

## 9. Confucianism as a Basis for Capitalism

Morishima Michio

Morishima Michio suggests here that the nature of Asian capitalism is fundamentally different from that of the West because it developed out of a specifically Japanese historical experience, based on Confucianism, rather than out of the historical experiences shared by most European countries. Morishima, who was trained at Kyoto and Oxford, is an economist affiliated with the London School of Economics and Political Science. He has written about Leon Walras and Karl Marx, as well as on the subject of econometric models. The present essay first appeared in 1978.

The economic disputes between Japan and the West are not merely problems of yen, cars, television sets, or tariff barriers. They are symptoms of basic social-philosophical conflicts. The West can no longer afford to ignore the Japanese outlook, particularly because Asian countries that follow Japan economically—such as Korea, Taiwan, Singapore, and Hong Kong—all have similar social philosophies.

The modern countries of Europe evolved in very different ways from Japan. Modern European political organizations were the product of clashes and compromises between feudal lords and the middle class; feudalism was abolished in Japan in 1868 not because the Japanese bourgeoisie demanded it, but because it appeared that under feudalism the country would never become a great power and match the strength of the European powers. Compulsory education was instituted in Japan as early as 1872, not because the government recognized the significance of education for its own sake, but because of the belief that the general level of education had to be raised to establish a great nation. Thus, to build a modern state, Japan adopted many Western systems despite the absence of conditions similar to those from which these systems had emerged in Europe.

Capitalism began in Japan in a unique way. When Japan began to build a modern state after the Meiji Restoration of 1868, there was no powerful bourgeoisie, so she introduced state capitalism and established factories with money raised by taxation or by issuing paper currency. The government soon fell into financial distress and had to sell most of its factories at low prices to retired government officials, or to private firms in which they were executives. These individuals suddenly became big capitalists. This is in contrast to the emergence of Western capitalists, who had to establish themselves by their own efforts, often in opposition to the state.

The very spirit of Japanese capitalism is different from that of Europe. Max Weber stressed that European capitalism was related to the Protestant ethic of asceticism. In the early years of Western capitalism, neither the accumulation of capital (which Marx called "primitive accumulation") nor the propensity to invest (which Marx described in the famous line, "Accumulate, accumulate; that is Moses and the Prophets") would have been possible had Protestants not prevailed among capitalists. It would also have been impossible for Western capitalists to exploit workers had the latter not been sober and industrious and regarded work as a life purpose.

In Japan the two main religions, Buddhism and Shintoism, have had almost no influence on secular or economic conduct. This is one consequence of the educational policy of the Tokugawa government before the Meiji period, which for more than two centuries supported and encouraged Confucianism. In Japan today, Confucianism influences the everyday conduct of Buddhists and Shintoists and even Christians.

Confucianism, which the Japanese view as an ethic rather than a religion, holds the following virtues as most important: loyalty to the state or the emperor, filial piety, faith in friendship, and respect for elders. It is primarily concerned with the individual's relationship to various communities. Confucianism discourages individualism. It is intellectual and rational in character, rejecting the mysticism and incantation common to other religions. The ability of the Japanese to assimilate Western technology and science with astonishing rapidity after the Meiji Restoration was due, at least in part, to their education under Confucianism; Western rationalist thinking was not entirely foreign.

In Confucian political thought, those who play the most important roles in society are the bureaucrats. Under that philosophy, the feudal age of the Tokugawa was an era of bureaucratic rule in which a samurai was a civil as well as a military officer. The Meiji government was an advanced modern bureaucracy from the outset.

An important element in the development of the modern Japanese economy was the country's almost total involvement in war from 1931 to 1945. When World War II ended, most men under forty had no working background except as soldiers. With no managerial experience, they operated firms the way they had commanded platoons. The workers, who as soldiers had existed precariously between life and death, found monotonous factory work by no means unbearable. Loyalty to firms took the place of wartime loyalty to the state. In this way, the collectivist character of Confucian capitalism was strengthened.

One may console oneself with the belief that Japan will become Westernized because of her economic achievements. But no one really knows what course an economically mature Confucian capitalist country will take.

Protestant  
ethic

history,  
culture  
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"The  
Confucian  
ethic"

Meiji  
Restoration

From Inside the Japanese System  
Daniel Okimoto and Thomas Rohlen, eds  
Stanford Univ. Press 1988