An Exploration of the Relationship between Confucianism and Economic Modernization in East Asia

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Abstract. The rapid rise of East Asian economy has aroused the reflection on Confucianism in the academic community and the reassessment of the value of the "East Asian Confucian Cultural Circle". Throughout the economic modernization process of developed countries, it can be found that the construction of any social system must be based on its traditional culture, and the choices made by organizations should also be regulated by cultural values. Without the ethical order, economic modernization would be short of the support and participation of spiritual power, and thus would be difficult to achieve the economic modernization goal of continuing social progress. Starting from the cultural reflection on the motivation of the development of economic modernization in East Asia, this paper summarizes the concept of East Asian Confucian Cultural Circle, and dialectically analyzes the profound and complex relationship between Confucianism and economic modernization in East Asia.

Keywords: Confucianism; East Asia; Economic modernization; Relationship.

1. Introduction

The economic modernization of a country is the process of the formation of a certain type of economic order, which is not the result of external pressure in essence, but a certain balance established internally. Ethical order is an endogenous value for a country's economic modernization, which is the value pursuit of national economic modernization, stipulating the goal, value, and form of national economic modernization. Confucian ethics has endogenous value for the economic modernization in East Asian countries. The consistency between the value proposition of Confucian ethics and the development of economic modernization has prompted East Asian countries to embark on a different road of economic modernization from that of western countries.

Economic modernization itself is a concept with rich connotation. Confucianism also contains rich historical connotation and practical value, which is an ideological and cultural phenomenon that is full of internal contradictions. While Confucianism certainly has some content that is in line with the social development and economic modernization requirements, it also includes many aspects that are incompatible with economic modernization or even hinder economic modernization. Therefore, when thinking about and discussing the relationship between Confucianism and economic modernization in East Asia, we must treat the relationship between them dialectically. It should be understood that there are consistency and compatibility as well as contradiction and mutual exclusion between Confucianism and the spirit of economic modernization. The key to the study of this issue is how to explore the value of Confucianism and adapt it more to the development of economic modernization, thus making Confucianism better serve economic construction and social development, and eventually further promoting the process of economic modernization in East Asia.

2. The Concept of East Asian Confucian Cultural Circle

There are three international cultural circles in the contemporary world, namely Christian Cultural Circle, Islamic Cultural Circle and Confucian Cultural Circle. Christian society is in Europe, America, Oceania, etc.; Islamic society is in West Asia, South Asia, and North Africa, etc.; while Confucian society is mainly in East Asia.[1]

With Chinese traditional culture being the center, East Asian countries have a consensus and recognition of the basic elements of Chinese ancient culture, including Chinese characters, Confucianism, Sinicized Buddhism, and indigenous Taoism, which is the solid foundation for the

final formation of the East Asian cultural circle. However, the Neo-Confucianism of Song Dynasty is the culmination of Confucianism, Buddhism, and Taoism, thus having a stronger expansion force to spread the thoughts. For example, in Japan, Korea, and Vietnam, Confucianism as their official school is based on Neo-Confucianism. Undoubtedly, this Chinese cultural development made a great contribution to the formation of the Confucian Cultural Circle in East Asia. Due to the power of ancient China, the culture of East Asia, which has the same origin, was able to spread and exert influence on a wider range and dominated the basic psychology and inner beliefs in East Asians for a long time. Despite that China's development has relatively lagged behind in the past 200 years, this cultural influence has not weakened.

The Confucian Cultural Circle is the general designation of the social regions based on Confucian culture, which is also known as Chinese Character Culture Circle. In a broad sense, it refers to the cultural areas covering parts of East and Southeast Asia that have been influenced by Chinese politics and culture in history. These countries and regions have similar cultures, used Chinese characters in the past or still use them at present, and have jointly used classical Chinese as their written language. East Asia is both a geographical concept and a cultural concept. Geographically speaking, East Asia is composed of two big countries: China and Japan, as well as several small countries and regions in the edge of East Asia. From the perspective of history and traditional culture, East Asia is a cultural circle with profound Chinese cultural characteristics, which has been strongly influenced by Confucian culture for a long time, thus it is also called "East Asian Confucian Cultural Circle" by relevant scholars.[2]

