

MANAGERS' DIGEST

Vol. I, No. 4

November 1987

Topics and Trends — Translations from the Japanese Press

Confucianism's Cultural Distinctions and its Role in the Development of East Asia

Mineo Nakajima
Professor
Tokyo University
of Foreign Studies

The Post-Confucian Era

In the early part of this century, the German philosopher-historian Oswald Spengler's book *The Decline of the West* created an intellectual stir by suggesting that various cultures exist outside of Europe which are even more diverse than European culture and which, he projected, would eventually thrive, becoming a source of influence. Today, as a shadow is cast ever more darkly over the Western world, is his prediction to prove correct and is the *Confucian cultural sphere* of East Asia on the verge of assuming the leadership role in the global economy and social development into the 21st Century?

The tendency to observe economic and social developments in East Asia against the background of a "Confucian cultural sphere" has become increasingly preva-



lent in recent years. In 1979 the late Herman Kahn wrote of the contribution made by Confucian ethics to the region's modernization and industrialization in his book *World Economic Development, 1979 and Beyond*. Shortly thereafter, in a private conversation with this writer, Professor Chalmers Johnson of the University of California at Berkeley, spoke of the coming of a *Post-Confucian Era*. In his view, countries having a Confucian cultural background were undergoing rapid economic development, and the "Post-Confucian

Era" was a term which represents the development of these nations on a global scale.

Inarguably, the East Asian region is the scene today of truly remarkable economic growth, not only in Japan but in the Asian newly industrializing countries (NICs) as well. Since 1983 the East Asian nations, including Japan, have come to surpass Europe in terms of respective shares of U.S. foreign trade, and this trend is not likely to reverse. What this means is that the world's largest volume of trade now flows from East Asia across the Pacific. Indeed, statistics show that the gravitational center of the global economy today clearly lies in East Asia, in the nations belonging to the Confucian cultural sphere.

Confucian cultural sphere is a term that must be examined with close critical scrutiny, however. First, we must at all times be conscious of the fact that, as Professor Benjamin Schwartz of Harvard University, a prominent expert in Chinese affairs, aptly points out, Westerners, when speaking of non-Western cultures, easily fall prey to trite cultural

This issue includes:

	Page
Confucianism's Cultural Distinctions and its Role in the Development of East Asia	1
The Sorry State of Japan's Global Contribution — A Statistical Analysis	5
Family Inferno — Going Through Hell for the Sake of Your Kids	10

anthropological formulas.

A second problem in promoting the idea of a Confucian cultural sphere is recognizing the fact that Confucian culture in actuality has no meaningful influence on real economic development in East Asia. This is true not only in Japan but also in South Korea, a nation said to carry on a Confucian tradition according to its own interpretations, and even in Taiwan, where Confucianism continues to be revered most highly. In this respect, it can be said that traditional Confucian culture itself is gradually dying out in East Asia.

The third point of difficulty inherent in the Confucian cultural sphere theory is the fact that, as readily learned from harsh historical lessons, the concept of a cultural sphere has generally been tied to misguided geopolitical theories or cultural monarchy.

The foregoing having been said, it appears nevertheless that the idea of a Confucian cultural sphere has a fresh ring to it. And because Japan and the Asian NICs do seem destined to provide the driving force of the global economy into the 21st Century, there would seem to be validity, after all, in examining this concept and its present popularity.

Social Systems and the Confucian Cultural Sphere

The area of East Asia corresponding to the Confucian cultural sphere is, quite obviously, the region that has historically fallen under the all-pervasive influences of Chinese culture. It would therefore not be improper to refer to this same region as the "cultural sphere of Chinese hieroglyphics" or, at its simplest level, the "chopstick culture."

The Confucian cultural sphere embraces a considerable number of nations or regions: the Chinese mainland, Japan, Taiwan, North and South Korea, Hong Kong, Singapore, Vietnam, and so on. It would also seem appropriate to include the Chinese who have

established residence in communities of a number of countries in Southeast Asia as well.

Among these entities, Japan and the Asian NICs Taiwan, South Korea, Hong Kong and Singapore already boast GNP figures well above \$2,000 per capita, which is viewed as one indicator of modernization. Furthermore, the social systems of these nations have matured to the extent that radical or revolutionary changes in their structure would appear highly improbable.

The People's Republic of China, meanwhile, despite its official adoption of the "Four Modernizations" as a new national goal, still has a long way to go before it achieves a transformation in industrial structure, and it would be unrealistic to describe China today as an industrialized society. North Korea also lags sorely in terms of industrial development, particularly in comparison with the Republic of South Korea.

