

Equilibrium in Classical Confucian “Economy”

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Received March 1st, 2012; revised March 30th, 2012; accepted April 10th, 2012

In a modern economy, “equilibrium” means that supply and demand is equal. It is at this point that the allocation of goods and services is at its most efficient, this being because the amount of goods and the amount of goods in demand are equally balanced. The market equilibrium therefore is determined by supply and demand. This paper looks at the concept of “equilibrium” in some of the early Confucian texts and its possible implications in economic activities. In the Confucian context equilibrium, or what can be termed as the ultimate equilibrium, is to be understood in a broader sense where balances and harmony at different levels (e.g. individual and society) need to be sought in order to achieve a model of sustainable development. The ultimate equilibrium may provide an alternative approach to social welfare and economic prosperity creating universal harmony and better living for humans. In Confucian ideology, governing for the welfare of the people is not merely a question of increasing personal income and wealth; it requires implementation on a priority basis, taking into consideration the formation of an orderly society based on the enforcement of moral and ethical standards with the existence of a benevolent government which appropriates things according to the principles of harmony and order to achieve what can be termed as the “great equilibrium”—equilibrium that is not simply defined by balanced economic forces as in modern economic theory; but rather is used to suggest an ideal state of harmony in self fulfilment and socio-political order through incentives and by appropriate means.

Keywords: Equilibrium; Economy; Confucianism

Introduction

In a modern economy, “equilibrium” means that supply and demand is equal. It is at this point that the allocation of goods and services is at its most efficient, this being because the amount of goods and the amount of goods in demand are equally balanced. The market equilibrium therefore is determined by supply and demand. This paper looks at the concept of “equilibrium” in some of the early Confucian texts and its possible implications in economic activities. In the Confucian context equilibrium, or what can be termed as the ultimate equilibrium, is to be understood in a broader sense where balances and harmony at different levels (e.g. individual and society) need to be sought in order to achieve a model of sustainable development. The ultimate equilibrium may provide an alternative approach to social welfare and economic prosperity creating universal harmony and better living for humans.¹

The modern Chinese term for economics, *jingji* 經濟, does not appear until the end of the nineteenth century. The words *jing* 經 and *ji* 濟 have been respectively taken from the *Zhouyi* 周易 (Book of Changes) and the *Xici* 繫辭 (Commentaries on the Hexagram) to give the connotation of *jingji* 經濟 (economy) in a Confucian context: *jing* 經 is understood as “sorting things out properly” or “governing” as in the statement “The superior man adjusts his measures of government as in sorting the threads of the warp and woof,” (君子以經綸) (Wang: p. 34) and *ji* 濟 is depicted as “helping” as in the sentence “His knowledge embraces all things, and his course is [intended to be] helpful to all under the sky” (周乎萬物而道濟

天下)² (Wang: p. 267).

One may doubt the relevance of the term “*jingji*” 經濟 in Early China—and even in a considerably large part of pre-modern Chinese history—to that of “economy” in its modern sense.³ It is not my intention to provide a detailed discussion of the distinction between the two. This would require us to trace the development of the connotation of *jingji* down to the point at which it began to circulate as a term for economy in its significantly recognizable modern sense. The meanings of *jing* and *ji* in classical Confucian texts, nevertheless, serve to highlight my point, that is, economic activities have not been a separate component in government administration—the combined reading of the two characters signifies the administration of one’s government for the benefit of the people (*jing shi ji min* 經世濟民), and indicates the wider area of a Confucian ruler’s responsibilities and duties in satisfying the varied purposes of human existence; it involves more than the use of scarce resources in the provision of goods to satisfy wants, as is meant by the modern term “economic activities”.⁴ In Confucian ideology, governing for the welfare of the people is not merely a question of increasing personal income and wealth for material good; it requires implementation on a priority basis, taking into consideration the formation of an orderly society based on

²See, (Chen, 2002: p. 9).

³It is to be noted that as late as the Han Dynasty, the term with relatively strong relevance to economy was “*huozhi*” 貨殖, as seen in Sima Qian’s 司馬遷 *Records of the Grand Historian*.

⁴A similar term also appears in the *Baopuzi* (《抱朴子·審舉》) dated to the Eastern Jin period. It is said: “故披洪範而知箕子有經世之器, 覽九術而見範生懷治國之略。” Then in 《晉書·殷浩傳簡文(司馬昱)答書》: “足下沈識淹長, 思綜通練, 起而明之, 足以經濟。”

¹The word “Classical” in the title suggests most primary texts used and my scope of exploration are based on classical Confucian texts.

the enforcement of moral and ethical standards with the existence of a benevolent government which appropriates things according to the principles of harmony and order to achieve what we can term as the “great equilibrium”—equilibrium that is not simply about achieving a state of balance between the economic forces of supply and demand; but rather is used to suggest an ideal state of balance through incentives and by appropriate means that strives for the harmonious coexistence of all things, for prosperity, and for the general wellbeing of the people.