3. The Relationship between Confucianism and Economic Modernization in East Asia

In the decades after the end of World War II, East Asia has a rapid development and has made amazing achievements in industrialization and economic modernization. China has grown from an agricultural country into a powerful emerging industrial and agricultural country. Japan has developed into a world economic power second only to the United States. The "Four Asian Dragons" - Singapore, South Korea, Taiwan, Hong Kong as well as other countries and regions on the eastern edge of Asia became emerging industrialized countries and regions that have drawn worldwide attention. Among ASEAN countries, Thailand, Malaysia, Indonesia, and Philippines have also shown rapid economic growth.

In 1993, the World Bank first used "East Asia Miracle" in its report on the region of East Asia to describe the great economic success of East Asia in the second half of the 20th century. According to the data of World Bank, from 1965 to 1989, the economic growth rate of 23 countries and regions in East Asia had been higher than that of any other regions in the world in the same period (As Shown in Figure 1). In the 30 years from 1950 to 1980, Japan's GDP expanded 15 times, while the "Four Asian Dragons" achieved an average annual economic growth of 9-10% in the 1960s and 1970s, and even surpassed Japan in growth rate.

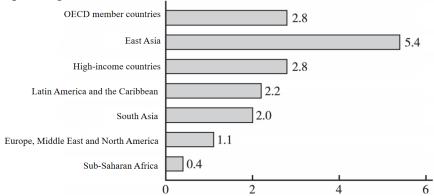


Figure 1. Average growth rate of GNP per capita in each region from 1965 to 1989 (Source: World Bank database)

The combination and value integration of Confucian culture and modern industrial civilization has laid the foundation for the transformation of Confucian culture from the way of governing countries in ancient agricultural society to the economic and social ethics in industrial society, which is a real ethical transformation from traditional society to modern society. Such combination and integration also introduced a unique spiritual factor into the development of economic modernization in East Asia, which endowed the modern social life and economic construction with a kind of value identity and psychological identity derived from the national spiritual and cultural wisdom, thus obtaining a special ethical quality.



Figure 2. Confucianism and Economic Modernization in East Asia--A research framework

3.1 The Compatibility of Confucianism and the Development of Economic Modernization in East Asia

3.1.1 Spirit of Taking Social Responsibilities and Awareness of Unexpected Development

Confucius said that "The commander of the army may be defeated, but the will of a common man cannot be taken away" (The Analects of Confucius•Zihan). In The Book of Changes, there is a philosophical proposition that "As heaven maintains vigor through movements, a gentle man should constantly strive for self-perfection. (The Qian Diagram•Image) [3] As earth's condition is receptive devotion, a gentle man should hold the outer world with broad mind (The Kun Diagram•Image)". Neo-Confucianism in the Song and Ming Dynasties, especially Lu-Wang's Study of the Mind, further promoted this kind of subject consciousness, which integrated the Chinese national spirit of self-reliance, self-esteem, and self-perfection. Confucianism advocates that "Study of ancient classics should meet the present needs", which is a spirit of taking social responsibilities, and that "One prospers in worries and hardships, and perishes in ease and comfort", which is the awareness of unexpected development. This culture formed the Chinese nation's positive attitudes toward the participation in country's governance and development, advocating that everyone should take responsibility for the rise and fall of their countries. With the spread of Confucianism, these positive values of life have affected the whole "Confucian Cultural Circle" and became the spiritual driving force of the economic modernization in East Asia.