What should be noted here is the fact that Confucian tradition continues to live on in both Koreas, which fundamentally have socialist governments. It might further be added that the North Korean dictatorship is even more Confucian than the Chinese system of government.

Also, it must be emphasized that in East Asia's socialist countries, which include China, North Korea and Vietnam, where adherence to Confucianism is extremely strict and dictatorial, or authoritarian systems are inarguably staunch, modernization and industrialization have yet to be realized.

Based on economic development, then, one arrives at a clear paradox. Namely, among the various nations included in the so-called Confucian cultural sphere, those which are the least *Confucian* have had the greatest economic and social success, while those which are the most Confucian — the nations firmly adhering to socialism — have failed to achieve modernization.

There was a time in history

when a more relaxed socialist system served as the ideal model of modernization. This phase was seen not only in advanced industrialized socialist countries such as the Soviet Union but in other less developed countries as well. During the 1950s, for example, Indian-style socialism became a focus of attention together with Prime Minister Nehru's advocacy of nonaligned neutrality. In fact, at the time, this form of relaxed socialism came to be viewed as the foremost model for developing non-Western countries.

Subsequent decades have revealed, however, that state-run economies of this sort have inevitably failed, both in those

Managers' Digest

Editor-in-Chief	Yasutaka Sai
Senior Editor	Sumiko Hirai
Associate Editor	Lynn M. Harris
Translator	Robert Mintzer

Managers' Digest is published quarterly by the Japan Management Association as a service to its Associate Members. Each issue contains full or partial translations from the most highly reputed magazines in Japan. The views expressed by bylined contributors do not necessarily reflect the opinions of the Japan Management Association.

Japan Management Association is Japan's oldest nonprofit institution dedicated to management training and education. For information about membership, please write or call JMA Associate Members Department at the address below.

Printed in Japan. ©1987 Japan Management Association. All rights reserved. No material from **Managers' Digest** may be reproduced in whole or part without written permission from the publisher.

Japan Management Association

(社団法人日本能率協会)
Address: 3-1-22 Shiba Koen,
Minato-ku,
Tokyo 105, Japan
Telephone: (03) 434-6211
Telex: JMA J25870

countries adopting Marxist-Leninist socialism and those that have not. The days when the embracement of socialism held dreams of a rosy future are long since past. It may not be presumptuous to predict that the countries of Asia will never again witness another socialist revolution.

Today, as a matter of fact, the mature socialist countries are beginning to divest themselves of their socialistic doctrine. This trend has already appeared in the socialist nations of Eastern Europe, and to some extent even in the Soviet Union and in China, where a movement away from socialism and toward Westernization has begun. This is the course which these countries are destined to follow as they approach the 21st Century.

It is against this background that Japan and the Asian NICs, the countries belonging to the Confucian cultural sphere, are recording exceptional economic achievements and remarkable economic performance. It is almost inevitable, therefore, that outside attention would come to focus on this category of nations labeled the Confucian cultural sphere. It is now being debated whether the Confucian cultural sphere is presently coming to serve as a model for developing non-Western nations.

Characteristics and Energizing Sources of the Confucian Cultural Sphere

As noted earlier, the Confucian cultural sphere might alternately be recognized as the chopstick culture. Yet despite this blanket categorization, individual countries demonstrate their own particularities. The Chinese prefer long, thick chopsticks which they reuse indefinitely, the Japanese tend toward shorter, thinner chopsticks made of natural wood which are disposed after a single use, while the Koreans opt for thin, metallic chopsticks. This

same nonuniformity exists in matters of Confucian ethics: each country in the so-called Confucian cultural sphere follows Confucian doctrine according to its own individual interpretations.

It has often been said that Confucian culture has been sustained by two pillars: legalism and moralism. China and Japan, though both laying claim to Confucian ethics, differ fundamentally in this respect, probably as a result of variations in their respective views of the legal system. In China, the legal system has traditionally been regarded as an expedient adopted by a system founded on criminal responsibility, a system that exists in order to mete out punishment when it is demanded. This same interpretation holds true even today. The Chinese have a saying to the effect that "a princely gentleman who violates the law is as guilty as a man of the common masses." In other words, rulers and the common masses are equal before the law.

Within this tradition, however, the Chinese concept of law differs in principle from that adopted in Japan and the West. It is likely for this reason that the Chinese have no tradition of legal contracts, and even today they place little value on the modern concept of such agreements. It is an extremely common occurrence in business dealings between Japan and China for China to suddenly cancel a deal, or suspend a contract calling for high-volume imports of Japanese televisions or automobiles, citing internal circumstances behooving such cancellation; or to unexpectedly alter the conditions for a joint venture even after the final agreements have been reached. Furthermore, these events are rarely accompanied by any sense of wrongdoing on the part of the Chinese.

