Chinese-style Taoist capitalism and the libertarian view of wealth

Understanding modern capitalism through a comparison of Taoist and libertarian economic thought

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Research background and objectives

- The role of Taoist thought in China's economic values

  The capitalist features of Taoism compared with existing Confucianism, Buddhism, and Christianity; analysis of the substantive differences and implications between Taoist capitalism and libertarian/neoclassical economics; the implications of the Taoist view of wealth in economic ethics for modern capitalism

- Examining the modern economic crisis and seeking alternatives through the relationship between circulation and freedom

Definition and characteristics of Taoist capitalism

- The Chinese traditional thought closest to capitalism

  It is the most popular religion in modern China, and modern China, which places material wealth as its foremost value, appears closer to a Taoist state than a Confucian one.

- Emphasis on wealth, the pursuit of material goods, saving, and practicality

  Taoism aligns with the Chinese aptitude for managing money (理財), and the gods of modern Taoist temples are filled with deities that govern wealth.

- Political and historical influence

  Mao Zedong relatively favored Taoism; Deng Xiaoping's reform and opening are connected to the flexibility of Taoism; modern China's economic system embodies elements of Taoist capitalism.

- Pursuit of practical wealth and adaptability

  The linkage of good deeds to future wealth through morality books (勸善書) and ledgers of merit and demerit (功過格), emphasizing a pragmatic attitude and adaptation to reality

Core principles of Taoist economic thought

- The economic cycle: circulation of production–circulation–distribution–saving

  Taoism regards 'saving' and 'circulation' in particular as central to economic development, emphasizing a philosophy of saving akin to the 'philosophy of water.'

- A small state with few people (小國寡民) — the minimal-state theory

  It regards a minimal, utility-oriented government as the ideal state, a view of the state similar to the libertarian economic outlook.

- Absolute equality before the Dao (道)

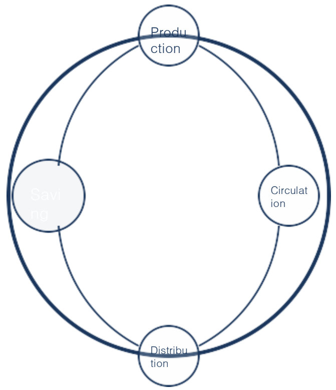
  Zhuangzi's theory of innate equality (天生平等說) connects to the libertarian view of absolute equality, such as equality before the law and equality before the market.

- A value theory centered on practical benefit

  A regard for practical benefit and an emphasis on utility, similar to the neoclassical theory of marginal utility, aiming at the efficient allocation of resources

- Emphasis on harmony with nature and circulation

  The principle of non-action and naturalness (無爲自然) is expressed in economic activity as a natural economic order achieved through saving and circulation.



Overview of comparison with the libertarian economic outlook

- ### The core of libertarian/neoclassical economics

  Respect for private property, minimal government, market autonomy, equality before the law/market, and a focus on individual freedom and utility value

- ### Commonalities with Taoist capitalism

  Respect for saving and freedom, economic efficiency, emphasis on the law of equal marginal utility, and orientation toward a minimal state

- ### Fundamental differences

  Taoism: the 'circulation of nature' is the foremost value; libertarianism: 'human freedom and interest' is the foremost value

- ### A relationship of tension in the modern sense

  Seeking a point of balance between the principle of nature's circulation and the principle of human freedom is the task of modern capitalism.

Taoist capitalism	Libertarianism
"Circulation first, freedom pursued"	**"Freedom first, circulation pursued"**

Historical influence — the exchange of Eastern and Western thought

- The transmission of Taoism to the West

  First introduced to Europe indirectly by Matteo Ricci, with its influence spreading through Song–Ming Neo–Confucianism

- Influence on economic theory

  Adam Smith's 'invisible hand' (non–action and naturalness), the neoclassical theory of marginal utility, and libertarian economic ethics

- Calvinism and the Taoist view of wealth

  Calvin's doctrine of predestination and acceptance of usury reflect the influence of the Taoist doctrine of exhorting good and its view of wealth, resembling the perspective of 'wealth as God's grace.'

