CONFUCIANISM AND MODERNIZATION

Also by Wei-Bin Zhang

ECONOMIC DYNAMICS

SYNERGETIC ECONOMICS

KNOWLEDGE AND VALUE: Economic Structures with Time
and Space

JAPAN VERSUS CHINA IN THE INDUSTRIAL RACE

CAPITAL AND KNOWLEDGE: Dynamics of Economic Structures
with Non-Constant Returns

Confucianism and Modernization

Industrialization and Democratization of the Confucian Regions

Wei-Bin Zhang

Department of Economics

The National University of Singapore

palgrave
macmillan

© Xiao-guang Zhang 2000

Softcover reprint of the hardcover 1st edition 2000 978-0-333-74966-1

All rights reserved. No reproduction, copy or transmission of this publication may be made without written permission.

No paragraph of this publication may be reproduced, copied or transmitted save with written permission or in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any licence permitting limited copying issued by the Copyright Licensing Agency, 90 Tottenham Court Road, London W1T 4LP.

Any person who does any unauthorised act in relation to this publication may be liable to criminal prosecution and civil claims for damages.

The author has asserted his right to be identified as the author of this work in accordance with the Copyright, Designs and Patents Act 1988.

Published by PALGRAVE MACMILLAN

Houndmills, Basingstoke, Hampshire RG21 6XS and

175 Fifth Avenue, New York, N. Y. 10010

Companies and representatives throughout the world

PALGRAVE MACMILLAN is the global academic imprint of the Palgrave Macmillan division of St. Martin's Press, LLC and of Palgrave Macmillan Ltd. Macmillan® is a registered trademark in the United States, United Kingdom and other countries. Palgrave is a registered trademark in the European Union and other countries.

Outside North America

ISBN 978-1-349-41190-0

ISBN 978-0-230-28730-3 (eBook)

DOI 10.1057/9780230287303

In North America

ISBN 978-0-312-22571-1

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources.

A catalogue record for this book is available from the British Library.

Library of Congress Catalog Card Number: 99-26132

Transferred to digital printing 2003

Contents

<i>Preface and Acknowledgements</i>	vii
<i>Introduction</i>	1
Part I Confucius and His Doctrines	11
1 The Master: the Historical Conditions and His Life	13
2 Free Will, Benevolence and the Vision	28
3 Knowledge and Action	46
4 Social Organizations and Government	59
5 Wealth and Profit	80
Part II The Dynamics of Confucianism	95
6 Mencius (371–289 BC): Human Nature is Good	97
7 Hsün Tzu (298–238 BC): Human Nature is Evil	122
8 Chu Hsi (1130–1200): Chinese Rationalism and the Great Synthesis	140
9 Wang Yang-ming (1472–1529): Chinese Idealism	152
Part III Modernization of the Confucian Regions	163
10 Industrialization of the Confucian Regions	165
11 Democracy and Confucianism	199
<i>Bibliography</i>	216
<i>Index</i>	224

Preface and Acknowledgements

If love be blind, love cannot hit the mark.

Shakespeare

The history of civilization shows that a sophisticated intellectual tradition is unlikely to die in the long term. It may be out of fashion for a time; but it certainly comes back. It is traditional for the economist to be concerned not only with analytical economics, but also with philosophical issues. In fact, the first book of Adam Smith, the father of modern economics, was not about economics at all but about morality. He himself considered *The Theory of Moral Sentiments* (Smith, 1759) more important than *The Wealth of Nations* (1776), even though the latter is far more popular than the former. Relatively few analytical economists of the Confucian regions followed in the steps of Adam Smith, even though there are armies of professors and PhDs in economics from these regions. Some analytical economists, including Professor Michio Morishima, have expressed concern about the impact of Confucianism on the economic development of the Confucian regions. But those studies are often conducted with regard to social and cultural manifestations rather than the philosophy of Confucian principles.