It is well known that the Confucian gentleman’s ultimate goal is the pursuit of the Way and morality, and that the general welfare of the people has never been a separate task from the inculcation of moral sensibilities in the people. By applying the principles of appropriateness (*yi* 義), it imposes a kind of order that sustains the prosperity and general wellbeing of the ruled. This can be deemed as an alternative model of social welfare or polity, firmly grounded on the Confucian concepts of equilibrium, correctness, harmony or balance and with the objective of governing and bringing prosperity to all. The implementation of these principles is through education and cultivation of the minds of the people so that they might regulate and refine their desires in a way appropriate to the search for and enhancement of satisfaction.

An Alternative Model of Social Welfare and Economic Prosperity: Profit vs Morality?

In classical Confucian texts, the need of material welfare and the quest for a better life is acknowledged.⁵ The emphasis is often placed on the ruler and his government’s parental role in caring for the common people. Natural resources generated by Heaven and Earth are not for the exclusive use of any particular individual or group of people, but for the benefit of as many people as possible. The ruler should distribute the wealth in such a way that goods and materials can be properly utilized.⁶ Any form of monopoly should be condemned as an act of robbery.⁷ The fulfilment of the people’s need to be fed, clothed, sheltered, and of their need for a prosperous life is thus deemed as an integral part of a system of social welfare. The implementation of the system of welfare, however, is part of the *holistic continuum* of social order and cosmic harmony under Confucian government.⁸ The *Book of History* defines the obligations of a virtuous government to be the nurture of the people:

The virtue [of the ruler] is seen in [his] good government, and that government in the nourishing of the people. There is water, fire, metal, wood, the earth, and grain; these must be duly regulated. There is the rectification of [the people’s] virtue, [the tools and other things] that supply the conveniences of life, and the securing of abundant means of sustenance; these must be harmoniously attended to (德惟善政, 政在養民. 水, 火, 金, 木, 土,

⁵This can be confirmed from a statement in *Lunyu* 論語, “Riches and honours are what men desire,” and it is reinforced by another statement in the same text in which the Master claims that he would become a groom with whip in hands to gain riches and success. Throughout this paper, I will adopt Legge’s translation for the early texts unless stated otherwise.

⁶夫利, 百物之所生也, 天地之所載也, 而或專之, 其害多矣. 天地百物, 皆將取焉, 胡可專也?... 夫王者, 將導利而布之上下者也, 使神人百物無不得其極. (*Guoyu*, “Zhouyu Shang”).

⁷匹夫專利, 猶謂之盜, 王而行之, 其歸鮮矣. (*Guoyu*, “Zhouyu Shang”).

谷, 惟修; 正德, 利用, 厚生, 惟和.)⁹

The Confucian nostalgic yearning for the practice of the ancient sage kings points to the ultimate role of the government as one of civilizing the people, and of establishing social institutions based on proper human relations: mutual respect, division of labour, pluralism, natural hierarchy and most importantly, peaceful coexistence.¹⁰

In the ideal Confucian society of harmonious coexistence, a promising future of personal wealth and social economic growth is expected. However, in terms of the quest for personal interest or profit, how far one should go, and what sorts of regulations should there be emerge as key questions? According to Confucian ideology, it is about the practice of the principle of appropriateness based on ethical values. The government, in principle, makes economic decisions based on the moral order and is oriented towards serving the common good.

Confucius believed social disruption and economic poverty was largely due to moral inadequacy resulting in improper attainment of individual benefits. In other words, the basic rule in the art of governing is to find a balance between individual rights and public interest and to reconcile the tension between individual desire and social harmony in a humane way.¹¹ In this sense, *ren* 仁 (humanism [humanity?]) and *yi* 義 (appropriateness) have often been emphasized over *li* 利 (profit). The following is the opening passage in the *Works of Mencius*, in which King Hui of Liang 梁惠王 asks Mencius for counsel to profit his kingdom:

⁸For instance, when Zi Gong 子貢 asked about the art of governing, Confucius replied “The requisites of governing are that there be sufficiency of food, sufficiency of military equipment, and the confidence of the people in their ruler.” (子貢問政. 子曰: “足食. 足兵. 民信之矣.”); “What he (that is, the ruler) attached chief importance to were the food of the people, the duties of mourning, and sacrifices. By his generosity, he won all. By his sincerity, he made the people repose trust in him. By his earnest activity, his achievements were great. By his sincerity, he made the people repose trust in him. By his earnest activity, his achievements were great. By his justice, all were delighted.” (所重: 民, 食, 喪, 祭. 寬則得眾, 信則民任焉, 敏則有功, 公則說.) (*Lunyu*, “Yaoyue”). For Mencius, governing the people does not end in providing good living condition. Rather, material livelihood serves as the main base for committing people to moral principles that will reinforce social stability; he was aware that the common people need to be assured of good living conditions before they can develop morality. When the Duke of Wen of Teng 滕文公 asked Mencius about the way of governing a kingdom, Mencius replied “The way of the people is this: If they have a certain livelihood, they will have a fixed heart; if they have not a certain livelihood, they have not a fixed heart. If they have not a fixed heart, there is nothing which they will not do in the way of self-abandonment, of moral deflection, of depravity, and of wild license.”

