

CHAPTER 1

Rethinking Confucianism's Relationship to Global Capitalism

Some Philosophical Reflections for a Confucian Critique of Global Capitalism

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IN A PAPER that I presented at the 2011 East-West Philosophers Conference, I argued that while the highest Confucian ideal requires that one enjoy an ethical life even in poverty, there is a second best option that combines Confucian ethical values with the pursuit of material wealth—exemplified by Confucius' student Zigong and taken up by twentieth-century *rushang* 儒商 (Confucian merchants)—that “fits better with the pressures of contemporary life in capitalist societies.”¹ In retrospect, this seems too accepting of the current capitalist system, despite my repeated caution in the same paper and elsewhere that Confucians today have strong reasons to criticize, inter alia, the increasing inequalities of global capitalism, and that instead of instrumentalizing Confucian values to aid capitalism Confucians should provide critical perspectives to constrain and reform capitalism to serve Confucian ethical life.² The present chapter attempts to contribute to a Confucian critique of global capitalism. It may not be enough to convince those who see the Confucian revival in the twentieth century as a postcolonial discourse providing ideological support for the very power relations of global capitalism that Confucianism purports to criticize.³ Nor will it satisfy radicals who seek nothing less than the complete overthrow of the capitalist system.⁴ Furthermore, a Confucian critique of global capitalism is not a task for philosophers alone, but will require multidisciplinary and multi-sector

collaboration. What I offer here are merely some philosophical reflections that I hope will contribute to that larger project.

Confucianism and Capitalism: A Century of Debate

The relationship between Confucianism and capitalism has long been the subject of debate. At the beginning of the last century, Max Weber had extended his theory about the connection between the Protestant ethic and “the spirit of capitalism” to the study of the religions of China, suggesting that Confucianism, with its very different values, was among the reasons why modern capitalism did not develop endogenously in China, despite its long history of domestic and international commerce and trade.⁵ The “Weberian thesis” had its critics from the beginning, and revisions have been proposed, especially since East Asian societies perceived in some ways as “Confucian”—Hong Kong, Singapore, South Korea, and Taiwan—have achieved impressive economic growth within the post–World War II capitalist system.⁶ The same cultural-economic dynamic is assumed to be at work in the rise of China in the world economy over the last few decades. Even though Confucianism failed to bring about capitalism, it has proven conducive to capitalism once countries enter that system. According to the proponents of the “Post-Confucian thesis,” not only has Confucian ethics, with “the belief in thrift, hard work, filial piety, and loyalty in the extended family, and most of all, the respect for scholarship and learning,” contributed to East Asia’s impressive economic growth, overtaking European and North American capitalist economies; it also offers an alternative development model for modernization.⁷ Its cultural resources have enabled Confucian East Asia to achieve modern societies that are less adversarial, less individualistic, and less self-interested than their Western counterparts.⁸ Confucianism has inspired criticism and rejection of the liberal-democratic models of Western Europe and North America both in the “Asian values” debate of the eighties and nineties and in the continuing discussions of China’s future and its role in a globalizing world.⁹

Some blame the 1997 Asian financial crisis on crony capitalism associated with Asian values, including Confucian values, suggesting they belonged to “the dustbin of history.”¹⁰ Others place the blame on the current capitalist system itself, particularly the excessively rapid rate of liberalization in markets and financial arrangements, and other policies of the U.S. Treasury and International Monetary Fund.¹¹ The crisis probably had relatively less impact on the Chinese economy because China had more financial controls than other more open economies in East Asia, and the key difference separating Asian countries that were devastated by the crisis and those that managed to weather it better was not their values but the nature and degree of their international exposure

to highly mobile capital.¹² The more recent 2008 financial crisis, which began in the United States, could not be blamed on “Asian values,” and the “Beijing consensus” is now challenging the “Washington consensus” as an alternative global economic model.¹³ While the leaders of the Chinese Communist Party present the aim of their economic reforms in terms of a market economy that supports “socialism with Chinese characteristics,” recent studies of the Chinese economy and society predominantly reveal a transition to some form of capitalism, albeit with significant differences from the mature capitalist economies of Western Europe and North America.¹⁴ Assessments of these differences vary as to whether they are strengths or weaknesses. Among those who promote Confucianism as a source of strength in China’s development, Daniel A. Bell identifies the features of East Asian capitalism that are more salient in “East Asian countries informed by the Legalistic Confucian heritage”—Hong Kong, Singapore, South Korea, Taiwan, and the PRC—“than in developed societies in North America and Western Europe” as evidence that Confucianism offers an alternative model that promotes economic productivity while securing the welfare of those most vulnerable to the negative effects of capitalism.¹⁵

My own approach to the relation between Confucianism and global capitalism will be from a different angle, offering some preliminary reflections on the philosophical ideals of the early Confucian texts and tentative suggestions on how they might contribute to a critique of global capitalism.

The Early Confucian Approach to Economic Problems as Ethical Problems

Early Confucians considered the material welfare of the people to be a central responsibility of government, and this introduced economic concerns into their teachings. Just as these teachings approached political problems by advocating virtuous government as an ethical solution, the *Analects*, the *Mencius*, and the *Xunzi* approached economic problems pertaining to the satisfaction of human wants with finite resources from an ethical perspective. *Analects* 13.9 recommends that governments make those who live in their territories prosperous and then educate them. For Confucius, in order to provide for the people’s material welfare, equitable distribution is more important than a constant increase in production (16.1). Confucius believed in “helping the needy” instead of “making the rich richer” (6.4).¹⁶ The indiscriminate gratification of every desire has no inherent value, as Confucians distinguish between ethical and unethical desires and believe that unethical desires should be restrained or eliminated through self-cultivation—the highest ethical ideal is to be able to delight in the virtuous life even in the midst of poverty (4.5, 6.11).¹⁷ Confucius would not endorse the obsessive, unrestrained pursuit of income and wealth by individual persons, of

profit by businesses, and of GDP growth by countries. Solutions to economic problems must not just seek the most efficient way to maximize production and accumulation, but rather should ethically aim to improve people's lives.