- Intellectual lineage

  The Taoist thought of a small state with few people → the laissez–faire economic thought of Confucius and Mencius → the Wealth of Nations and laissez–faire of Calvin and Adam Smith

1585–1610
Matteo Ricci's activities in China — the beginning of the exchange of Eastern and Western thought

1564–1604
Calvin's activities — the doctrine of predestination and the acceptance of usury

1723–1790
Adam Smith — The Wealth of Nations and the invisible hand

1870s–
The development of neoclassical economics and the theory of marginal utility

> *"The Wealth of Nations, from its very title, derives from the Taoist policy of enriching the nation (富國) and strengthening its military, and 'laissez-faire' originated as a translation of the Taoist notion of governance through non-action."*

Comparison table: Taoist capitalism vs. libertarianism

Comparison item	Taoist capitalism	Libertarianism/neoclassical economics
Theory	X is -X; denial of the present, preparation for the future	Respect for freedom; the autonomy of individual choice
Key economic activity	Saving, the view of wealth, worship of wealth, and merit-based doctrine	Accumulation of private property and market exchange
View of the state	A small state with few people; realization of Great Peace	Minimal government; the night-watchman state
View of society	Rejection of artifice; emphasis on natural order	Exclusion of government intervention; the self-regulating market
View of equality	Equality before the Dao; the theory of innate equality	Equality before the law/market
Theory of value	Worship of practical benefit; adaptation like 'the highest good is like water'	Utility value; efficiency through adaptation
Representative thinkers	Laozi, Zhuangzi	Calvin, Adam Smith, Hayek, Friedman
Strengths	Stimulation of economic motivation; emphasis on circulation	Efficient allocation of resources
Problems	Nihilism and escapism arising from the denial of social institutions	Destruction of community through excessive respect for freedom; degeneration into gambling/casino capitalism
Fundamental difference	Primacy of circulation over freedom	Primacy of freedom over circulation

Circulation-centered

Human-centered

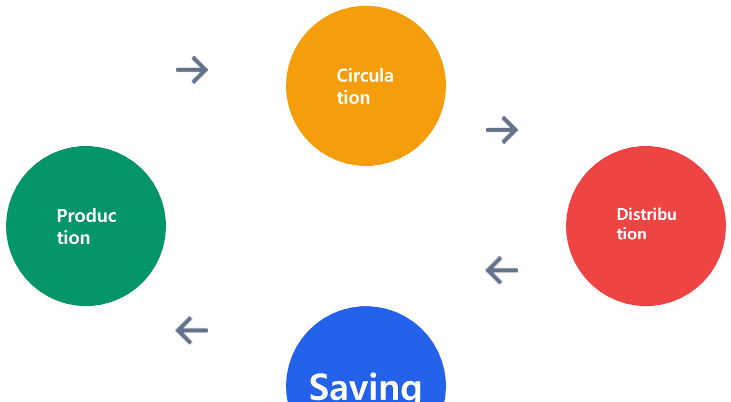
Differences between the two schools of thought from the perspective of economic activity

Taoist capitalism

- Emphasis on saving and circulation
  A 'religion of return' that emphasizes nothingness (無) and cessation (止)
- Emphasis on the order of nature
  Accumulation of economic resources through the philosophy of water and the thought of 'a small state with few people'
- Position within the economic cycle
  Focus on saving among production–circulation–distribution–saving, inducing circulation
- Core value: the primacy of circulation
  Prioritizing nature's cyclic order over human freedom

Libertarianism

- Emphasis on market autonomy and individual freedom
  Market functioning for the maximization of individual choice and interest
- Human-centered priority of interest
  Efficient allocation of resources through the maximization of marginal utility
- Position within the economic cycle
  Focus on distribution and circulation among production–circulation–distribution–saving
- Core value: the primacy of freedom
  Prioritizing human autonomy and choice over natural circulation



