# Confucian capitalism and the utilitarian view of labor

An academic analysis of the background of late-twentieth-century Asian economic growth, Confucian capitalism, and the utilitarian view of labor

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# Presentation overview

# Background: the Asian economy and Confucian capitalism

## The rapid rise of the Asian economy in the late twentieth century

- The dominance of the world economy by Confucian-tradition countries such as China, Japan, Vietnam, and the Four Asian Dragons (Korea, Taiwan, Hong Kong, Singapore)
- A worldwide reappraisal began, asking whether Confucianism — once denounced as anti-modern thought — might in fact be superior to capitalism.

## The global spread of research on Confucian capitalism

- Research has proceeded centered on figures such as Tu Weiming of the Harvard-Yenching Institute in the United States, Morishima Michio of Japan, and Hahm Chaibong of Korea.
- The excellence of Confucian thought, distorted by Western Orientalism, is being reexamined one by one.
- Active academic discussion of the positive influence of Confucianism on the emergence and development of capitalism

## The theoretical foundations of Confucian capitalism

### Emphasis on creativity and innovation

- Confucianism is not a stale theory but a body of thought that emphasizes creativity, characterized by a driving creativity.
- An economic outlook that sprouts the seed formed through saving by means of innovation and creativity

### The core thought of the Great Learning (大學)

> *"Illustrious virtue (明德)" — "renewing the people (在新民)" — "renew yourself day by day (日新又日新)"*

- A development-oriented thought pursuing ceaseless self-renewal and progress
- Emphasis on human creativity and cyclic innovation

### The spirit of social community

- Human beings live by forming communities in order to circulate all things.
- **The formation of a utilitarian view of labor through structural innovation for the greatest happiness**

## The influence of Confucianism on Western economic thought

### Historical relationships of influence

- Adam Smith and Hume: research on, and reception of the influence of, Chinese economic thought
- Quesnay's agriculture-centered capitalism in Europe, which imitated Mencius's liberal economic thought

> *"Adam Smith was the last scholar of an age that described China as the economic center of the world."*

### The revolutionary transformation of economic thought

Altruism → Individual self-interest

Social development → The innovation theory of value

- **The concept of the invisible hand: a principle of market regulation influenced by the Confucian "Dao (道)."**
- The limitations of Western capitalism arose from an insufficient understanding of the Confucian cyclic economic outlook.
- Linear development (the West) vs. spiral development (the East): a difference in sustainability

## The core characteristics of Confucian capitalism

### 1. Key economic activity: centered on production and benevolence (仁)

- Among saving–production–circulation–distribution, production is emphasized the most.
- Among Mencius's benevolence and righteousness (仁義), benevolence (仁) — that is, production — is particularly valued.
- The pursuit of structural innovation through community and the greatest happiness of the greatest number

### 2. View of the state: a humanist approach

- Grounded in Confucius's humanist view of the state
- A concept of the state expanded from the spontaneity of kinship to an aspiration for humanistic cultivation
- A system that efficiently achieves the philosopher–king tradition and national wealth and military strength

# Analysis of the value theory of Confucian capitalism

## The innovation theory of value

- An emphasis on the value of human creativity that goes beyond labor value and utility value
- Confucianism pursues the creation of new value through ceaseless self-renewal.
- Schumpeter: "Innovation is the source of value, and a society without innovation can have no value."

## The theory of sign value

- The source of sign value also lies in circulation — the principle of fashion and complementary opposition (Daedae, 對待).
- **The aspect of qualitative value: sublimating the use value of Taoism and the exchange value of Buddhism into Confucian sign value**
- Modern late-capitalist society is the most efficient system for producing and consuming signs.

# Comparison with utilitarianism: strengths and problems

| Category | Confucian capitalism | Utilitarianism/Keynes-Schumpeter |
|---|---|---|
| History of influence | Influence on Adam Smith and Quesnay | Influence on the welfare state |
| Theory | Emphasis on creativity; 'renew yourself day by day (日新又日新)' | Effective demand; entrepreneurship |
| Key economic activity | Production, benevolence (仁), labor | Mass production for the greatest happiness of the greatest number |
| View of the state | A humanist view of the state | The welfare state |
| View of society/equality | The Great Unity society; the equality of Great Unity | Emphasis on collective efficiency |
| Theory of value | Sign value | The innovation theory of value |
| Representative thinkers | Confucius, Sima Qian | Bentham, Mill/Keynes, Schumpeter |
| Strengths | The humanization of community; innovation | Innovation; an occasion for community development |
| Problems | Group-oriented; uniformity | Infringement of individual human rights; disregard for qualitative distinctions |
| Differences | Circulation takes precedence over utility. | Utility takes precedence over circulation. |

# Conclusion and Implications

## The convergence of Confucian capitalism and the utilitarian view of labor

- Pursuing sustainable spiral development based on the cyclic economic outlook of the Yijing (易), rather than linear development
- Mutual complementation through the flexibilization of China's system and the strengthening of social-security systems in capitalist states

## Solutions and future tasks

- Developing measures for guaranteeing the interests of the weak and for mutual betterment (Sangsaeng) within the Confucian Three Bonds and Five Relations
- **Maintaining the collective efficiency of utilitarianism while strengthening mechanisms to guarantee individual rights and minority interests**
- Pursuing qualitative growth and the humanization of community through the coexistence of sign value and innovation value
- Building a new sustainable development model through the convergence of Western and Eastern economic thought