Early Confucians were realistic enough to accommodate people's materialistic pursuits, since their highest ideal of enjoying virtue in the midst of poverty was beyond the reach of the average person, and certainly not the starting point for personal cultivation. Mencius, who in some ways is even more uncompromising than Confucius when it comes to the conflict between materialistic and ethical pursuits, nevertheless points out that for most people economic security is a precondition for the pursuit of the ethical life. He argues that physical deprivation is demoralizing and drives people to do wrong, so in order to lead people to live an ethical life, a government must first take care of the people's livelihood:

Only an exemplary person can have a constant heart in spite of a lack of constant means of support. The people, on the other hand, will not have constant hearts if they are without constant means. Lacking constant hearts, they go astray and fall into excesses, stopping at nothing. . . . Hence, when determining what means of support the people should have, a clear-sighted ruler ensures that these are sufficient for the care of parents on the one hand and for the support of wife and children on the other, so that people always have sufficient food in good years and escape starvation in bad; only then does he drive them toward goodness. In this way the people find it easy to follow him.¹⁸

The task of a humane government is to ensure that everyone has the means to maintain a minimum level of material welfare, and this begins with assisting those who are worst off because of their relative lack of productive ability and social support (*Mencius* 1B5). Confucian humaneness (*ren* 仁) constrains competition and the pursuit of efficiency.

The *Mencius* gives priority to ethical considerations over economic productivity and efficiency:

When wasteland is not brought under cultivation and wealth is not accumulated, this, too, is no disaster for the state. But when those above ignore the rites, those below ignore learning, and lawless people arise, then the end of the state is at hand. (*Mencius* 4A1)

Mencius thus condemns those who "open up wasteland and increase the yield of the land" as deserving of punishment. Increasing economic productivity by exploiting more natural resources and increasing factor efficiency are not ethi-

cally wrong in themselves—quite the contrary; the context of the passage shows that Mencius rejects such activities only when they impose severe hardship on the majority for the gain of a minority.¹⁹

Mencius adopts an ethical rather than an economic approach when considering the various taxation practices known to the early Chinese. Mencius criticizes the *gong* 貢 method practiced during the Xia dynasty, on the basis of its impact on the welfare of the people, instead of encouraging economic productivity or efficiency. The taxation method that Mencius prefers is called *zhu* 助, which means “to give help.” According to Mencius, it does not differ from the other methods in quantum (“all three amounted to a taxation of one in ten”). Mencius justifies his choice by the ethical effect of this method, which involves the communal cultivation of “public land” in the “well-field system” (*jingdi* 井地):

If those who own land within each *jing* befriend one another both at home and abroad, help each other to keep watch, and succor each other in illness, they will live in love and harmony. A *jing* is a piece of land measuring one *li* square, and each *jing* consists of 900 *mu*. Of these, the central plot of 100 *mu* belongs to the state, while the other eight plots of 100 *mu* each are held by eight families who share the duty of caring for the plot owned by the state. Only when they have done this duty dare they turn to their own affairs. (*Mencius* 3A3)²⁰

The cultivation of the central plot of “public land” educates the people to give priority to what is shared over what is privately owned, and working together on the public land also nurtures relationships of cooperation and mutual help and contributes to communal harmony.

Other than the state's attention to economic matters, we find early Confucian texts referring to ordinary people exchanging goods in markets, and mentioning merchants and traders.²¹ In defending Confucianism against rival teachings, Mencius rejects Xu Xing's idea of “one price in the market” by defending price differences for different goods (*Mencius* 3A4). While Mencius might seem to understand better how market transactions work and is more friendly to a “market economy,” one should not jump to the unwarranted conclusion that Mencius shares the modern view that the price mechanism is always the best way of allocating resources for production or infer from this that he is a supporter of “free markets” in the contemporary sense. While he recognizes the usefulness of markets, he does not approve of profit maximization:

In antiquity, the market was for the exchange of what one had for what one lacked. The authorities merely supervised it. There was, however, a

despicable fellow who always looked for a vantage point and, going up on it, gazed into the distance to the left and to the right in order to secure for himself all the profit there was in the market (*wang shili* 罔市利). The people all thought him despicable, and, as a result, they taxed him. The taxing of traders began with this despicable fellow. (*Mencius* 2B10)

Disapproval of those who leave the land or abandon their craft for more profitable trade and commerce is probably behind Xunzi's inclusion of "reducing the number of merchants and traders" among policies that will "allow people to make a generous living."²²

Whereas the *Analects* and the *Mencius* address economic issues in passing when discussing various aspects of good government as an ethical problem, in the *Xunzi* economics is arguably the topic of book 10, "Enriching the State." Taking up such a topic, unusual for a Confucian, was a response to historical circumstances: states such as Qi and Qin had reorganized both their structure and their economy to become powerful and wealthy, and Mozi, whose philosophy Mencius considered a key rival to Confucianism, had examined the relation between the nature of government and a country's prosperity and argued the need for economic incentives and proper resource management as essential for good government. There were various theories on how to make a state rich and powerful, most of which implicitly or explicitly challenge Confucius' ethical emphasis in his teachings about good government.²³ To have a chance of being adopted by rulers, Confucian teachings had to address their economic and political aspirations; Xunzi tries to do this while advancing the cause of Confucian ethics in opposition to rival schools. Even as Xunzi focuses on the fundamental economic problem of scarcity, his solution is typically Confucian: a state will prosper if the government adopts Confucian ethical practices—which for Xunzi is encapsulated in "ritual and appropriateness" (*liyi* 禮義)—on the personal as well as the policy level. Any other way of pursuing wealth will eventually fail.

Mozi criticizes Confucian ritual practices as wasteful of resources, and recommends "moderation of use" as the way for a state to be self-sufficient. Xunzi rejects this proposal as self-defeating and exaggerating the problem of "inadequacy" of resources. Mozi's solution permits a standard of living that is barely above survival and provides insufficient incentive to mobilize the people to produce economically or serve the state in any way, and "will result in a decreasing population, a diminishing number of office holders, and the elevation of toilsome and bitter efforts, with each member of the Hundred Clans having equal responsibilities and tasks and equivalent efforts and toils." This deprived state undermines authority and exacerbates "social anarchy," which is the "misfortune truly common to the whole world" rather than the problem

of inadequacy (*Xunzi* 10.8). Xunzi believes that nature is bountiful enough that human beings can satisfy, beyond the needs of survival, those desires the pursuit of which produces the refinements and accomplishments of civilization highly valued by Confucians. He sees human beings and nature in a relation of interdependence, where humans should be careful of the power and resources of nature—neither completely at its mercy nor seeking to control it completely.²⁴ While the production of an agricultural society owes much to the vicissitudes of nature, it is the responsibility of governments to ensure that the people “do not suffer the misfortune of cold and hunger, even though the year has been marked by calamities, natural disasters, floods and droughts” (*Xunzi* 10.7).