The Confucian theory of self-cultivation is a theory of taking social responsibilities. It does not need to rely on religious beliefs and prayers, nor advocate leaving society and family. Instead, it emphasizes strengthening self-cultivation activities in school, family, and daily life, and encourages people to strive for moral ideals. Taking Singapore as an example, under the promotion of Lee Kuan Yew, Singapore incorporated Confucian ethics into middle school moral education textbooks, realized the Singaporeanization of Confucianism, launched "Asian values" and "Shared values", and formed a culture that adapts to the development and changes of the times. The Singapore government has been encouraging itself with crisis awareness. It has integrated this proactive national crisis management culture into national awareness education to help Singaporean students form the

awareness of unexpected development and spirit of struggle in times of peace. Lee Hsien Loong once said that "we must observe carefully. Even if the storm has passed, the danger still exists, and we may face more challenges in the future." This national crisis management culture has always been guiding the development of national awareness education. Its important task is to teach students to understand Singapore's inherent shortcomings and challenges, cultivate students' indomitable spirit of struggle, and provide lasting internal impetus for Singapore's subsequent development.

In China, after the reform and opening up, the advocacy of "getting rich through hard work" has motivated people to create wealth through legal work, and people's living standards have been greatly improved. There are many indicators to measure people's living standards, in which the core indicator is per capita national income. Since the reform and opening up, China's per capita national income has changed from the low-income level to the middle-income level in the world (As shown in Table 1). The general prosperity of the people has brought the prosperity of the entire national economy.

Year	China's per capita income (US dollar)	Year	China's per capita income (US dollar)
1978	200	1998	800
1983	220	2003	1280
1988	330	2008	3100
1993	420	2013	6800

Table 1. Changes of China's per capita income since the reform and opening up[4]

3.1.2 Diligence and Dedication Spirit, and Family-Country Emotion

Confucianism connects the spirit of diligence and dedication with a strong awareness of family and country, which became another important cultural element to promote the economic modernization process in East Asia. Due to the long-term engagement in agricultural production, China gradually formed a patriarchal clan social system based on kinship and a moral code that advocates "filial piety is the foundation of morality". Hence Confucianism emphasizes the individuals' responsibility for their families, and further for their countries. On this basis, Confucianism connects individuals' family obligations with social responsibilities as a driving force to encourage diligence and dedication. Therefore, "cultivating morality, regulating the family, governing the country, and benefiting the world" is the life ideal and action guidance of a gentleman advocated in Confucianism. In this essential expression of ideal life, Confucianism closely links individuals' diligence, selfless dedication, obligations to family and social responsibilities. For this reason, individuals' ethics of "diligence" and "dedication" can be driven by a more realistic, stronger, and lasting impetus, which has played a significant role in promoting the prosperity of enterprises and economy in East Asia.

In the process of economic modernization in East Asia, family enterprises have played an important role. Under the influence of Confucianism, East Asian family enterprises generally have the following characteristics: relatively conservative management style, excellent family tradition, rapid decision-making mechanism, vigorous entrepreneurship, etc. The economic rise of South Korea is highly dependent on family chaebols to achieve growth. The assets of Samsung, Hyundai, SK, LG and LOTTE, the top five chaebols in South Korea, totally account for 57% of South Korea's economy, and the top 30 chaebols account for 95% of South Korea's GDP. These large comprehensive enterprise groups controlled by families play a core role in South Korea's economic development. Taking Samsung Group as an example, as early as 1983, the late president Lee Byung-Chul advocated that for the sake of Samsung's future development and South Korea's future economy, Samsung should actively participate in the global semiconductor R & D industry with the research direction of being light, thin, short, and small, and continue to invest in high-end equipment and technology. At the age of 73, Lee Byung-Chul completed Samsung's first semiconductor factory, which has laid the foundation for Samsung to be a global leader in the semiconductor industry. It fully reflects the entrepreneurial spirit and patriotism under the influence of Confucianism. Japan has many family enterprises with more than a hundred years of history. According to the calculation of Zhang Jifeng in the article "Why Japanese Family Enterprises Can Be Prosperous for A Hundred Years" [5], in a

broad sense, there may be more than 100,000 family enterprises, including individual stores, individual restaurants, family hotels and micro enterprises. Japanese family enterprises are often committed to make a unique product for decades, and generally adopt the model of apprentices inheriting from masters. Great importance is attached to the continuity and inheritance, the cultural core value of which comes from Confucianism, reflecting the professionalism of continuous pursuit of progress.