⁹The “*Dayu Mo*” (Counsels of the Great Yu), the *Book of History*.

¹⁰One of the most succinct accounts is in the *Works of Mencius*: “...But men possess a moral nature; and if they are well fed, warmly clad, and comfortably lodged, without being taught at the same time, they become almost like the beasts. This was a subject of anxious solicitude to the sage Shun, and he appointed Xie to be the Minister of Instruction, to teach the relations of humanity: how, between father and son, there should be affection; between sovereign and minister, righteousness; between husband and wife, attention to their separate functions; between old and young, a proper order; and between friends, fidelity. The high meritorious sovereign said to him, ‘Encourage them; lead them on; rectify them; straighten them; help them; give them wings - thus causing them to become possessors of themselves. Then follow this up by stimulating them, and conferring benefits on them.’ When the sages were exercising their solicitude for the people in this way, had they leisure to cultivate the ground?” (...人之有道也, 飽食, 煖衣, 逸居而無教, 則近於禽獸. 聖人有憂之, 使契為司徒, 教以人倫: 父子有親, 君臣有義, 夫婦有別, 長幼有序, 朋友有信. 放勳曰: “勞之來之, 匡之直之, 輔之翼之, 使自得其, 又從而振德之.” 聖人之憂民如此, 而暇耕乎?) (Mengzi, “Teng Wengong I”).

Mencius replied, Why must your Majesty use that word “profit?” What I am provided with, are counsels to benevolence and righteousness, and these are my only topics. If your Majesty says, “What is to be done to profit my kingdom?” the great officers will say, “What is to be done to profit our families?” and the inferior officers and the common people will say, “What is to be done to profit our persons?” Superiors and inferiors will try to snatch this profit the one from the other, and the kingdom will be endangered. In the kingdom of ten thousand chariots, the murderer of his sovereign shall be the chief of a family of a thousand chariots. In the kingdom of a thousand chariots, the murderer of his prince shall be the chief of a family of a hundred chariots. To have a thousand in ten thousand, and a hundred in a thousand, cannot be said not to be a large allotment, but if righteousness be put last, and profit be put first, they will not be satisfied without snatching all. There never has been a benevolent man who neglected his parents. There never has been a righteous man who made his sovereign an after consideration. Let your Majesty also say, “Benevolence and righteousness, and let these be your only themes.” Why must you use that word “profit?” (“王何必曰利? 亦有仁義而已矣。王曰 ‘何以利吾國?’ 大夫曰 ‘何以利吾家?’ 士庶人曰 ‘何以利吾身?’ 上下交征利而國危矣。萬乘之國弑其君者, 必千乘之家; 千乘之國弑其君者, 必百乘之家。萬取千焉, 千取百焉, 不為不多矣。苟為後義而先利, 不奪不饜。未有仁而遺其親者也, 未有義而後其君者也。王亦曰仁義而已矣, 何必曰利?”) (*Mengzi*, “Liang Hui Wang I”)

One may tend to take the above as a view of the dichotomy between righteousness and profit, a cliché of the Confucian

¹¹For instance, Confucius once said “Riches and honours are what men desire. If it cannot be obtained in the proper way, they should not be held.” (富與貴是人之所欲也, 不以其道得之, 不處也; 貧與賤是人之所惡也, 不以其道得之, 不去也。) The Master said, “The object of the superior man is the Way. Food is not his object. There is ploughing—even in that there is sometimes want. So with learning—emolument may be found in it. The superior man is anxious lest he cannot attain the Way; he is not anxious lest poverty should come upon him.” (子曰: “君子謀道不謀食。耕也, 餒在其中矣; 學也, 祿在其中矣。君子憂道不憂貧。”) And, The Master said, “With sincere faith he unites the love of learning; holding firm to death, he is perfecting the excellence of his course. Such a one will not enter a tottering state, nor dwell in a disorganized one. When right principles of government prevail in the kingdom, he will show himself; when they are prostrated he will keep concealed. When a country is well governed, poverty and a mean condition are things to be ashamed of. When a country is ill governed, riches and honor are things to be ashamed of.” (子曰: “篤信好學, 守死善道。危邦不入, 亂邦不居。天下有道則見, 無道則隱。邦有道, 貧且賤焉, 恥也; 邦無道, 富且貴焉, 恥也。”) Also, *Lunyu*: “Riches and honours acquired by inappropriateness are to me as a floating cloud.” (不義而富且貴, 於我如浮雲。) For instance, Confucius has reminded us that “A man who aims to be a man of complete virtue in his food does not seek to gratify his appetite, nor in his dwelling place does he seek the appliances of ease;” (君子食無求飽, 居無求安, 敏於事而慎於言, 就有道而正焉, 可謂好學也已。) “The mind of the superior man is conversant with righteousness (appropriateness); the mind of the mean man is conversant with gain;” (君子喻於義, 小人喻於利.), and, “He who acts with a constant view to his own advantage will be much murmured against.” (放於利而行, 多怨。) Furthermore, it is said somewhere in the *Analects*: The Master seldom spoke on profitableness. He approved only the Mandate of Heaven and humanity. (子罕言利, 與命, 與仁。) Namely, a man of noble character acquires his wealth by honourable means implemented by ethical values, in which the prevailing ideology is the virtue of benevolence or humaneness (*ren* 仁), a subject matter, which Confucius himself seldom spoke about in accordance with profitableness and the mandate of Heaven.