The use of resources not only translates into expenditure but may also be productive. How many desires can be satisfied depends not just on how much there is in terms of natural resources but also on how human beings manage and employ these resources in economic production and other productive activities. Central to the productive activities that support human civilization are the division of labor and cooperation, both of which require what Xunzi calls *fen* 分 (“differentiation”—also translated as “class divisions”), instituted in the rituals that define relational roles and regulate social interactions, including the distribution of burdens and benefits (*Xunzi* 10.1).²⁵ A society governed by Confucian ethical norms is economically productive because it is harmonious.

Although Xunzi rejects Mozi's anti-ritual-and-music philosophy, he adopts the latter's idea of “moderation of use” (*jieyong* 節用), but insists that moderation must be effected “by means of ritual” and, in addition, that it is necessary to “let the people make a generous living through the exercise of government” (*Xunzi* 10.2). Xunzi advocates that governments adopt policies that encourage people's economic productivity by allowing them to devote more efforts to their own livelihood and allowing them to keep more of what they produce. Endorsing the satisfaction of desires beyond meeting survival needs does not turn Xunzi into a hedonist, nor would he go along with rampant consumerism, given his disapproval of “reckless extravagance” and his belief that “desires given free rein without limitation” would be impossible to satisfy and destroy any hope of social order (*Xunzi* 10.1). He would undoubtedly view governments who pursue GNP growth to the exclusion of all else as practicing the “thieving way” of pandering to the people and weakening them the way spoiling a child ruins her future (*Xunzi* 10.10). Confucian rituals moderate use by regulating the satisfaction of desires according to ethical norms that set out what is due to people occupying different positions in society, each of which should be occupied by one whose virtues match the position. Unlike Confucius and Mencius, Xunzi may be seen as explicitly advocating meritocracy in going beyond just appointing the person most suited for any position to also matching the person's salary or reward to their contribution. “His emolument [*lu* 祿] must

match his services to the state" (*Xunzi* 10.3a).²⁶ Although Xunzi is thinking mainly in terms of official appointments in government, such meritocracy also benefits economic organizations.

Xunzi is very conscious that meritocracy implies inequality, "sharp divisions and graded differences," which are not merely economic. These serve as incentives that, together with penalties, change people's behavior, including their economic productivity (*Xunzi* 10.9). Xunzi emphasizes, however, that such inequality is not intended to gratify the "reckless extravagance or boastful fondness for elegance" of the ruling or upper classes, but rather is ethical in purpose, "to brightly illumine the forms and patterns of humaneness and to make comprehensible the obedience and accord required by humane principles" and "to nurture virtue and to differentiate the trivial from the important" (*Xunzi* 10.4). Inequality is valued only when it contributes to the flourishing of the community and benefits all members. It is acceptable to those who receive less only when they believe that the inequality is justified because those who receive more contribute to the security and well-being of those who receive less and moreover deserve respect for exemplary conduct (*Xunzi* 10.5).

Thus, people find an exemplary ruler who is "loyal, honest, fair, and impartial...more pleasing to them than incentives and commendations," and one who leads by example is "more awe-inspiring than punishments and penalties" (*Xunzi* 10.10). While incentives are important when appropriately employed, the ethical power of virtuous rulers—who lead and nurture the people "as though they were watching over an infant"—is more important in unifying the people in harmonious cooperation and industrious striving, both of which will contribute to wealth. When those with power appropriate riches unethically by oppressing and stealing from those they govern or employ, such unjustified inequality will lead to "the greatest dangers and ruination" (*Xunzi* 10.6). From Xunzi's perspective, economic production is a cooperative enterprise the success of which depends on ethical conduct on the part of all, but especially those who govern or who hold power, be it political or economic, and the distribution of the products should be according to the ethical criteria of sustaining a harmonious community rather than according to principles of economic competitiveness. Xunzi's book 10, "Enriching the State," ostensibly concerned with economics, aims to establish the priority of ethical concerns.

The Ethical Critique of Global Capitalism

According to Deepak Lal, the basic human instinct to trade that archeologists trace to the Stone Age was disruptive of settled agricultural society and threatened the communal bonds that all agrarian civilizations tried to foster. Xunzi's recommendation to "reduce the number of merchants and traders" is typical of

what Lal calls the “communalist ethics” of premodern agrarian societies, before the divergence between communalism and individualism led to the development of capitalism and the economic rise of the West.²⁷ Although he dismisses most ethical complaints against global capitalism as “atavistic, harking back to the material beliefs of the old agrarian civilizations,” Lal concedes that “morality is needed to rein in opportunistic behavior.”²⁸ Lal maintains that morality that has played a role in controlling transaction costs throughout human history is found in local traditions and works better when it is part of such practices than when the state tries to enforce behavioral norms, although such morality can be influenced by the behavior of governments, NGOs, or supranational institutions.²⁹

Confucianism is among Lal’s “local traditions.” However, instead of a Confucian critique of global capitalism, adopting Lal’s framework would merely offer a capitalist Confucian ethics that fosters selected virtues, such as frugality, diligence, honesty, and trustworthiness, which increase productivity and enhance cooperation and efficiency by reducing the costs of transaction in various economic activities, from the factory floor to management to customer relations to international finance and trade. Such an ethics would condemn cases where businesses profit by deceiving consumers, sometimes at the cost of lives, of CEOs escaping with their golden parachutes while ordinary people lose their jobs and life savings, or of taxpayers ending up with the bill for the reckless and downright irresponsible behavior of greedy bankers. Although not without critical perspectives, this approach is inadequate because it diagnoses the problems as arising from ethical failure on the part of individual persons; it assumes that global capitalism itself is not fundamentally flawed or in need of systemic constraints. Furthermore, it is doubtful whether Confucianism is still able to “socialize children through the moral emotions of shame and guilt to ‘be good’” to the extent of reining in the worst misconduct of global capitalists even in East Asian societies.

