the problem of refugees and displacement is being aggravated in our current era);
- expansion and adaptation of the education system to retrain people who are displaced economically by the forces of globalisation (education, of course, was the prime theme of Confucius).

As to sustainability, the above measures of compassion go a long way towards sustainability in that people, upon finding that their interests are being taken into account, and not simply that of 'big business', will lend their support to economic forces with which they can identify. Hence care for culture, the environment, avoidance of war-inducing instability, and advances in needed education, are all sustainable measures for our global economic era. This basic formula is further confirmed in the next section.

II. The quality of your population is more important than the quality of your armaments; good governance comes before 'economic miracles'

Being 'populous, rich and educated', together with having 'sufficient food, sufficient military equipment and the confidence of the people in the ruler' constituted another plank on the economic thought of Confucius. In view of our current era's of concern about the growth of population levels in relation to limited resources, as well as this planet's militarisation, this aspect of Confucian thought needs elaboration.

Confucius saw a populous country as being successful if the people were educated and they trusted their government. This would not be a country with a 'population problem' but one with productive 'human resources'. In line with today's concerns, it would also make for an excellent 'market'. That is, a population which is numerically large, skilled and with sufficient disposable income, provides a large market for the consumption of goods and services.

As to the military dimension, this largely referred to provision for security against attack - nomadic raids onto the cultivated regions of China having been an ever-present threat to the security of the common people in ancient times. Hence the provision of a people's security from physical attack, like the provision of conditions conducive to economic development (and the latter includes the former), constitutes a measure of good governance. The following dialogue indicates Confucius' thought on the tasks which lay before a developing country:

When Confucius set off on a journey to the State of Wei, Ran You, his disciple, drove the carriage for him. When they arrived at Wei, Confucius saw a lot of people there and exclaimed, 'What a dense population!'

Ran You said, 'Since there are already so many people, what next should be done for them?'

Confucius replied, 'Enrich them.'

To this the question came, 'And when they have been enriched, what next should be done for them?'

Confucius said, 'Educate them.' This is the origin of the idea of being 'populous, rich and educated'. (*Analects*, XIII:9)

Indeed, in the Spring and Autumn Period, people with breadth of vision realised that human beings were valuable resources and an important factor in the development of production. If there were more people, more grain could be produced, and the county would become prosperous and strong. Confucius did not think it would be enough to just to 'enrich them'. He thought it would be necessary to develop education and skills for the common people when they became fairly well off. Confucius believed that raising the culture level of the common people was to raise the level of productive force.

Confucius' ideas about having 'sufficient food, sufficient military equipment and the confidence of the people in the ruler' originated in a conversation between him and his disciple Zi Gong. Confucius made the above statement on food, arms and confidence in the ruler when Zi Gong asked Confucius about government needs:

Zi Gong then asked, 'Suppose you had no choice but to dispense with one of these three, which would you forego first?'

'The military equipment,' Confucius replied.

'Suppose you were forced to dispense with one of the two that were left, which would you forego?'

'Food,' Confucius said. 'Death has always been with us since the beginning of time, but if the people have no confidence in the ruler, when there is no trust, the common people will have nothing to stand on.' (*Analects*, XII:7)

Needless to say, in this case the state would have nothing to stand on either.

'Food' is the most basic material. Without it, both civilians and soldiers cannot live and the country will die out. A strong army and sufficient military equipment are the basic guarantee for the country's existence. Without them, there will be no guarantee for the people's safety and it may prove difficult for the country to remain independent. The people are the 'root' of the country. Everything of the country comes from the people. If the people have no confidence in the ruler of the country, it will collapse from within.

Taking the people as the 'root', food the 'basis', and soldiers the 'pillar', Confucius combined with integrity the three aspects of state survival - that is, the development of economic production, the strengthening of military training, and the improvement of the people's quality of being.

III. 'It is shameful to make salary your sole object!' (*Analects*, XIV:1)

A third plank in Confucius' economic thought is that he laid stress on morality and justice, disparaged personal gains and combined justice with interests (see *Analects*, XIV). In other words, the economy does not benefit from the profit motive alone. If we are to follow Confucius, it benefits from a society which values morality.

Confucius considered morality and justice a matter of primary importance, as reflected in his saying: 'A cultivated person aims at truth, not at food.' Confucius thought morality and justice were the loftiest of pursuits, so that people with lofty ideas might endure hardship, leave their native places, even sacrifice their lives (*Analects*, XIV:12, XIX:1).

However, Confucius did not oppose 'interest' in all circumstances. He said, 'Think of justice first when thinking of interests or gains.' He also said, 'When it is just, then take it.' (See also the discussion on morality and self-interest in D.C. Lau's Introduction to the *Analects*, pp. 19-20.) Obviously, it is not that Confucius did not speak of interests, but he advocated thinking of justice first. Confucius encouraged his disciples to study hard, because he thought that a learner might obtain high rank and salary. Confucius once spoke of himself in the following terms, 'If wealth can be obtained without wrong-doing, I would get it even if it means being a carriage driver.' Clearly, Confucius opposed obtaining wealth in an unrighteous way, saying: 'Wealth and rank unrighteously obtained seem to me as insubstantial as floating clouds.'

As for public interest - and, through it, national interest - Confucius expressed no opposition. On the contrary, he regarded its pursuit as an important aspect of good government. For example, his disciple Guan Zhong went to help Duke Huan of Qi, his former enemy, to advance the prosperity of the country. People criticised him for not being benevolent and just. But Confucius praised him, saying that Guan Zhong was a man of great benevolence and justice; he was doing big things (*Analects*, XIV:16, 17). This shows the virtue of pragmatism when a seemingly unprincipled act turns out to be for the best. Thus Guan Zhong did not commit suicide when his enemy became triumphant but helped him 'save the Empire from collapse' (*Analects*, XIV:17). 'Had it not been for

Guan Zhong, 'Confucius said, 'we might well be wearing our hair down and folding our robes to the left [i.e., in the fashion of the barbarians]. Surely he was not like the common man or woman who, in their petty faithfulness, commit suicide in a ditch without anyone taking any notice' (*ibid.*).

IV. Management and Technology Matter

Confucius also drew attention to appropriate management and means when developing an economy.

When Confucius was 20, he held the official position of being in charge of the warehouse and the livestock. In his 50s, he was appointed head of Zhongdu. While in office, he had taken some managerial measures to promote production. Among them were:

- bring the productive initiative of the people into full play by allocating work which is best suited to the individual's attributes;
- in distributing income from work, Confucius opposed egalitarianism;
- in making and selling products, he opposed practising fraud;
- he advanced knowledge of agricultural soils and conditions;
- he worked out the standards of weights and measures, which played an important role in stabilising the market economy.

Moreover, Confucius had shown concern for technological advances, with his disciples spreading the knowledge of new methods which were both efficient and labour-saving. Once when his disciple Zi Gong visited the State of Chu, he saw that an old man was holding a jar, watering the crops. It was cumbersome and slow to water crops in this way. Zi Gong taught him better methods.

By implementing his economic and managerial measures, Confucius' time in office was well remembered for bringing prosperity to his region. It was a place where:

'At night, people don't need to shut their outer doors; on the road, nobody pockets anything lost by others.'

Although Confucius live more than two-and-a-half thousand years ago, there is much that we can learn from him today.

Footnote

1. Zhang Youmin is President of Qufu Teachers University, Shandong, China; Li Tianchen is Deputy Director of the Confucius Study Institute of Qufu Teachers University.

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The Centre for East-West Cultural and Economic Studies,

The School of Humanities and Social Sciences,

Bond University, Queensland, Australia