3.1.3 The Thought of "Harmony" and "Balance"

Confucianism attaches importance to the harmony of interpersonal relations and emphasizes the coordination of the relationship between man and nature. Confucianism advocates ideas such as "harmony is most valuable", "not worry about poverty, but rather about the uneven distribution of wealth", etc., which all aim to coordinate, standardize, and balance interpersonal relations to achieve harmony. This kind of harmony means the coordination of interests and the cooperation of various sectors in socialized mass production as it is reflected in contemporary economic ideology. In terms of the formulation and implementation of economic plans and the establishment of enterprise systems, this harmony provides a guarantee of order for the start and development of the economic modernization in East Asia. In addition, Confucianism also emphasizes the coordination of the relationship between man and nature, namely the idea of "the unity of nature and man" with the integration of subjectivity and objectivity. The Doctrine of Mean puts forward the ideas of "influencing the forces of creation of the nature" and "being with the power of nature", which means that if people give full play to their subjective initiative to the greatest extent, they can help the nature cultivate all things, and have the same power with that of nature. It contains the idea that human beings participate in the natural creation process and maintain ecological balance. Confucianism not only requires maintaining the ecological balance of nature, but also advocates the establishment of a dynamic balance between nature and society, thus human society can develop in a harmonious and balanced way. [6]

During the economic development of China in recent decades, how to balance the relationship between rapid economic modernization and natural environmental protection tests the wisdom of the leaders. In the early stage of reform and opening up, under the background of focusing on economic construction, environmental protection once gave way to economic development. However, the increasingly prominent ecological and environmental problems have made the relationship between environmental protection and economic development experience a conceptual transformation from "emphasizing economy over environmental protection" to "paying equal attention to economy and environmental protection". In the current era, the well-known slogan of "Lucid waters and lush mountains are invaluable assets" promoted by the Chinese government reflects the Confucian concept of "harmony" and "balance". Under the influence of this new concept, in recent years, the Chinese government has been actively regulating enterprises with high pollution activities, requiring them to employ new technology to reduce pollution in their production activities. The transformation to a more environmental-friendly enterprise is essential to all the businesses in China, which emphasizes both building beautiful villages and revitalizing the economy. Positive results have been achieved in promoting the coordinated development of environment and economy, which has allowed environmental protection and economic growth to enter a harmonious state of mutual promotion.

3.1.4 The Educational Thought of "Providing Education without Discrimination"

The contemporary talent-oriented and education-priority principle, which is transformed from the educational thoughts such as respecting talents and emphasizing education in Confucianism, has provided important intellectual support for economic development and social progress in East Asia. Confucianism has always attached importance to education. The educational thoughts of "making people wealthy and educating them" and "providing education without discrimination" in Confucianism have exerted a profound impact on entire East Asia. East Asian countries have long adhered to the principle of giving priority to education and put intellectual investment in an important position, which has laid an important foundation for people's all-round development and economic

modernization. These thoughts have also provided intellectual support and spiritual motivation for the development and progress of the whole economic modernization system in East Asia.

Educational equity is the cornerstone of social equity. China's college entrance examination system reflects the relative fairness and equity. China is a country with a large population and is not quite developed in higher education with limited per capita higher education resources. The National College Entrance Examination, which selects the best talents through the unified examination, provides qualified candidates with the opportunity to receive higher education through their own efforts, especially for the children from poor families, who can stand out from adversity through their own hard work, undoubtedly showing a certain degree of educational equity.

The analysis results of the Chinese General Social Survey (CGSS) data show that with the implementation of the higher education enrollment expansion policy from 1999 to 2013, the education level of Chinese citizens has been improved and the occupational class structure has been optimized. Among the population born in 1948 to 1959, 4.8% have a university degree or above, and 44.7% come from the low-income class (workers and farmers). Among the population born in 1981 to 1990, the proportion of people with bachelor's degree or above rose to 32.8%, while the proportion of workers and farmers fell to 27.5%. [7] In the analysis of the core factors of China's economic modernization, education level is one of the significant variables. The upward mobility of the professional class with bachelor's degree or above is 24.35 percentage points higher than that of residents with primary school education or below. Higher education level has alleviated the problem of class rigidity and promoted the upward mobility of the next generation of professional class, indicating that the country has trained many talents for economic modernization through the expansion of higher education enrollment. Wang Dihai et al. found that when the average number of years of education per capita in China's production departments increases by 1 year, the per capita output increases by about $0.8 \sim 1.7$ percentage points. [8] Such data is emphasizing that education has made human resource one of the main driving forces in promoting the economic modernization in China.