South Korea is probably among the most likely candidates for the effectiveness of Confucianism in such socialization, and yet the recent tragedy of the Sewol ferry sinking casts doubt on the ability of local traditions to check unscrupulous quests for profit that are endemic to capitalism. An investigation of the accident on April 16, 2014, with a death toll of nearly three hundred, mostly high school students, revealed that the ferry operator, who ignored repeated warnings about stability issues in the retrofitted vessel and, in order to cut costs, disregarded safety requirements by not properly securing cargo, overloaded the ferry more than three times the legal limit despite feedback from worried staff, who were mostly on term contracts or were temporary hires with little say in the operation.³⁰ Ample evidence points to global capitalism eroding local traditions and the moral fabric of societies, instead of the latter effectively constraining the former.

A Confucian critique of global capitalism cannot be limited to recommending a personal virtue ethic to capitalists; even implementing it through comprehensive ethical education in schools or exhorting families to foster Confucian virtues in their young members may not be enough. Such “moral education” programs may not even be viable if global capitalism itself creates a pervasive environment that undermines the values that a Confucian ethics purports to inculcate. Instead we need to understand the problems of global capitalism from systemic perspectives. Capitalism is by nature expansionary and constantly seeks new sources of cheap labor, land, and raw materials, and new markets in order to survive and maximize profits. The spread of capitalism throughout the world predates what we call global capitalism today. Previously this worldwide expansion took the form of separate national economies becoming capitalist and then forming networks of international trade and finance. Global capitalism is the project of creating a single universal free market with “neoliberal” policies of liberalization, stabilization, and privatization—often referred to as “the Washington consensus”—that transnational organizations such as the World Trade Organization, the International Monetary Fund, and the Organization for Economic Cooperation and Development have been prescribing for the last two decades.³¹

Today, the global economy is distinguished from the earlier “world economy” by transnational capital with mobility no longer being hampered by material and political obstacles. The production processes themselves have become global, with decentralization and transnational integration around the world on an unprecedented scale through the use of new technologies and organizational innovations. The mobility of capital increases its ability to generate profit by taking advantage of low-cost materials and factors of production wherever they are located, including relatively less mobile labor. The mobility of unskilled labor in global capitalism results in an underclass of migrant workers in many rich developed countries, while a minority mobile professional-managerial class becomes incorporated into what William Robinson calls the “transnational capitalist class.” The globalization of the production process is accompanied by “unprecedented concentration and centralization of worldwide economic management, control and decision-making power in transnational capital and its agent.”³²

The creation of the global free market aims to free economic life from social and political control on a global scale.³³ It is not just an economic project, but involves transformation of the very nature of human relationships. How do the new global capital-labor relation, business-consumer relation, government-business relation, and other new forms of human interactions created in global capitalism fit into a Confucian worldview? Could they fit at all? Confucianism advocates a relational ethics centered in five basic relationships: “love between father and son, duty between ruler and minister, distinc-

tion between husband and wife, precedence between elder and younger brothers, and faith between friends" (*Mencius* 3A4). Other human relationships are modeled on these, so that the more general political relationship between government and governed may be considered a combination of the parent-child relation and the ruler-minister relation so that the government has an ethical responsibility for the welfare of the people and for leading them in maintaining the security of the polity, seeking the prosperity and flourishing of the community. Relations between fellow citizens may be seen as requiring friendship as well as functional differentiation in cooperation, combining the basic relationships between friends and spouses.

Traditionally, the larger community is compared with the family in the Confucian understanding of human organizations in relational terms. One would expect the same analogy to hold in the case of business organizations—CEOs should care for and lead other members of a company as a virtuous Confucian ruler would relate to his minister, and functional differentiation, mutual respect, and support in spousal relations and trust between friends would serve as analogies for the cooperative working relationship among all members of the company. Insofar as seniority is considered, the "precedence between elder and younger brothers" would provide a model of how to show deference and the reciprocal demand on the senior to reciprocate by caring and setting an example for the junior members of an organization. From this Confucian perspective, the relationship that comes closest to that between businesses and their customers is probably that of friends, requiring mutual benefit, good will, and trustworthiness.

Instead of merely providing a guide for how to be virtuous in the new economic environment, the relational framework of Confucian ethics should generate a critique of global capitalist relations by questioning whether there are systemic obstacles to participants relating to one another virtuously in ways that would promote personal cultivation and nurture harmonious communities. If global capitalism is driven by relentless competition and the pursuit of profit, it would have no place for Confucian relational virtues. When labor is a commodity, workers can bear no resemblance to family members. If maximizing profit is the only consideration, customers are not friends. For the sake of profit, if they can get away with it, businesses will sell inferior goods at high prices, using advertisements to persuade consumers to purchase commodities that not only do not benefit them but quite possibly will harm them. To describe such unscrupulous conduct as "unfriendly" is a gross understatement. In other words, success in global capitalism drives one to relate to others by thinking of profit first and disregarding what is ethically appropriate to a particular relationship, the very opposite of Confucius' admonition to "think of appropriate conduct (*yi* 義) on seeing a chance to profit" (*Analects* 14.12).