denunciation of material gain as moral failure. However, this fails to make the distinction between individual gain or self regarding interest (exemplified by the word *wu* 吾) and the common good based on benevolence and appropriateness. Furthermore, following on from the emphasis on the common good, one should set the pursuit of material goods within the boundaries of moral standards and the principle of appropriateness. Profit should only be sought based on the application of rules of propriety. Appropriateness in the Confucian tradition is imbued with ethical values, which reframe the perception of the word “profit”. Mencius affirms that if self profit were to be privileged over appropriateness, all would not be satisfied without snatching all. For the same reason, a ruler and his government should exemplify by orienting their motivation towards benevolence and propriety when attending all affairs.¹² Mencius is not objecting to economic activity, but rather reducing the king’s concern with improving his kingdom to a blind pursuit of selfish advantage that will lead to the breakdown of social harmony. This suggests that there are two kinds of profit. One is small profit (*xiaoli* 小利), which acts out of egoism and is immediately tangible and beneficial to personal welfare. The other is great benefit or common good (*dali* 大利 or *tianxia li* 天下利), which takes the welfare of the people as its point of departure and is embedded with the concept of appropriateness and with the inculcation of ethical values.¹³ Obviously, the “great profit” in a Confucian tradition implies the benefits that are of interest to the people and the human community. Therefore, a benevolent ruler should “make more beneficial to the people the things from which they naturally derive benefit,” (因民之所利而利之) (*Lunyu*, “Yaoyue”) and “confer extensive benefits on the people and be able to assist them” (博施於民而能濟眾) (*Lunyu*, “Yongye”). *Li* (benefit) has its moral validity and is considered as an exercise of benevolence if it generates wealth and contributes to the wellbeing of the people.

The Implementation of the Principle of Equilibrium

It is not possible to improve the livelihood of the people—a crucial concept in Confucian economics—without a proper and legitimate political process for enriching and cultivating the people. Underlying this goal is the concept of equilibrium and centrality as attested in various Confucian texts.¹⁴ A Confucian ruler is expected to provide moral guidance through clearly displaying his moral excellence which is to maintain the cosmic balance and the all important harmony between all things. He

¹²When Song Keng 宋輕 was about to go to Chu to seek for a ceasefire agreement with the scope of trying to persuade them the unprofitable course in the war, Mencius proposed that Keng should start from the ground of benevolence and appropriateness rather than profit taking. (*Mengzi*, “Gaozi II”).

¹³The term “tianxia li” appears in the *Xici*: “崇高莫大乎富貴, 備物致用, 立成器以為天下利, 莫大乎聖人.” Confucius has reminded us that “one should not be desirous to have things done quickly; should not look at small profits. Desire to have things done quickly prevents their being done thoroughly. Looking at small profits prevents great affairs from being accomplished.” (無欲速, 無見小利。欲速, 則不達; 見小利, 則大事不成。) (*Lunyu*, “Zilu”).

¹⁴These include, for example, the “Doctrine of the Mean” of the *Liji* (the *Book of Rites*), attributed to Zisi (or Kong Ji), Confucius’ grandson. The discussion of the concept of equilibrium and centrality also appears in the newly discovered bamboo text of the *Baoxun* (Admonition for Preservation) dated to the Warring States (475-221 BC) period, acquired by Tsinghua University in 2008.

does this not only by rectifying his mind but also through setting up social institutions, regulations, and measurements which enable him to put things in good order and with their correct names. The ruler is responsible for engineering and ensuring the smooth operation of social institutions and the cosmic order. This is achieved through satisfying the common people's desires by reigning humanly and providing care and regulations. The ultimate function of social institutions is to bring harmony among all things between Heaven and Earth, in accordance with their natural characters, so that all can coexist and endure.¹⁵ Equilibrium and harmony are thus considered the source of all life and creativities. When things are harmonized, their nature and relationships with others are well defined and recognized, so that they can live, transform, and develop to their full potential without transgressing the principles of balance and propriety. Ensuring harmony and coexistence of all things requires proper order and regulations underlying this ultimate goal. Equilibrium in a Confucian context is closely related to putting things in proper order. Indeed, by means of setting himself as an ideal exemplar situated in the centre, the ruler will draw people from different directions to him by providing proper guidance with the principles of correctness and harmony; the ruler should exemplify the principle of equilibrium by not exerting undue pressure nor interfere in the workings of the cosmos in a violent and disproportionate manner; his activities will only remain satisfactory so long as he conforms to the principles of equilibrium, bringing harmony and balance to the natural order of creation. He should take positive steps to control violence and avert disruptive change. His sole intention is to maintain the balance in the socio-political world. This process, which serves to promote and balance the wellbeing of the individual and society, is also reflected in a conversation between Confucius and Zizhang:

Zi Zhang asked Confucius, saying, "In what way should a person in authority act in order that he may conduct government properly?" The Master replied, "Let him honour the five excellent, and banish away the four bad things; then may he conduct government properly." Zi Zhang said, "What are meant by the five excellent things?" The Master said, "When the person in authority is beneficent without great expenditure; when he lays tasks on the people without their repining; when he pursues what he desires without being covetous; when he maintains a dignified ease without being proud; when he is majestic without being fierce." Zi Zhang said, "What is meant by being beneficent without great expenditure?" The Master replied, "When the person in authority makes more beneficial to the people the things from which they naturally derive benefit—is not this being beneficent without great expenditure? When he chooses the labours which are proper, and makes them labour on them, who will repine? When his desires are set on benevolent government, and he secures it, who will accuse him of covetousness? Whether he has to do with many people or few, or with things great or small, he does not dare to indicate any disrespect—is not this to maintain a dignified ease without any pride? He adjusts his clothes and cap, and throws a dignity into his

looks, so that, thus dignified, he is looked at with awe—is not this to be majestic without being fierce?" Zi Zhang then asked, "What are meant by the four bad things?" The Master said, "To put the people to death without having instructed them, this is called cruelty. To require from them, suddenly, the full tale of work, without having given them warning, this is called oppression. To issue orders as if without urgency at first, and when the time comes, to insist on them with severity, this is called injury. And, generally, in the giving pay or rewards to men, to do it in a stingy way, this is called acting the part of a mere official." (子張問於孔子曰：“何如斯可以從政矣？”子曰：“尊五美，屏四惡，斯可以從政矣。”子張曰：“何謂五美？”子曰：“君子惠而不費，勞而不怨，欲而不貪，泰而不驕，威而不猛。”子張曰：“何謂惠而不費？”子曰：“因民之所利而利之，斯不亦惠而不費乎？擇可勞而勞之，又誰怨？欲仁而得仁，又焉貪？君子無眾寡，無小大，無敢慢，斯不亦泰而不驕乎？君子正其衣冠，尊其瞻視，儼然人望而畏之，斯不亦威而不猛乎？”子張曰：“何謂四惡？”子曰：“不教而殺謂之虐；不戒視成謂之暴；慢令致期謂之賊；猶之與人也，出納之吝，謂之有司。”) (*Lunyu*, “Yaoyue”).

When the principle of equilibrium applies in economic activities, it means moderation and appropriation in expenditure. Confucius opposes extravagance and excess and promotes the idea of “being moderate in expenditure, and showing love for men; mobilizing the employment of the people at the proper seasons” (節用而愛人，使民以時) (*Lunyu*, “Xue'er”). Likewise, the ruler's priority is to help the unfortunate rather than add to the wealth of the rich.¹⁶ After Confucius, Xunzi also urges “strengthening the root and moderating the use of goods” (彊本而節用) and “ensuring food supplies and moving in accordance with the seasons” (養備而動時) (*Xunzi*, “Tianlun”). That is, resources should be expended only for the benefit of the people, and that the people should be mobilized in accordance with the seasons so that agricultural production will not be interfered with. In the Chapter of “On Enriching the State” (*Fuguo*) of the *Xunzi* we have:

Moderate the use of goods, let the people make a generous living, and be good at storing up the harvest surplus. Moderate the use of good by means of ritual principles, and let the people make a generous living through the exercise of government. Such moderation in the use of goods will cause overflowing surpluses and allow the people to make a generous living. If the people are allowed to make a generous living, they will become rich. If the people are rich, their fields will be fat because they are well cultivated. If the fields are fat and well cultivated, they will bear a harvest a hundred times over... (Knoblock, 1990: p. 122). (節用裕民，而善臧其餘。節用以禮，裕民以政。彼裕民，故多餘。裕民則民富，民富則田肥以易，田肥以易則出實百倍。) (*Xunzi*, “Fuguo”).

Enriching a state is not simply achieved through increasing

¹⁵In Confucian tradition, putting things in order is closely related in harmonizing the relationship between things. As pointed out by Confucius' disciple You Ruo, the harmonization functions of *li* is the [most valued]. (*Lunyu*, “Xue Er”).

¹⁶Zi Hua being employed on a mission to Qi, the disciple Ran requested grain for his mother. The Master said, “Give her a *fu*.” Ran requested more. “Give her a *yu*,” said the Master. Ran gave her five *bing*. The Master said, “When Chi was proceeding to Qi, he had fat horses to his carriage, and wore light furs. I have heard that a superior man helps the distressed, but does not add to the wealth of the rich.” (子華使於齊，冉子為其母請粟。子曰：“與之釜。”請益。曰：“與之庾。”冉子與之粟五秉。子曰：“赤之適齊也，乘肥馬，衣輕裘。吾聞之也，君子周急不繼富。”)

economic power; sustainable development lies in establishing ethical practices in a society through the observance of the rules of propriety, through proper labour division to ensure a balance between producers and consumers, and through maintaining the distinction between “root” (*ben* 本) and “branches” (*mo* 末) and applying the principle of source and outflow—moderation in expenditure and in the opening up of sources (Knoblock, 1990: pp. 134-135).