Modern significance and problems

Taoist capitalism

Strengths

- Practicality and adaptability to reality
- Emphasis on the principle of nature's circulation
- Stimulation of economic motivation and emphasis on saving

Problems

- The risk of drifting into the denial of social institutions and nihilism
- Degeneration into escapist thought when institutions are lacking
- The possibility of degeneration into gambling capitalism

Libertarianism

Strengths

- The autonomous efficiency of the market
- Respect for individual freedom and choice
- A mechanism for the efficient allocation of resources

Problems

- Destruction of community through excessive respect for freedom
- Pursuit of human interest alone, bringing about an ecological crisis
- Degeneration into gambling capitalism through excess freedom

Analysis of the crisis of modern capitalism

- The Calvinist view of wealth degenerated into gambling capitalism after the "death of God" (Nietzsche) and the "death of man" (the failure of communism).
- As money loses its cyclicity and becomes an end in itself, it loses social trust and function.
- The loss of balance between nature's circulation (Taoism) and human freedom (libertarianism) is the fundamental cause of the modern economic crisis.

Analysis of the phenomenon of gambling capitalism

- The transformation of the view of wealth: after the "death of God"

  A shift from Protestantism's emphasis on ascetic labor to the pursuit of conspicuous consumption and virtual satisfaction

- The changing meaning of money

  From a token of "salvation" to a token of others' desire, and now, having lost its cyclicity, becoming a religion in itself

- The loss of ideals in modern capitalism

  With the failure of communism came the loss of faith in humanity's ideals, degenerating into the imitation of others' desire

- Characteristics of gambling capitalism

  An emphasis on speculation and short-term profit, an absence of cyclicity, evolving into the form of "money for money's sake"

- Religious capitalism

  The phenomenon of religious blind faith, in which people do not resent capitalism even when they lose their goods

Solutions and implications

- Recovering cyclic harmony (Taoism) and autonomous responsibility (libertarianism)

  Taoist capitalism
  Respect for the principle of nature's circulation, vigilance against excess and deficiency, and prevention of excessive accumulation that hinders the flow of capital

  Libertarianism
  Recovering a sense of responsibility alongside individual freedom, and building an autonomous order grounded in conscience

- Re-establishing values to overcome gambling capitalism

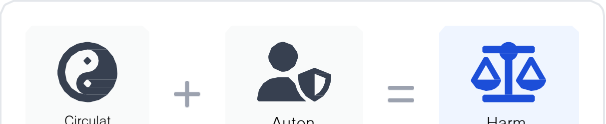
  Reflecting anew on the views of wealth and goods and recovering 'circulation,' and building an economic system that values the efficient 'flow' of goods over their monopolization

- Strengthening the social and ethical framework

  A balanced model combining the Taoist principle of 'the highest good is like water' (上善若水) with the minimal government of libertarianism — not hindering the flow while strengthening the ethical foundation

- Implications for the future economy

  A balance between artificial institutions and natural order, and the possibility of building a new economic model in which market autonomy and social circulation are harmonized



Conclusion and future tasks

Main conclusions

- The essential difference between Taoist capitalism and libertarianism

  Taoism has a fundamental difference in values, prioritizing the 'circulation of nature,' while libertarianism prioritizes 'human freedom.'

- The crisis of modern capitalism and Taoist insight

  The gambling-like degeneration and crisis of modern capitalism, which emphasized only freedom and ignored circulation

Future Tasks

- Seeking a balance between circulation and autonomy in economic theory and policy
- Research into a new economic paradigm that integrates the Taoist principle of circulation with the libertarian principle of autonomy

Research on modern applications

Developing an economic ethics that combines vigilance against excess and deficiency (Taoism) with the acknowledgment of responsibility for autonomy (libertarianism)