When people fail to extend the virtuous quality of family relations to social relations outside the family in capitalist societies, the reverse dynamics take over, so that even family relations become infected with the obsession with material gains, as is evident in litigation among family members fighting over inheritances, and other similar cases. Relentless competition is not limited to the accumulation of capital but pervades the whole society—we see this even in competition for grades and limited university spaces in disciplines that are popular usually because they are “marketable.” Instead of personal cultivation, we find education turned into a means of making money.³⁴ Even the much admired emphasis in East Asian societies on education that is attributed to Confucian influence becomes perverted: parents concerned over their children’s economic future put so much pressure on them to do well in the increasingly competitive economic environment that this undermines the family relationship and fails to cultivate a Confucian ethical character in their children.³⁵

Cultivating virtuous Confucian relationships has never been easy, but there are forces in global capitalism that make it even more difficult, if not impossible. The most important human relationships in traditional societies are face-to-face relationships of embodied interactions, but globalization connects people located in various parts of the world who often never meet in person, and decisions and actions in one part of the world affect many in faraway places. The valued qualities of various human relationships in the Confucian understanding are cultivated through everyday interaction at close quarters through ritual practice; such cultivation is not possible in the type of remote interactions that characterize many relationships in global capitalism. A Confucian sage-king’s virtue can embrace the whole world, at least in theory, but it is rooted in the humaneness (*ren* 仁) of person-to-person interaction, “establishing others in seeking to establish oneself, promoting others in seeking to promote oneself” (*Analects* 6.30). And humaneness begins with filial and fraternal responsibility in the family (1.2). It is much more difficult to disregard the effect of one’s actions on those whom one encounters every day than on those who live half the world away; their humanity and the reality of harm to them and their suffering impinges less on one’s consciousness with increased physical distance. Even though new technologies give access to information about what is happening in other parts of the world, not everyone has equal access. For those with access, selectivity is necessary, and too many choose to ignore unpleasant information.

Unlike immediate experience, overexposure through the media can also breed indifference to people’s sufferings. Global capitalism allows investors to become wealthy without ever having to give a thought to whether the same economic processes keep millions working for low wages in conditions injurious to their health, destroy local communities by putting people out of work when factories are moved overseas, or contribute to the degradation of the environment.

Those at the front lines of exploitative and other unethical practices—factory supervisors, middle management, or sales staff, for example—if they have any doubts about the ethics of the businesses they work for, salve their conscience by pushing the responsibility on to the decision makers higher up the chain. When questioned about their failure to protect their people (whether as workers or consumers) and the environment, governments cite the need to provide a “business friendly” regulatory environment in the competition for transnational capital to promote economic growth. Global capitalism attests to the adage “If one’s aim is wealth, one cannot be humane” (*Mencius* 3A3).

According to the neoliberal ideology, market freedoms are natural and desirable and conducive to economic growth, while government intervention should be limited to maintaining macro-stability to facilitate the workings of the free market. Critics such as Polanyi and Gray point out that the free market is in fact an artificial creation of state power and is maintained by a collusion of economic and political interests.³⁶ Neoliberal ideology has been challenged, and many East Asian societies have followed different development paths, with the government often playing a much more interventionist role than prescribed by neoliberals. This has been interpreted as a Confucian legacy since the Confucian idea of a good government is one that takes care of the people’s livelihood, which in today’s world means reducing poverty by increasing GDP through various policies and state actions. The Confucian requirement that governments give priority to the worst off in society may also have resulted in policies that help reduce inequalities and ensure a more egalitarian distribution of economic growth, at least in the initial years of development. However, after a period of falling inequality, East Asian economies also began to display the pattern of increasing inequalities that dominates capitalist economies. Excessive inequalities are socially divisive and destabilizing. The worst excesses of capitalism in the nineteenth and early twentieth centuries were curbed by the state stepping in to regulate the market and redistribute wealth and income, as well as to relieve poverty and promote social welfare through public spending. Confucianism could provide justification for such policies, but this is unlikely to be enough to halt, let alone reverse, the trend of increasing inequalities even if governments professed to be Confucian (and in reality few do so unequivocally).

Economic management has become the most important task for governments, in some cases determining a governing party’s ability to stay in power. Even without succumbing to neoliberal free market ideology, governments in the global capitalist environment have little leverage over transnational capital, and increasing the GDP often means “playing the game” of global capitalists, who are also able to use their wealth to lobby politicians of their home country to apply political pressure on developing countries that resist their entry or wish to restrict their freedoms. The prevalent relationship between economic

power and political power in global capitalism is incompatible with a Confucian ethical worldview. Economic power and political power have been entangled throughout human history. Political power has been used to amass wealth at all levels, and in order to serve their interests the rich who are not part of the ruling class have used wealth to influence those who hold political power. When the politically powerful were not also the wealthiest due to historical circumstances, occasionally economic power and political power held each other in check. Early Confucians were very conscious that avarice on the part of rulers was often the cause of bad government, leading the rulers to enrich themselves at the expense of the people, or to engage in acquisitive conquests at the cost of their people's lives. The Confucians objected strongly to socioeconomic inequalities that caused the people to suffer.³⁷ Confucianism seeks to break the collusion of economic power and political power by insisting that it is the virtuous who should rule, and the virtuous are those who, "on seeing the chance to profit, think of appropriate conduct" (*Analects* 14.2).

From a Confucian perspective, it is important that those who govern are not motivated by the desire for material gain, for fear that this would undermine virtue and government for the people. This is why I have questioned recent attempts to equate Confucian government with meritocracy, as an alternative to liberal democracy.³⁸ The way meritocracy works in global capitalism is likely to result in treating government like any other profession that "purchases" talents and expertise. While this does not mean that every politician will then be motivated only by material gain, politics would attract more who are thus motivated and moreover legitimize such motivation. It might be argued that, even without "Confucian meritocracy," many are already attracted to politics because of the potential for material gain through the use of political influence; Confucian meritocracy is certainly preferable to any corrupt political system that neither delivers competent government nor prevents those in power from enriching themselves at the expense of the people. However, without assurance that a meritocracy would rule with virtue, Confucians should worry more about the incentives and opportunities in global capitalism to generate profits for the few at the expense of the many—what is to prevent "meritorious" elites from appropriating the larger share of economic growth as reward for their "merit"?

Simply insisting on rule by the virtuous is not likely to solve any contemporary problems. There still exists no viable mechanism by which we could ensure that only the virtuous attain power, and attempts to reform existing governments the way Confucians tried to do with the rulers of their times are impractical. Confucians need to turn away from the historical elitist tendency of Confucianism to focus on reforming the ruling elite and learn from the practical experience of societies that have achieved some limited success curbing the polarizing excesses of capitalism. In mature capitalist societies, such as England

and the United States, state intervention to regulate the market and temper the social ills of capitalism came about mostly because of the extension of the democratic franchise. This is not surprising: as Aristotle pointed out, the poor in any society always constitute the many, and democracy gives power to them. The tendency of capitalism to increase socioeconomic inequality has to some extent been kept in check by the (albeit imperfect) political equality of democracy, although the increasing infiltration of economic interests and power into the political process has been undermining democracy in many countries. Nevertheless, reformist critiques of global capitalism focus on the need for more effective national as well as transnational governance, including some form of global democracy.³⁹ Confucianism could contribute to such reformist critiques by offering a conception of Confucian global democracy that transforms the relationship of global economic transactions into cooperative interactions, imbuing them with the qualities of basic Confucian relationships.

