

## On the Economic Thought of Confucius

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**Abstract:** Confucius was a great thinker and founder of Confucianism in ancient China, and he had put forward insightful economic thoughts. Confucius believed that the pursuit of wealth was human nature, but the behavior of people seeking wealth should be restrained by the idea of justice. He advocated to enrich the people through two ways. First, the government should implement the laissez-faire economic policy to increase the income of the people. Secondly, the government should implement the fiscal policy of low tax rates to reduce the burden of the people. Confucius also advocated to encourage and protect the development of business, to avoid the large gap between the rich and the poor, to oppose the extravagant consumption.

### 1. Introduction

Confucius was the great thinker of ancient China and the founder of the Confucian school. Confucius's thought is mainly recorded in the Analects of Confucius. Due to the record of "rare words and interests" in the Analects of Confucius, many people had the illusion that Confucius didn't care about and attach importance to economic interests. For Confucius, a bid to save time "falling of ceremony" in the realistic society, with a strong sense of the idea of everyone, in his governing philosophy does not involve economic problems is almost impossible. Combing Confucius's ideological system, we can find Confucius has put forward some insightful economic thoughts, which laid the foundation for subsequent Confucian economic thoughts.

### 2. Seeking the theory of rich nature

In dealing with the issue of wealth, Confucius does not like to flaunt their own benefits or later pedants money like dirt, but openly claim to have the desire of wealth, if we can take the appropriate way to gain wealth, even relatively low status jobs themselves are willing to do. Thus, a long history was called "holy" Confucius, is actually a like ordinary people have a desire to have, the seven emotions and six sensory pleasures of material wealth, but this does not affect Confucius as ideological giants are great, but make the person feel the image of Confucius more close to life, more amiable and easy of approach.

The reason why Confucius pays so much attention to wealth is inseparable from his understanding of the relationship between wealth and human nature. Confucius thinks that people have the desire to pursue wealth. No one will like poverty. Pursuing wealth is human's nature. It only requires people to acquire wealth in a proper way. In pursuit of material wealth or economic interest as human nature, Confucius's view is basically the same as the hypothesis of economic man in western economics. Confucius is the basis of understanding of the relationship between wealth and human nature on further derived from other economic thoughts, for example, since the pursuit of wealth is human nature and the nature of things of nature should be reasonably satisfied, and Confucius put forward their own people advocate; how to realize people? This fiscal policy requires the implementation of laissez-faire economic policy and the reduced corvee and taxes by moral constraints; if people do not go to the pursuit of economic interests, prone to unscrupulous behavior, then put forward the idea of selection. It can be said that the pursuit of wealth is regarded as human nature, not only the starting

point of Confucius's economic thought, but also the theoretical premise of Confucius's economic thought.

### **3. These thoughts**

Although from the perspective of human nature Confucius affirmed the people to pursue their own interests has certain rationality, but also realize that if people go to maximize the laissez faire self-interest, confusion and other adverse consequences caused by the relation between person and person, tense social order, so that people should adhere to the "selection" principle in the pursuit of their own interest, in compliance with moral standard to determine the choice of benefits.

Confucius see *lisaiyi* idea can also be used to explain the reason of "Zi Han Yan Li". In the spring and Autumn period of Confucius's life, it was in the era of great social change in Chinese history. When is the time, politics, the emperor week has completely lost control of the princes of the struggle for power, the leaders of the country's war between these wars are often as one falls, another rises, in order to meet the rulers of their own interests and the outbreak of the war, but the disaster but by ordinary people to bear, so that Mencius of these war issued a "spring and autumn during the period of not just war" condemned; on the economy, with the new production tools to iron as the representative of the promotion in production use, productivity has been significantly improved, the old relations of production has not meet the new needs of the development of productive forces, production relations adjustment has become the inevitable trend of historical development, two when the economy is obvious change: the economy of feudal lord system is to feudal landlord economy system transition, state-owned land to private land The transformation of the system. The re distribution of economic system reform will bring economic benefits to the emerging, the feudal landlord class has become the biggest beneficiary of the economic reform, Confucius behavior of various predatory land privatization in the process of the extremely dissatisfied, as unjust act. Confucius is in such a troubled times, exposed to too much money, interest in meaning of chaos, Confucius believes that the lack of contemporary society is sticking to morality, rather than the pursuit of interest, and interest is human nature, people will not advocate themselves to chase. Therefore, "Zi Han Yan Li" does not mean that Confucius does not attach importance to economic interests. However, at that time, Confucius believed that morality is more important than interest.