Behind the philosophy of promoting educational equity in Confucianism, there are many educational thoughts that have positive influence on economic modernization, such as the spirit of diligence and thrift, the thought of sincere and respect (including integrity), etc. These thoughts have been passed down in East Asian countries through thousand years of cultural inheritance and education, and they are the cornerstone of the transformation from the times of poverty and low education rate to the rise of educational equity in modern times. When people attribute the economic growth in South Korea, Taiwan, and China to the high national savings rate, high investment rate, education investment, and the governments' active promotion of economic policies, they are really affirming the modern significance of the thrifty spirit advocated by Confucianism, since the cultural factor is the essence behind these factors. Without the spirit of "diligence and thrift", under the circumstances of low national income, low bank interest rate, and unstable political environment, it is impossible to have the phenomenon of high national savings rate. Similarly, the enthusiasm given to workers by the thought of sincere and respect in Confucianism cannot be underestimated. In the early labor-intensive industrial society, the diligent and hard-working spirit was the motivation for laborers with low pay.

3.2 The Contradiction between Confucianism and the Development of Economic Modernization in East Asia

There is not a simply causal relationship between Confucianism and economic modernization in East Asia. A highly rich and contradictory system has been formed in Confucianism that had developed for thousand years. When we reflect on this thousand-year-old cultural tradition from the perspective of modern society, the contradiction becomes extremely prominent.

3.2.1 The Contradiction between Confucianism and Modern Market Economy

Confucian economic values are different from market economy in the process of economic modernization. Market economy advocates the coordination and allocation of social economy

through the "invisible hand" of the market, emphasizing the rational maximization of economic interests; while the Confucian tradition advocates economic ethics that people should "value justice above material gains", emphasizing the "distinction between justice and material gains". Since traditional Confucianism overemphasizes moral education and ignores the "material gains", its value orientation is somewhat contrary to the requirements of market economy. Therefore, despite that Confucianism is inclusive and rich in systematic thoughts focusing on political ethics and economic ethics, it lacks systematic and profound economic awareness and economic thought, which is the basis for the survival and operation of all societies and the center of a country's economic modernization.

3.2.2 Strict Hierarchy Suppresses Individual Autonomy and Is Detrimental to Economic Innovation

With the in-depth development of East Asian economy and the arrival of the era of global competition, some Confucian concepts also show elements that are not conducive to economic development. In many large-scale enterprises in Japan and South Korea, the concept of family, the strict hierarchy, and ethics of family enterprises have led to the emergence of cronyism, nepotism, and blind attachment to groups. In the economic development of East Asia, the dependence of employees on enterprises is far greater than the demand of employers for employees. In this regard, employees in western developed countries usually rely on labor unions to negotiate with management to ask for higher wages, lower working hours, and personal rights, while the strict hierarchy in East Asian enterprises suppresses employees' personal autonomy.

Influenced by the strict hierarchical ideology, Japanese enterprises have a serious phenomenon of seniority, and their employees are unwilling to take risks. In this context, the desire of Japanese young people to study abroad and start a business is far lower than that of their peers in other countries. The "lifelong employment system" and "annual merit sequence system" widely implemented to retain skilled workers in the period of rapid economic development have led to a phenomenon that the longer the employees serve, the higher wages they have. It makes young people in Japan more willing to live in stability of large companies rather than taking the risk of starting their own business, thus hindering economic innovation.