Radical critics would insist that a capitalism that is not exploitative and dehumanizing is an oxymoron. If so, the Confucian alternative (whether constructed out of a modernized Confucianism itself or preferred by Confucians after comparing available alternatives) may end up replacing rather than reforming capitalism. I do not foreclose the more radical outcome. However, the transformation will not be achieved by a violent overthrow of the status quo justified by the belief in some utopia. Confucians would advocate transforming the existing human relationships in all domains from the bottom up, and, most importantly, subordinating the economic and political relationships to Confucian ethical constraints.

Notes

1. Sor-hoon Tan, "Materialistic Desires and Ethical Life in the Analects and the Mencius," in *Moral Cultivation and Confucian Character: Engaging Joel J. Kupperman*, ed. Chenyang Li and Peimin Ni (Albany: State University of New York Press, 2014), p. 209.

2. Ibid., p. 208; see also "Limiting Confucian Meritocracy," in *Resolution of Conflict in Korea, East Asia and Beyond: Humanistic Approach*, ed. Center for International Affairs (Seoul: Academy of Korean Studies Press, 2012), p. 142.

3. Arif Dirlik, "Confucius in the Borderlands: Global Capitalism and the Reinvention of Confucianism," *Boundary 2* 22, no. 3 (1995): 229–273.

4. I remember well Henry Rosemont's comment at the 2011 East-West Conference that capitalism is "rotten to the core." For examples of arguments that global capitalism can and should be replaced, see William I. Robinson, *A Theory of Global Capitalism* (Baltimore: Johns Hopkins University Press, 2004); Alex Callinicos, *An Anti-Capitalist Manifesto* (Cambridge, UK: Polity, 2003); Ulrich Duchrow, *Alternatives to Global Capitalism: Drawn from Biblical History, Designed for Political Action*, trans. Elaine Griffiths (Utrecht: International Books, 1995).

5. Max Weber, *The Religion of China: Confucianism and Taoism*, trans. Hans Gerth (New York: Free Press, 1951) (translation of "Konfuzianismus und Taoismus," part 1 of *Die Wirtschaftsethik der Weltreligionen*, in *Archiv für Sozialwissenschaft*, 1916); *The Protestant Ethic and the Spirit of Capitalism*, trans. Talcott Parsons (New York: Scribner, 1930) (translation of "Die protestantische Ethik und der Geist des Kapitalismus," *Archiv für Sozialwissenschaft*, 1904–1905).

6. Weiming Tu, ed., *The Triadic Chord: Confucian Ethics, Industrial East Asia and Max Weber* (Singapore: Institute of East Asian Philosophies, 1991). Dixin Xu and Cheng-ming Wu, eds., in *Chinese Capitalism, 1522–1840* (New York: St Martin's Press, 2000), argue that capitalism did develop in China before the twentieth century.

7. Fareed Zakaria, "Culture Is Destiny: A Conversation with Lee Kuan Yew," *Foreign Affairs* 73, no. 2 (1994). On the "post-Confucian thesis," see Herman Kahn, *World Economic Development: 1979 and Beyond* (Boulder: Westview Press, 1979), pp. 117–123, 329–383; Roderick MacFarquar, "The Post-Confucian Challenge," *The Economist*, February 9, 1980; Joan Connell, "Revival of Confucianism Fuels East Asia's Economic Miracle," *Houston Chronicle*, March 15, 1992 (cf. Richard Gwyn, "Beloved Confucius Didn't Spark Pacific Rim's Growth," *Toronto Star*, March 27, 1994); Peter L. Berger and Hsin-Huang Michael Hsiao, eds., *In Search of an East Asian Development Model* (New Brunswick, NJ: Transaction Books, 1988); Hung-chao Tai, ed., *Confucianism and Economic Development: An Oriental Alternative?* (Washington D.C.: Washington Institute, 1989).

8. Tu Wei-ming, "Multiple Modernities: A Preliminary Inquiry into the Implications of East Asian Modernity," in *Culture Matters: How Values Shape Human Progress*, ed. Samuel P. Huntington and Lawrence E. Harrison (New York: Basic Books, 2000).

9. Kishore Mahbubani, "The West and the Rest," *National Interest* 28 (1992); Bilahari Kausikan, "Asia's Different Standard," *Foreign Policy* 92 (Autumn 1993); Margaret Ng, Bilahari Kausikan, and Joseph Chan, "Hong Kong, Singapore, and Asian Values," *Journal of Democracy* 8, no. 2 (1997); Josiane Cauquelin, Paul Lim, and Birgit Mayer-König, eds., *Asian Values: An Encounter with Diversity* (Richmond, Surrey: Curzon, 1998); Wm. Theodore de Bary, *Asian Values and Human Rights* (Cambridge, MA: Harvard University Press, 1998); Michael Hill, "'Asian Values' as Reverse Orientalism: The Case of Singapore," Department of Sociology Working Paper 150 (Singapore: National University of Singapore, 2000); Michael D. Barr, *Cultural Politics and Asian Values: The Tepid War* (New York: Routledge, 2002). See also Daniel Bell, *Beyond Liberal Democracy: Political Thinking for an East Asian Context* (Princeton: Princeton University Press, 2006); Daniel A. Bell and Jiang Qing, "A Confucian Constitution for China," *New York Times*, July 10, 2012.

10. Joshua Moravchik and Fareed Zakaria, "The Dustbin of History," *Foreign Affairs* 34 (November 2002); cf. "Singapore Leader Lee Says Asian Crisis Will Not Erode Confucian Values...", *Agence France-Presse*, December 15, 1997. For the questions raised by the Asian financial crisis concerning "Asian values," see Lucian Pye, "'Asian Values': From Dynamos to Dominoes?" in *Culture Matters: How Values Shape Human Progress*, ed. Samuel P. Huntington and Lawrence E. Harrison (New York: Basic Books, 2000), and special feature, "What Would Confucius Say Now?" *The Economist*, July 25, 1998.

