

LAISSEZ-FAIRE POLICY FROM *THE ECONOMIC PRINCIPLES OF CONFUCIUS AND HIS SCHOOL*

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By the word *laissez-faire*, we do not mean to imply that Confucianism leaves every thing wholly unregulated. It simply indicates that the Confucian socialism depends not upon any revolutionary force, but upon the development of the natural course of things; that human nature can be developed to perfection, and that there is no need of too many artificial laws to restrain it and to retard its progress, except in special cases. Universal equality, universal opportunity, and economic freedom are the most important doctrines of Confucius. The class system, monopoly, and the tariff, are the object of his condemnation. According to the true Confucian theory, a full chance is given to the people for their natural development. This is the way to realize Confucian socialism. On the one hand, we find that Confucianism is in favor of social legislation; on the other, we find also that it is in favor of the *laissez-faire* policy. They are both advantageous. Confucianism is the golden mean, and it never goes to extremes. What is fitted to the time or condition is the best. In a word, the Confucian social legislation is by means of moral, rather than governmental laws.

For the exact statement of the *laissez-faire* policy, we find a general economic principle given by Confucius himself. When Tzu-chang, his pupil, asks Confucius about the art of government, he enumerates for him the five excellent things. The first of them is "bounteousness without any cost." Tzu-chang asks again: "What is meant by bounteousness without any cost?" "Follow what is the profit of the people, and profit them," answers Confucius; "is this not bounteousness without any cost?" This statement is most general and comprehensive, and needs no particular explanation.

In the *Many Dewdrops of the Spring and Autumn*, Tung Chung-shu also expresses the principle of the *laissez-faire* policy as follows: "If a sage governs a state, he must follow the nature of heaven and earth, and the personal interest of the senses of man." This is the general policy of leading the economic life of the people in the natural way.

Among all the Confucians, Ssu-ma Chien is the one who advocates the *laissez-faire* policy most strongly. His theory is based on human wants. He says:

Before the time of Shen Nung (2287 B.K. or 2838 B.C.), I do not know; but since the dynasties of Yü and Hsia, told of by the Canons of *Poetry and History*, the ear and eye want to exhaust the fineness of sound and beauty; the mouth wants to exhaust the taste of meat; the body wants to be easy and pleasant; and the mind wants to be proud of the glory of power and ability. These economic wants have produced a general habit and have fixed the nature of the people for a very long time. Even though we should persuade them from door after door with a fine speech, we cannot change their habits. Therefore, the best policy is to follow the economic activities of man; the second is to lead them on profitably; the third is to teach them; the fourth is to regulate them; and the worst is to fight with them.

This is the basis of his theory. In a word, economic wants or self-interest, is the foundation upon which economic policy is based.

Then he comes to the process of production and says:

Society depends upon the farmer for the supply of food; upon the miner for the development of the mine; upon the artisan for the manufacturing of goods; and upon the merchant for the exchange of them. Has this

QUESTIONS

1. How does Rand describe money and its motivation?
2. According to her, how is money related to excellence and to human values?
3. Is money evil? Why or why not?
4. Is the love of money evil? Why or why not?
5. Why did she feel that money was the barometer of a society's virtue?
6. What does Rand feel is the connection between wealth and creativity?
7. What was Rand's opinion of Americans?

natural process anything to do with either political action, or religious teaching, or special order and meeting? It is simply that everyone respectively employs his own ability, and exhausts his own energy, in order to get what he wants. Therefore, when the commodity is cheap, it calls forth demand, and raises its price; and when it is dear, it calls forth supply, and lowers its price. Everyone respectively encourages his own occupation, and enjoys his own work. Such a natural thing is like the water drifting to the low place through day and night without any cessation. There is no one to call for it especially, but it comes itself; there is no one to demand it especially, but the people offer it themselves. Is it not the result of the natural law and the proof of the natural course?

The reason he is in favor of the *laissez-faire* policy is because he is afraid that the natural process of production would be interrupted if it were interfered with by the government. He quotes the four following sentences from the *Book of Chou*: "If there were no farmer, society would be in want of food; no artisan, it would be in want of business; no merchant, the three kinds of money [copper, silver, and gold] would disappear; no miner, wealth would be exhausted and insufficient."

He emphasizes the last sentence by saying that, if wealth were exhausted and insufficient, the natural resources of the mountains and marshes could not be developed. By this he points out the importance of capital. Then he concludes this quotation with the following remarks:

These four branches of production are the sources of the economic life of the people. When the sources are great, the people are rich; and when the sources are small, they are poor. Such sources are the causes for the enrichment, both of the state and of private families.