The lack of democratic awareness is also one of the characteristics of traditional Confucianism. Some people try to derive the element of democracy from the Confucian thought that "The populist ideas that people are the foundation of the country, and that people are more important than the emperor". However, the so-called "people-oriented" thought in Confucianism serves the concept of "ruling people" and "autocracy". The emperors organized court discussions to receive loyal advice and held the imperial examination to attract talents, which is only the need of autocratic rule, with little impact exerted on the regime. When this philosophy is rooted in national culture, it is self-evident that it would be the obstruction of economic modernization, especially the modernization of the economic system that is based on individuals.

On top of that, there are incompatible contradiction between Confucianism's unique strong sense of hierarchy and the economic equality required by economic modernization. In various forms of Confucianism, there is no sense of equality. Confucianism advocates "benevolence" and "people are the foundation of a country", which endows Confucianism with the people-oriented and benevolent awareness. However, Confucianism's humanism and benevolence are similar to shepherds' love for sheep. In traditional Confucianism, there had never been equal economic status, human rights, and human dignity between emperors and ministers, officials and people, upper and lower class, husbands and wives, fathers and sons, men and women, elders and children, rich and poor, noble and lower class, as well as intellectual workers and manual laborers. If one of the important cultural thoughts advocated by the innate human rights theory of Western learning system is emphasizing human equality, then the innate personality theory of Confucianism advocates human hierarchy. This strong sense of hierarchy in Confucianism exerted many negative effects on the economic modernization of East Asian countries in history.

Moreover, despite that the "rule of virtue" that Confucianism values and the "rule of law" required by economic modernization complement each other, the ideal of "rule of virtue" is basically utopian and more or less integrated with hypocrisy, for the reason that Confucianism takes the rule of virtue as the strategy of governing the country and puts a one-sided emphasis on the role of the rule of virtue in education. Almost all Confucian scholars after Confucius tended to reject the "rule of law" with "rule of virtue", which is undoubtedly a huge obstacle on the road to economic modernization.

3.2.3 The Contradiction between Confucianism's Anti-science Spirit and Economic Modernization

In the historical process of the overall promotion of human society, the development of science and technology has been playing a decisive role. To a large extent, the development level of science and technology is an important symbol of the degree of economic modernization. Confucianism lacks the awareness of science and technology. It tends to reject science and technology to a certain extent, which is the internal cultural reason why ancient Chinese science remained in the stage of empirical science and ancient technology remained in the stage of craftsmanship. It also had a negative impact on other countries including Japan and South Korea throughout the history.

For example, The Analects of Confucius Zizhang mentioned that "studying nature is a small skill. Although there are some merits, it hinders the greater career, so a gentleman will not engage in studying it". This idea shows that Confucianism tends to focus on ethics and morality, in which it believes that the study of natural science is a trivial skill. In this context, Confucianism pursues the stability in social order, and believes that the development of science and technology may become an instable factor of society. While science and technology are the productive forces that will surely bring changes in the mode of production, thereby driving a series of social changes; Confucianism believes that the progress of science and technology is an important factor of social instability. Thus, the doctrine of mean pursued by Confucianism has limited the development of natural science to a certain extent, and the slow progress of science and technology has hindered the economic industrialization in East Asian countries.

4. Conclusion and Reflection

Through the above analysis, we do not aim to simply draw a conclusion that Confucianism has spread and developed in East Asia while exerting a positive or negative impact on the economic modernization process in the region. In the current era, the development of world civilization has shown two major trends: the universalization and localization in the subjects of various civilizations, and they have intertwined, penetrated, and influenced each other, forming the diversity of world civilization today. Chinese Confucianism is facing the dual challenges of continuous economic modernization and cultural integration with western civilization. The survival and development of Confucianism become an important issue that deserves active consideration. Through the analysis of Confucianism, we should recognize the great role that Confucianism has played in the economic modernization process in East Asia and even the world. In the meantime, we also have to realize that due to some of its backward and even reactionary ideological factors, it is necessary to carry out modern transformation and reconstruction of its values to make it more vibrant. Ultimately, we should find a way to integrate Chinese and western cultures, transcend tradition, and build a unique new Confucianism that meets the needs of the times and is consistent with the shared cultural values of mankind.

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