In this study of 'the Confucian regions' I include mainland China, Taiwan, Hong Kong, Macao, Japan, South Korea, North Korea, Vietnam and Singapore. Apart from Singapore, all these areas employed Confucianism as the state ideology before the West came to East Asia in modern times (Morishima, 1978, 1982; De Bary, 1991; Deuchler, 1992; Koh, 1996; Zhang, 1998). It is also important to remark that most of these regions were traditionally rice-economies (Reischauer and Fairbank, 1960; Bray, 1989; Gernet, 1990; Hsü, 1995). The traditional cultural manifestations of the Confucian principles have much to do with this traditional economy. It is generally held that Confucianism

shaped the social fabric, forged status consciousness and provided the system of role-enforcement in these regions before modern times. We call these regions Confucian because they displayed similarity on the level of the grand vision of man and society that Confucius provided before modern times. Since a major philosophy became the state ideology for such a long time in these regions, Confucianism might be expected to have had some deep impact on them. Confucianism may affect these regions in two ways. The first is that as a philosophy it directly affects social and economic behaviour and institutional structures. For instance, the 'over-emphasis' on children's education common in the Confucian regions might be due to Confucian values and tradition. The second is that it affects perception and value structures. In China, for instance, how decisions are made and how behaviour is culturally interpreted, might be deeply influenced by Confucianism.

In interpreting these effects, there is often confusion about the Confucian principles and their manifestations. I refer to matters such as actual forms of filial piety, propriety and ceremony as manifestations. Confucian philosophical tradition does not hold that there is a unique correspondence between a principle and its manifestations under various circumstances. This implies that special customs designed under the Confucian principles for an agricultural economy may not be valid for an open industrial economy; but the Confucian principles themselves may still be valid in the new environment. In this sense, traditional studies on Confucianism and its impact on economic development may have limitations in explaining the possible influence of Confucianism on sustainable economic development and (long-term) modernization of the Confucian regions; but the Confucian principles may continue to have a deep influence on the Confucian regions in an industrial and globally open socioeconomic environment. I thus feel it necessary to re-examine the Confucian principles.

This book has mainly resulted from my repeated readings of Confucius' *Analects* and my own dynamic (socio-)economic theory (see Zhang, 1990, 1991, 1996, 1999). I began to be interested in Confucius about ten years ago. Since I first read the *Analects*, I have re-read it, like classical Chinese poems,

over and over again in leisure time. During the last ten years, the *Analects* has played the role of a 'friend' in my life. Each time I read it, I find something new from it. It has inspired me in multiple ways and, in its benevolent and sincere but 'unreasonably strict' Confucian manner, it compelled me to examine human affairs as an organic whole. It now appears to me that it not only represents one of the highest intellectual achievements of Chinese civilization, but, because of its internal sophisticated structure, it may also include some deep insights about modern societies. I am not sure whether I have succeeded in preparing a congenial way for the modern reader to follow me in exploring the world(s) constructed by Confucius and his followers, but I have done my best with sincerity.

I completed this book at the Swedish Institute for Futures Studies. I am grateful to the pleasant and effective environment produced by the staff of the Institute. I am grateful to Stephen Fruitman and Sally Crawford for linguistic help. I would like to thank Publishing Director T.M. Farmiloe and Editors Sunder Katwala, Sally Crawford and John M. Smith for effective co-operation.

I am very grateful for the financial support received from the Swedish Institute for Futures Studies and the project 'Uthållig social och ekonomisk utveckling', led by Professors Åke E. Andersson and Janerik Gidlund. My great indebtedness to many scholars whose research has provided the foundation upon which this book was written cannot be acknowledged here, except in the places where I cite their names.

Grateful acknowledgement is made to HarperCollins Publishers, Inc., for permission to quote from *Martin Heidegger: Basic Writings*, edited by David Farrell Krell, 1993; and to Princeton University Press, for permission to quote from *A Source Book in Chinese Philosophy*, translated and compiled by Wing-Tsit Chan, 1973.