11. Jason Furman and Joseph E. Stiglitz, "Economic Crises: Evidence and Insights from East Asia," *Brookings Papers on Economic Activity* 2 (1998); Robert Wade and Frank

Veneroso, "The Asian Crisis: The High Debt Model Versus the Wall-Street-Treasury-IMF Complex," *New Left Review* 228 (March/April 1998): 5; Richard Greb, "Analyzing Asia," *Northwestern* (January/February 1999); Joseph E. Stiglitz, *Globalization and Its Discontents* (New York: Norton, 2003), chap. 4; Callinicos, *An Anti-Capitalist Manifesto*, pp. 40–41. For various views on the Asian financial crisis, see also William C. Hunter, George G. Kaufman, and Thomas H. Krueger, eds., *The Asian Financial Crisis: Origins, Implications and Solutions* (London: Kluwer Academic Publishers, 1999); Gregory W. Noble and John Ravenhill, eds., *The Asian Financial Crisis and the Architecture of Global Finance* (Cambridge, UK: Cambridge University Press, 2000); Richard Robison et al., eds., *Politics and Markets in the Wake of the Asian Crisis*, Asian Capitalisms series (New York: Routledge, 2000); Wing Thyee Woo, Jeffrey D. Sachs, and Klaus Schwab, eds., *The Asian Financial Crisis: Lessons for a Resilient Asia* (Cambridge, MA: MIT Press, 2000); Arvid John Lukauskas and Francisco L. Rivera-Batiz, eds., *The Political Economy of the East Asian Crisis and Its Aftermath* (Cheltenham, UK: Edward Elgar, 2001).

12. Yu Yongding, "China: The Case for Capital Controls," in *Global Finance: New Thinking on Regulating Speculative Capital Markets*, ed. Walden Bello, Nicola Bullard, and Kamal Malhotra (New York: Zed Books, 2000), pp. 177–187; Jeffrey Winters, "The Financial Crisis in Southeast Asia," in *Politics and Markets in the Wake of the Asian Crisis*, ed. Robison et al., p. 37.

13. Joshua Cooper Ramo, *The Beijing Consensus* (London: Foreign Policy Center, 2004); Ping Huang, ed., *China and Globalization: Beijing Consensus, Washington Consensus, or What?* (Beijing: Social Science Texts Press, 2005); Wei Pan, ed., *China Model: A New Developmental Model from the Sixty Years of the People's Republic* (Beijing: Central Compilation and Translation Press, 2009); Stefan A. Halper, *Beijing Consensus: Legitimizing Authoritarianism in Our Time* (New York: Basic Books, 2012); Edward K. Y. Chen, "Asian Capitalism: Beijing Consensus as an Economic Development Model for the Twenty-First Century," in *Asian Responses to the Global Financial Crisis: The Impact of Regionalism and the Role of the G20*, ed. Jehoon Park, T. J. Pempel, and Geng Xiao (Cheltenham, UK: Edward Elgar, 2012); cf. S. Philip Hsu, Suisheng Zhao, and Yu-shan Wu, eds., *In Search of China's Development Model: Beyond the Beijing Consensus* (New York: Routledge, 2011). Joseph Stiglitz argues that both the 1997 Asian crisis and the 2008 crisis are due to "fundamental flaws" in the capitalist system driven by "market fundamentalism," the belief that markets are self-regulating; see Joseph E. Stiglitz, *Freefall: America, Free Markets, and the Sinking of the World Economy* (London: Allen Lane/Penguin, 2006; New York and London: W. W. Norton, 2010).

14. George C. S. Lin, *Red Capitalism in South China: Growth and Development of the Pearl River Delta* (Vancouver: University of British Columbia Press, 1997); Doug Guthrie, *Dragon in a Three-Piece Suit: The Emergence of Capitalism in China* (Princeton: Princeton University Press, 1999); Mary Elizabeth Gallagher, *Contagious Capitalism: Globalization and the Politics of Labor in China* (Princeton: Princeton University Press, 2005); Kellee S. Tsai, *Capitalism without Democracy: The Private Sector in Contemporary China* (Ithaca: Cornell University Press, 2007); Scott Kennedy, ed., *Beyond the Middle Kingdom: Comparative Perspectives on China's Capitalist Development*, Contemporary Issues in Asia and the Pacific series (Stanford: Stanford University Press, 2011); Carl E. Walter and Fraser J. T.

Howie, *Red Capitalism: The Fragile Foundation of China's Extraordinary Rise* (London: Wiley, 2011); Michael Webber, *Making Capitalism in Rural China* (Cheltenham, UK, and Northampton, MA: Edward Elgar, 2012); Victor Nee and Sonja Oppen, *Capitalism from Below: Markets and Institutional Change in China* (Cambridge, MA: Harvard University Press, 2012); Michael Keith et al., *China Constructing Capitalism* (Abingdon, Oxon: Routledge, 2014).

15. Bell, in *Beyond Liberal Democracy*, p. 259 (cf. Halper, *Beijing Consensus*, p. 70), recognizes the Beijing consensus as a refinement of the growth model pioneered by the Asian tigers, but does not emphasize their common Confucian legacy in examining the challenge that China's authoritarian model poses to the United States.

16. Unless otherwise stated, translations of the *Analects* are from *The Analects of Confucius: A Philosophical Translation*, trans. Roger T. Ames and Henry Rosemont, Jr. (New York: Ballantine, 1998); references give the traditional book and chapter numbering.

17. See Tan, "Materialistic Desires," p. 195, for the Confucian understanding of competition between ethical and unethical desires.

18. *Mencius* 1A7; translation modified from D. C. Lau, *Mencius* (Harmondsworth: Penguin, 1970). Unless otherwise stated, all citations from the *Mencius* are from this translation.