The Confucian virtues themselves are interpreted in varying manners in China and Japan, and also in South Korea, Vietnam and

other countries. Points of emphasis have also shifted from one period of history to another.

Confucian doctrine is primarily based on two principles: loyalty and filial piety. These in turn are sustained by five virtues: benevolence, duty, ritual, wisdom and trust. Traditionally, Japan and South Korea have attached greater importance to the principle of loyalty than China. According to Yoshio Takeuchi, author of an authoritative work *The Spirit of Confucianism* on the Confucian spirit: "Whereas Chinese Confucian ethics have focused on the family and the concept of filial piety, in Japan these same ethics have been advocated principally in terms of the national state and loyalty thereto. In Japan the emphasis of Confucianism is on loyalty rather than filial piety."

While the social emphasis on filial piety has been greatly diminished in modern Japanese society, it continues on in a deeply profound level in South Korea, where respect for elders remains an ingrained tradition.

Among his five enumerated virtues, Confucius himself assigned highest value to "benevolence," which he defined as sincerity deriving from man's intrinsic emotions. In Japan, however, the idea of benevolence, which is the wellspring of humanitarianism in the Confucian context, has had only limited appeal. In contrast, it is valued extremely highly in China.

The virtue defined as "ritual" is generally ingrained in society as norms of behavior established through habitual custom. As a social standard, stress on ritual is identifiable in all nations in the Confucian cultural sphere. It is perhaps most strongly present in China. In modern Japan, the highest Confucian virtue would appear to be "duty."

In a book published by Nagoya University the author has commented that the most distinctive feature of Confucian culture is the

"social order that it fosters through family collectivism." In his view, "Collectivism has historically and traditionally been responsible for preserving Confucian culture and its group order." This is an extremely interesting observation. It suggests that collectivism tied to Confucian ethics may be an important factor behind the economic development of countries belonging to the Confucian cultural sphere.

A pattern of variations must be noted, however. According to Professor Chie Nakane, collectivism in Japan is based on small groups operating in a vertical social hierarchy. In contrast, Chinese society, including ethnic Chinese who reside in Hong Kong, Singapore and other nations of Southeast Asia, features a social structure which is horizontal and takes full advantage of networks based on regional or blood ties. In this sense, Chinese society can be said to be fundamentally a society of large groups. Vertical societies appear better suited to industry or manufacturing, while horizontal societies are more suited to commerce or trade, in which the specific traits of the ethnic group can be used to greatest advantage. In both Hong Kong and Singapore, for example, trade revenue accounts for an overwhelmingly large share of the GNP.

These minor differences notwithstanding, it remains an undeniable fact that family collectivism is indeed a commonly shared social basis of the Confucian cultural sphere.

Family collectivism, furthermore, affects more than just labor organization. As Japan's enormous business corporations clearly demonstrate, family collectivism also sets a standard for corporate management through the organization of an entire group life-style, embracing the corporate members as well as their families. The genealogy of the powerful merchants of the

early Edo Period who came to form Mitsui, Sumitomo or other big businesses known in Japanese as *zaibatsu*, provides evidence of this phenomenon, and the same process is seen in the case of South Korea's financial institutions as well. Here it is also important to note that the Confucian doctrine of "following the middle path" or seeking "harmony," or *wa* in Japanese serves an important cohesive and harmonizing role in corporate activities. It is not impossible, even, to recognize the lifelong employment system or individual corporate labor union as manifestations of Confucian thought.

A second distinguishing feature of the Confucian cultural sphere is its strong emphasis on learning. The necessity to master Chinese characters, of which there are thousands, has played a particularly effective role both educationally and socially in all nations belonging to the sphere. With the exception of China, the nations in the Confucian cultural sphere all boast high levels of education and high literacy rates, which are ultimately attributable to the Confucian emphasis on education. As a result, in present-day Japan, Taiwan and South Korea, among others, there exists a solid foundation propelling the acquisition of knowledge in urban areas as well as rural regions. Needless to say, the existence of such a foundation is essential in the development of know-how demanded for modernization and industrialization.

The third principal feature of Confucian culture is the traditional preservation of a code of ethics. Although virtues such as "benevolence" and "duty" could be used in this case, for the present purposes I shall use "trust" as an example. Trustworthiness is manifested in Japanese society in the high quality of after-sales service on products in every field.

By way of contrast, in today's China, where the people have been "released" from the Maoist

directives of "serving the people," the spirit of service is appallingly absent. This fact provides adequate proof that the socialist system has totally undermined the code of ethical behavior which the Chinese originally embraced.