Here he means that there should be large production. If production be large, the sources of wealth are great, and it is good not only for the private families, but for the public as a whole. Therefore, the natural process of production should be left free, because it will bring great sources of wealth to society.

In regard to distribution, he says: "The reason why there are the rich and the poor is not by reason of taking something from the one and

giving it to the other. It is simply that the clever get more than sufficient, and the stupid get less than they need." Thus, the division of the people into rich and poor is merely the result of free competition.

After describing the different lives of rich men, and the various economic conditions of great cities, he continues as follows:

Among the common people generally, if a man's wealth is tenfold, the people respect him; if one hundredfold, they fear him; if one thousandfold, they serve him; and if ten thousandfold, they enslave themselves to him. It is the nature of things. Generally, if one wishes to acquire wealth from a poor condition, to be a farmer is not so good as to be an artisan; to be an artisan is not so good as to be a merchant; and to make embroidery is not so good as to speculate in the market. This means that the commercial and industrial occupations are the resorts of the poor.

According to this statement, Ssu-ma Chien admits that there is an inequality of wealth on account of free competition, yet he points out that the employment of the poor depends upon the rich.

Through the ages of Spring and Autumn and of Warring States to the beginning of the Han dynasty, the economic condition of China was very dynamic, and great capitalists were numerous. Great capitalists would control whole provinces; smaller ones, whole districts; and still smaller ones, whole towns. Their wealth was accumulated by different occupations, such as agriculture, animal-breeding, mining, manufacture, trade and commerce. Since there had been a great amount of production and of accumulation, Ssu-ma Chien believed in the *laissez-faire* policy.

However, he does not go to the extreme. In conclusion, he says:

When wealth is not confined to any certain occupation, goods have no permanent owners. They go to the efficient as all the trains come to the central station, and dissolve from the grasp of the inefficient as the tiles fall from the roof to the ground. A millionaire is equal to the prince of a feudal state, and a billionaire even enjoys the same pleasure as a king. Are they not the so-called titleless lords? No.

At the very end of the whole chapter, he puts this negative answer for the withdrawal of his

former statements. In fact, on the one hand, he likes large production, so that he thinks free competition is worth while; on the other hand, he hates unequal distribution, so that he employs sarcasm against the rich. To enlarge production and to equalize distribution is his final aim. Therefore, in his conclusion, he comes to the common point of the Confucians.

Taking Chinese history as a whole, we may say that the Chinese have enjoyed a great deal of economic freedom. Except for a few laws regulating consumption for social reasons, the people really do what they please. The fundamental cause is that, since the Chinese Empire is very large and its government is monarchical in form, it is impossible for the government to interfere closely with the economic life of the people. Therefore, although there are some laws respecting economic life, the people need not come in touch with them at all. In fact, the commercial community of the Chinese is governed by custom rather than by law.

III. DIVISIONS OF ECONOMICS

For the divisions of economics in the Confucian school, there is no passage more comprehensive than that in the "Great Learning." It reads: "There is a great principle for the increase of wealth: those who produce it should be many; and those who consume it, few. Those who create it should be rapid; and those who use it, slow. Then wealth will always be sufficient." According to this great principle, there are only two things, namely, production and consumption. While the terms many and few refer to the number of men, the terms rapid and slow refer to the process of production and consumption. This is a most comprehensive principle covering the whole field of economics.

This great principle makes production and consumption equal in rank, but recommends that production should be over and above con-

sumption. This is quite correct. If production were just equal to consumption, there could be not only no increase of production, but also no increase of consumption. The only means of extending consumption, is to produce wealth over and above the limit of consumption. This is the way to accumulate capital, and to make wealth always sufficient. Such terms as many and few, rapid and slow, are only comparative expressions. They mean that the consumers should be fewer than the producers, and the using of wealth slower than the creation of it. This does not mean that the consumers should be so few as to check the producers, and the using of wealth so slow as to block its creation. Should it mean this, it would be not only inadvisable, but also impossible.

This great principle holds true not only in ancient times, but also today. As the words many and few refer to the number of men, their meaning is self-evident, and needs no explanation. The word rapid, however, has great significance. It includes all the improvements in economic life. In short, all those things which can quicken the process of creating wealth are embraced. Therefore, time-saving machines, transportation and communication, the money and banking system, business organizations, etc., all are included in the principle that those who create wealth should be rapid. Hence, this sentence covers not only production, but also exchange and distribution.

According to Professor J.B. Clark, exchange is only a part of production, because it produces either form utility, or place utility, or time utility. Distribution is intimately linked with production, because distribution to each member is according to the amount he has contributed to the product. Indeed, production continues up to the time when consumption begins. Therefore, the "Great Learning" in dividing economics into two parts, instead of four, covers the whole ground. ♦