19. Cf. *Mencius* 6B7; the Son of Heaven rewards feudal lords who "open up land and cultivate the fields well." According to the *Xunzi* (10.14), the humane person "would open up wilderness lands to cultivation and fill the granaries and storehouses, and provide useful instruments."

20. A plot divided into nine with one subdivided plot in the center surrounded by the other eight has been described as *jing* 井, literally meaning "a well," because the character is composed of two vertical lines intersecting two horizontal lines, which is how the division is done.

21. Archeologists trace the human instinct to engage in "truck and barter," the basis of economic activity, to the stone age; see John Richard Hicks, *Causality in Economics* (Oxford: Blackwell, 1979), p. 43.

22. *Xunzi* 10.3b. References are to book and section numbers in John Knoblock, trans., *Xunzi: A Translation and Study of the Complete Works*, 3 vols. (Stanford: Stanford University Press, 1990), vol. 2.

23. Knoblock's introduction to book 10, in his *Xunzi*, vol. 2, pp. 113–114.

24. Book 17, "Discourse on Nature."

25. Cf. *Mencius* 3A4, the rejection of Xu Xing's philosophy that everyone should aim to be self-sufficient by growing their own food and Mencius' argument for a division of labor where economic surplus produced by "those who use their muscles" supports "those who use their minds," i.e., those who contribute to economic production by ruling well.

26. According to Knoblock, in *Xunzi*, vol. 2, p. 303n. 22, this is a cardinal teaching of Mozi that Xunzi adopted. I believe that Xunzi actually modified the meritocratic doctrine in this passage by explicating *yong* 用 not only as "services to the state" but also what people "use" to satisfy their needs, turning the "matching" requirement into a needs-based distribution. However, for the purpose of this chapter, I am willing to go along with the more common interpretation.

27. Deepak Lal, "Private Morality and Capitalism: Learning from the Past," in *Making Globalization Good: The Moral Challenges of Global Capitalism*, ed. John H. Dunning (Oxford: Oxford University Press, 2003). See also Deepak Lal, *Unintended Consequences: The Impact of Factor Endowments, Culture, and Politics on Long-Run Economic Performance* (Cambridge, MA: MIT Press, 1998). While I find his basic thesis persuasive, Lal's philosophically superficial account of the "communalism" of "Sinic civilization" is misleading.

28. Lal, "Private Morality and Capitalism," pp. 52, 57.

29. *Ibid.*, p. 57; cf. other views of the need for ethical constraints on global capitalism in the same edited volume.

30. In-Soo Nam, Min-Jeong Lee, and Jeyup S. Kwaak, "Korean Ferry Carrying Triple the Allowed Load," *Wall Street Journal*, Asia Edition, April 24, 2014; Jeyup S. Kwaak, "Ferry's Captain Warned about Stability Issue," *ibid.*, May 1.

31. This term was coined by John Williamson, in his *Latin American Adjustment: How Much Has Happened?* (Washington D.C.: Institute for International Economics, 1990), to describe the reforms undertaken by South American economies in the 1980s, but over time came to signify a set of "neoliberal" policy prescriptions thought to be necessary and sufficient for economic development.

32. Robinson, *A Theory of Global Capitalism*, p. 11. See the rest of the work for a detailed Marxist theory of global capitalism advocating a democratic socialist alternative.

33. John Gray, in his *False Dawn: The Delusions of Global Capitalism* (New York: New Press, 1998), compares this to the experiment of social engineering in mid-nineteenth-century England that created the free-market economy, a process that Karl Polanyi calls the Great Transformation, in his *The Great Transformation: The Political and Economic Origins of Our Times* (Boston: Beacon Press, 1944).

34. Other critics have argued that commodification corrupts the intrinsic value of certain goods and services when no limit is set on spreading marketization. See Steven Lukes, "Invasions of the Market," in *Worlds of Capitalism: Institutions, Governance and Economic Change in the Era of Globalization*, ed. Max Miller (New York: Routledge, 2005).

35. A Singapore mother laments that she "raised a lawyer but lost a son" because their relationship throughout his growing years was dominated by her pushing him to do well academically, to the exclusion of more holistic caring, understanding, and communicating. Her son became a successful lawyer, but they have little to say to each other, let alone any kind of close relationship that could qualify for Confucian filiality.

36. Polanyi, *The Great Transformation*; Gray, *False Dawn*.

37. *Analects* 12.9, 16.1; *Mencius* 1A2, 1A4; *Xunzi* 9.5, 10.11, 10.13.

38. Bell, *Beyond Liberal Democracy*, chap. 6; Sor-hoon Tan, "Beyond Elitism: A Community Ideal for a Modern East Asia," *Philosophy East and West* 59, no. 4 (2009). See also Daniel A. Bell and Chenyang Li, eds., *The East Asian Challenge for Democracy: Political Meritocracy in Comparative Perspective* (New York: Cambridge University Press, 2013).

39. For examples of reformist proposals, see Mahbub ul Haq, Inge Kaul, and Isabelle Grunberg, eds., *The Tobin Tax: Coping with Financial Volatility* (New York: Oxford University Press, 1996); Kamal Malhotra, "Renewing the Governance of the Global Economy," in Bello, Bullard, and Malhotra, *Global Finance*, pp. 42–60; Susan George, "Clusters of Crisis and a Planetary Contract," http://www.tni.org/archives/archives_george_clusters (2001);

Anthony Giddens, ed., *The Global Third Way Debate* (Cambridge, UK: Polity, 2001); Joseph E. Stiglitz, *Making Globalization Work* (London: Allen Lane/Penguin, 2006; New York and London: W. W. Norton, 2006); Narcis Serra and Joseph E. Stiglitz, *The Washington Consensus Reconsidered: Towards a New Global Governance* (New York: Oxford University Press, 2008), part 3; Jose Miguel Andreu and Rita Dulci Rahman, *Global Democracy for Sustaining Global Capitalism* (New Delhi: Academic Foundations, 2009); Helmut Willke and Gerhard Willke, *Political Governance of Capitalism: A Reassessment beyond the Global Crisis* (Cheltenham, UK: Edward Elgar, 2012); Joseph E. Stiglitz and Mary Kaldor, eds., *The Quest for Security: Protection without Protectionism and the Challenge of Global Governance* (New York: Columbia University Press, 2013).