The fourth and most important point is that Confucianism was originally more a code of ethics than a religion. Because it is not a religion in the strict sense of the word, Confucianism has coexisted in Japan with Shintoism, and in China with Taoism. In other words, Confucianism is an extremely "tolerant" doctrine — a set of social norms or moral laws rather than a religious faith. This coexistence with other religions and its own nonrestrictive religious nature are the decisive elements that separate Confucianism from religions such as Islamism or Catholicism. And it would seem that this liberal code of ethical behavior, in conjunction with the aforementioned distinguishing traits of Confucian culture and its inherent worldly rationalism, inspires a sense of practical realism and empiricism which serve a major function in laying the foundation for an industrialized society.

In summary, the teachings of Confucianism are thus an undeniably important factor in the modernization and economic development of the industrialized nations of East Asia today. Confucianism is the spiritual source of their economic and social development.

Questions for the 21st Century

Needless to say, merely pointing to Confucian cultural influence does not provide all the answers when attempting to analyze the economic and social development of Japan and the Asian NICs.

Indeed, the failure of China, North Korea and Vietnam to develop along with the other nations of East Asia might better be understood in terms of the problems inherent in their

socialist political systems. Concerning Japan, success must be attributed to its total acceptance of modern European ideals, culture, science and technology after the Meiji Restoration, as well as to such basic and logical factors as the domestic reforms implemented after World War II and the enormous influence exerted by modern American industrial civilization.

It would be utterly unrealistic to attribute success in modernization and industrialization to membership in the Confucian cultural sphere. Confucian culture, in fact, exerts a negative influence on modernization and, if anything, Confucianism's gradual degeneration during this century actually served a positive role in allowing modernization to flourish.

What does the future hold in store for the nations of the Confucian cultural sphere? In the opinion of this writer, Singapore and Hong Kong will continue to develop at their current paces or slightly slower, while Taiwan will step up its development rate, as will South Korea. The ASEAN nations will slow in development even more than at present. China will face increasing pressure from its growing population and exacerbated political uncertainty

of the post-Deng Xiaoping era, and these factors will hinder China from achieving its plan for "Four Modernizations," and the target per capita GNP of \$1,000 by the end of this century. In the final analysis, Japan, Taiwan and South Korea will probably continue to form the nucleus of the growth and development of East Asia.

Based on the foregoing projections, it can be assumed that by the year 2000, as mankind crosses the threshold into the 21st Century, a considerable number of Asian nations belonging to the Confucian cultural sphere will have GNPs of \$10,000 per capita, approximately corresponding to Japan's current level. Even higher figures will likely be achieved in Hong Kong and Singapore, should economic progress continue at the present pace. Some observers predict that Taiwan will attain a GNP ranging from \$10,000 to \$13,000, and South Korea will reach a level of at least \$8,000. Japan, without question, has the potential by the same time to lead the nations of the world with a GNP exceeding \$20,000.

These statistics translate to this conclusive forecast: namely, that by the year 2000 Japan, Taiwan

and South Korea, with a cumulative population of approximately 200 million, will account for some 20% of the world's GNP. This percentage is nearly equivalent to that of the United States at present.

Today Japan is fast becoming a role model for Asian and other non-Western developing nations, many of which have achieved an unprecedented level of intermediate social growth accompanying economic development. For this reason, along with its serious quest to achieve internationalization, Japan will face the challenging problem of sustaining its position as a role model of a nonaggressive, economically strong country throughout the next century.

As the foregoing discussions imply, the East Asian economic sphere is destined to attract ever closer scrutiny in the years ahead. And as this occurs, the nations of this region will be compelled to stress and reconfirm their shared cultural and historic heritage as integral units of the same Confucian cultural sphere.

Translated from "Ima naze 'jūkyō bunka-ken' ka," in *Chuokoron*, August 1987, abridged by about two thirds.

The Sorry State of Japan's Global Contribution — A Statistical Analysis

Motoh Sekiguchi
Financial News
Correspondent
The Nihon Keizai Shimbun



"Japan-bashing" is in vogue these days. Underlying this phenomenon lies the conviction, commonly held overseas, that

Japan is enjoying a "free ride" in the international community. Until now, Japan has sustained dramatic growth thanks in large part

to the benefits it has received from various international systems both economic and political: the free trade system, the international financial system, the United Nations, etc. Today Japan occupies a firm position as number two in terms of GNP, among the nations of the free world. And yet it is roundly criticized for making no contribution whatsoever to the maintenance and development of these international systems. In fact, if one were in accord with the view which sees Japan as earning a trade surplus equal to that formerly reaped by the OPEC nations, then Japan might well be branded as a force actually