For Confucians, the socio-political problem stems from lack of morality and improper distribution of goods and services. Hence, economic equilibrium in the Confucian mind is less concerned with scarcity of goods but more with uneven distribution, less with poverty but more with discontent. Therefore, “the lord of a state or a family concerns himself not with scarcity but rather with uneven distribution, not with poverty but with discontent. For where there is even distribution there is no poverty, where there is harmony there is no scarcity, where there is contentment there is no overthrowing. Thus when the people afar are un-supporting bring them round through civil culture and virtue. Having brought the people round, make them content.” (…有國有家者，不患寡而患不均，不患貧而患不安。蓋均無貧，和無寡，安無傾。夫如是，故遠人不服，則修文德以來之。既來之，則安之) (*Lunyu*, “Jishi”).¹⁷ Here, the core value of equilibrium is expressed in the words *jun* 均 (equitable), *he* 和 (harmony), and *an* 安 (settled, content). Equilibrium is not simply a matter of equalizing the share of goods and services, but rather of ensuring contention and creating peace and harmony through cultivating and manifesting in the people with civil culture and virtue. With the objective of expanding the wealth of people, equalizing the wellbeing of people, and benefiting the needs of people, it creates a harmonious interaction between the state and its people and a balanced coexistence among all, thus the integrity of moral cultivation and economic prosperity is sought.

Education and Observance of *Li* as Means of Regulating Human Desires and Proper Distribution of Goods and Services

As mentioned above, harmony and balance is essential to the source of life and all activities and is rooted in innate centrality and equilibrium. Manifest in human character, equilibrium and harmony are an inner state in which human sentiments and feelings are properly cultivated and expressed.¹⁸ To realize harmony within and without, individuals are required to play an active and creative role when interacting with the world and manifesting their own nature. In terms of economics practice, it is necessary to adjust the desires of the people and to achieve equilibrium between the individual’s desires and social benefit through cultivation and education. It is the government’s responsibility to educate people as well as to increase populace and to enrich them. Once the people’s physical needs have been fulfilled and their personal welfare has been increased, the next stage in the Confucian welfare scheme is to teach and cultivate in order to seek a balance between personal and state interests.¹⁹

What our heart desires and what makes us content are the most natural and strongest motivational forces. Believing that self motivation is the ultimate source in driving one’s decisions and actions, early Confucians urge us to cultivate proper atti-

tudes and mental states.²⁰ Emotions and feelings can be morally desirable or undesirable. They can lead us astray, just as they can set us on the path towards moral development. Rather than concluding from this that one should marginalize emotions in moral life, Confucius accepts emotions, feelings, and thoughts for the role that they play in moral development, as well as demanding proper acquisition, control, and direction of emotions and feelings. Confucius points out that one’s emotional and evaluative responses to one’s moral development are crucial in accomplishing the task of cultivation. Confucius’ ideas on moral emotion stress motivation and commitment in moral principle, expressed, for example, in terms of “joy” (*yue* 悅), “feeling at ease” (*an* 安), or “taking pleasure” (*yao* 樂).²¹ Therefore, although the Confucians acknowledge man’s natural desire for food and his basic welfare needs, they believe that such desires can and should be modified so that one can make appropriate decisions and achieve balance in the distribution of material goods and access to resources; it is assumed that men can manage impulsive detrimental desires if they are made to realize the “preferred desire” or incentives for a long term, or greater benefit, reward. This process of self control is not about becoming zealous and suppressing all desires; rather it is about the ability to go in a different direction, and live up to some of the other preferences that we have. Thus this can involve what can be called “pre-commitment,” “anticipation,” and “delayed gratification”.²²

To the Confucians, the function of *li* (rules of propriety, ritualized practice) is to nurture appropriate desires and stimulate a subjective willingness to participate in the economy according to one’s proper role, abiding by ethical standards and avoiding social crises while basic human needs are being met. Xunzi gives a detailed schema evolving around the conflict of material scarcity and excessive human desire (for material gain) (欲多而物寡) (*Xunzi*, “Fuguo”). He realized that such a desire tends to excess and has no clear end and eventually compels us to compete, creating strife and social disorder. Poverty arises from unregulated desires which lead to contention and disorder. Instead of denying *yang* it is necessary to adjust men’s motivation (including *yang* 養 or nurturing the proper desires) by providing correct guidance. When the balance and equilibrium between men’s desires (demand) and the provision of material (supply) to satisfy these desires is achieved, goods are put to

¹⁹Thus when the Master went to Wei, You acted as driver of his carriage. The Master observed, “How numerous are the people!” You said, “Since they are thus numerous, what more shall be done for them?” “Enrich them,” was the reply. “And when they have been enriched, what more be done?” The Master said, “Teach them.” (子適衛，冉有僕。子曰：“庶矣哉！”冉有曰：“既庶矣，又何加焉？”曰：“富之。”曰：“既富矣，又何加焉？”曰：“教之。”) (*Lunyu*, “Zilu”).

²⁰I discussed this in my conference paper “Confucius’ View on Human Nature and Moral Cultivation: A Discussion on the *Analects*,” presented at the 15th International Conference of Chinese Philosophy held in Wuhan University, China, in 2007. Confucius, Mencius and Xunzi all share the view that we should direct our desires towards moral principles, although different terms are used in their texts. Confucius emphasised *ren*, Mencius *yi* and Xunzi *li*. Here, one can argue that early Confucians did not take self-interest by itself as “bad”. It is, however, when wealth is in conflict with moral principles that the latter should become the priority. Mencius’ “fish and bear paw” metaphor makes this explicit; he declares that he would love to have both wealth and rightness, but would give up wealth for rightness if he had to make a choice.

²¹Also see (Liu, p. 178).

²²See, Daniel Akst, *We Have Met the Enemy: Self Control in an Age of Excess*.

¹⁷While Legge took that the word “gua” to mean small number of people, it makes more sense to refer to scarcity of goods and resources.

¹⁸“When these feelings are aroused and each and all attain due measure and degree, it is called harmony.” (Chan, 1963: p. 98)

their best use and men are content.²³ Xunzi's discussion of the function of *li* explains this:

How did ritual principles arise? I say that men are born with desires which, if not satisfied, cannot but lead men to seek to satisfy them. If in seeking to satisfy their desires men observe no measure and apportion things without limits, then it would be impossible for them not to contend over the means to satisfy their desires. Such contention leads to disorder. Disorder leads to poverty. The Ancient Kings abhorred such disorder; so they established the regulations contained within rituals and moral principles in order to apportion things, to nurture the desires of men, and to supply the means for their satisfaction. They so fashioned their regulations that desires should not want for the things which satisfy them and goods would not be exhausted by the desires. In this way the two of them, desires and goods, sustained each other over the course of time. This is the origin of ritual principles (Knoblock, 1994: p. 55). (禮起於何也? 曰: 人生而有欲, 欲而不得, 則不能無求. 求而無度量分界, 則不能不爭; 爭則亂, 亂則窮. 先王惡其亂也, 故制禮義以分之, 以養人之欲, 給人之求. 使欲必不窮於物, 物必不屈於欲. 兩者相持而長, 是禮之所起也.) (Xunzi, "Lilun").

The rules of propriety are not only applied to the distribution of goods and services but also establish a system of social hierarchy and occupational classification, so that distinct roles will be played by members of society. Making distinctions in individual roles is necessary in the first place to prevent disorder and confusion: It is inborn nature that human beings find it impossible not to form societies. If they form a society in which there are no class divisions, strife will develop. If there is strife, then there will be social disorder; if there is social disorder, there will be hardship for all. Hence, a situation in which there are no class divisions is the greatest affliction mankind can have. A situation in which there are class divisions is the most basic benefit under Heaven. (人之生不能無群, 群而無分則爭, 爭則亂, 亂則窮矣. 故無分者, 人之大害也; 有分者, 天下之本利也.) (Knoblock, 1990: p. 123). When men recognize their positions and duties, guided by the rules of propriety, they are expected to fulfil their roles and make contribution to the economy. By doing so, order, coexistence, and abundance will be ensured. When this happens, not only the economic problem of scarcity is essentially solved but through it men gain satisfactions through fulfilling their roles properly. This is what referred to as "perfect peace":

To be as honoured as the Son of Heaven and to be as

²³As pointed out by some, while much of human history has been devoted to dealing with scarcity, the 21st century is posing quite a different challenge – how to deal with excess. See Daniel Akst, *We Have Met the Enemy: Self Control in an Age of Excess*. Scribe Press. It is interesting to relate this to a film "The Gods Must be Crazy", which is about an African bushman and his tribesmen's experience of a Coke bottle. Xi and his band of bushmen relatives are living well off the land in the Kalahari Desert. They are happy because no one in the tribe has unfulfilled wants. One day, a glass Coke bottle is thrown out of an airplane and falls to earth unbroken. Initially, this strange artifact seems to be a gift from the gods. But unlike anything that they have had before, there is only one bottle to go around. This exposes the tribe to a hitherto unknown phenomenon, property, and they were soon led to competition, greed, anger, fights, and violence. Xi decides that the bottle is an evil thing and must be thrown off of the edge of the world. The story suggests the necessity of eliminating external factors that may arouse improper human desire.

wealthy by possessing the whole world—this natural human desire is shared by all men alike. But if all men gave free rein to their desires, the result would be impossible to endure, and the material goods of the whole world would be inadequate to satisfy them. Accordingly, the Ancient Kings acted to control them with regulations, ritual, and moral principles, in order thereby to divide society into classes, creating therewith differences in status between the noble and base, disparities between the privileges of age and youth, and the division of the wise from the stupid, the able from the incapable. All of this caused men to perform the duties of their station in life and each to receive his due; only after this had been done was the amount and substance of the emolument paid by grain made to fit their respective stations. This indeed is the Way to make the whole populace live together in harmony and unity. Accordingly, when a humane man occupies the highest position, farmers labour with all their energy to exhaust the potential of their field, merchants scrutinize with keen eyes to get the utmost from the goods, the various artisans use their skills to the fullest in making utensils and wares, and the officials, from the knights and grand officers up to the feudal lords, all execute fully the functions of their offices with humanity, generosity, wisdom, and ability. This may be called "perfect peace." (Knoblock, 1988: p. 195). (夫貴為天子, 富有天下, 是人情之所同欲也; 然則從人之欲, 則孰不能容, 物不能贍也. 故先王案為之制禮義以分之, 使有貴賤之等, 長幼之差, 知愚能不能之分, 皆使人載其事, 而各得其宜. 然後使穀祿多少厚薄之稱, 是夫群居和一之道也. 故仁人在上, 則農以力盡田, 賈以察盡財, 百工以巧盡械器, 士大夫以上至於公侯, 莫不以仁厚知能盡官職. 夫是之謂至平.) (Xunzi, "Rongru Pian").

The Confucians recognized that only a small number of people are able to understand fully the meaning and authentic value of the norms of ritual propriety, and only some persist in pursuing moral truth. For the majority of individuals, behaviour and mental states are responses to social conventions and education—men do have innate tendencies but these tendencies are adaptive in the time and environment in which they evolve. It is unrealistic to expect that *all* men voluntarily become morally refined, for even believers can fail to be motivated, acting under conditions of extreme exhaustion, serious depression, or overwhelming contrary impulses. For the common people (*min* 民), moral guidance is needed, and they tend to follow the good if a conducive environment is created. The government is responsible to help the people by economic and social means through two tract control and guidance, for both moral development as well as physical wellbeing—so that they can become a complete man (*chengren* 成人). When it comes to the teaching and instructing of the people, the rules of propriety (*li* 禮) plays an important role in the political schema, for it regulates the conduct, cultivates the mind, and inculcates morality in the ruler and the ruled, which can be discerned from some of the early Confucian statements.²⁴ Being without proper teaching and instruction is like "Leading an uninstructed people to war, which is called abandonment;" (*Lunyu*, "Zilu") or "Putting the

²⁴"If the people be taught by lessons of virtue, and uniformity sought to be given to them by the rules of correctness, their minds will go on to be good. If they be taught by the laws, and uniformity be sought to be given to them by punishments, their minds will be thinking of how they can escape;" (*Lunyu*, "Weizheng").

people to death without having instructed them, which is called cruelty” (*Lunyu*, “Yaoyue”). In other words, governing a state without proper policy implementation and education is like “abandoning the people” (*qimin* 棄民) or “mistreating the people” (*niemín* 虐民), which are among the “four bad things” (*si'e* 四惡) in Confucius’ doctrines (*Lunyu*, “Yaoyue”). In matters of gain, a benevolent ruler should think of righteousness (appropriateness) (*Lunyu*, “Shu’er”). This is what is deemed in the Confucian teachings as the core principle of harmonious government, prompting a person first to learn to govern himself, and then to govern his family, the state, and all things under Heaven. In other words, seeking a balance between appropriateness and profit is the true morality in man, society, and the economy. It is the Confucian ideal of a community shared by all and that all members of society fulfil their roles and thus enhance their sense of security and satisfaction.

The ideal of a community shared by all (*tianxia weigong* 天下為公) is from the *Liji* (*Book of Rites*), in which the word *gong* 公, literally meaning “public/common [good]”, denoting the concepts of equilibrium, correctness, and harmony that accord perfectly with the principles of the Great Harmony. It is an ideal of the Confucian tradition, and it declares that:

When the great way (*dao* 道) prevails, the world would be a world of the public. The men of talents, virtue, and ability would be chosen as office holders. Mutual confidence would be fostered and good neighbourliness cultivated. Thus men do not regard only their own parents as parents, nor do they treat only their own children as children. A competent provision would be secured for the aged till their death, employment for the able-bodied, and the means of growing up to the young. Widows and widowers, orphans, the old and childless as well as the sick and disabled would be all well taken care of. Men would have their proper roles, women their homes. While they hate to see wealth lying about on the ground, they do not necessarily keep it for their own use. While they hate not to exert their own effort, they do not necessarily devote it for their own ends. In this way selfish scheming would be repressed and found no development. Robbers, filchers, and rebellious traitors would not show themselves, and hence the outer doors would remain open, and would not be shut. This is what we call the Age of Great Harmony (*Liji*, “Liyun”).

Conclusion

We see that the ideal Confucian society under the rule of a humane government should revolve around the core values of harmony and sustainability based on the observance of a set of social ethics. The passages from the early texts elicit a Confucian model consistently seeking checks and balances, a balance between private and public interests and a balance between inner and outer worlds, in order to sustain successful and prosperous economic development within the human social framework. The principles of harmony and equilibrium not only define an alternative model of social welfare and economic prosperity, but also help to strengthen ethical standards and moral conduct so that the tension between the individual’s needs and social order will be reconciled. The biggest challenge in attaining sustainable development is not just the problem of meeting unlimited human desires through aggressive and unregulated exploitation, which has the potential of creating devastation, but more the problem of seeking self fulfilment and developing a proper sense of creating universal harmony and better living, that is, to achieve the ultimate equilibrium.

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