Confucius see *lisaiyi* thought not only in the history of China had a far-reaching impact, and has become an important part of the Chinese traditional culture has spread. In such a materialistic society, facing the market on the proliferation of fake and shoddy goods, there is a problem and so on economic activities in the event of bluff and deceive the existence, is the realistic significance of Confucius thought of more important selection. By vigorously carry forward the thought for the selection, selection of economic ethics to regulate people's economic behavior, will bring a more harmonious and beautiful society to us.

### **4. The thought of enriching the people**

The thought of enriching people in ancient China can be traced back to the Western Zhou Dynasty at least. [1] and Confucius, who highly praised the rites and music system of Western Zhou Dynasty, further promoted the idea of enriching the people.

The "Analects of Confucius" recorded in the period of Confucius and his disciples ran about enriching the dialogue of the problem:

Confucius arrived after the great patriotic, patriotic praise population, ranyou asked: "much of the population, the next step should be how to do?" Confucius replied, "make them rich." Yu asked: "after the wealthy and how do?" Confucius replied, "teach them."

The above is the origin of Confucius's idea of "teaching after the rich and after the rich". The spring and Autumn period, less and less people, every country have to increase their population as an important goal of governance, because of the increase of population, it means an increase in agricultural labor, can cultivate more land, producing more food, in order to achieve *fuguoqianding*.

Confucius believes that a country has a large population, the primary task is to let the people get rich, so as to make people live and work in peace; even after rich people through education, make people understand the integrity of truth, in order to build a harmonious society.

On the question of how to enrich the people, Confucius put forward his ideas of rich people from two different angles.

One is for the people to create wealth from the conditions, so that people fully enjoy a wealth of opportunity perspective, should meet the people's desire to be rich, let people enjoy the selection of the most suitable profit way to gain material wealth opportunities according to their actual situation, seeking behavior of the government not to interfere in people, do so people get the benefits at the same time, does not increase the amount of government spending. This thought of Confucius is not only a kind of advocating the people, but also a kind of economic thought that opposed the state to intervene in the economy and stand for the *laissez faire*.

The two is to alleviate the burden of the people, improve the enthusiasm of the people of production and operation in order to create more wealth view, put forward the thought of enriching the people reduced corvee and taxes. Confucius lived in the era of farming economy. Agriculture is the most important production sector in the farming economy. Most of the material wealth in the society comes from agriculture, and the vast majority of labor force is also concentrated in the field of agricultural production. A major feature of agricultural production is the production of periodic, must strictly abide by the laws of nature, to arrange the production according to the law of the growth of crops, therefore, when the government imposed corvee, should give full consideration to the needs of agricultural production to normal production without disturbing and destroying agriculture as the premise; to avoid in the busy season and imposed corvee delay the farming season; but also to minimize the corvee time, to ensure that farmers have enough time to improve agricultural production. Another characteristic of agricultural production is within a production cycle the number of harvests is fixed, the allocation of fixed agricultural crops in between the government and farmers, there is bound to this context, if the government in taxes imposed in the form of much less residual farmers; on the other hand, if the government imposed less surplus farmers more naturally. Confucius argued that the government should save the cost of financial expenditure, which is to reduce the tax burden of the people and to achieve the purpose of the people. Therefore, the government implemented the policy of reduced corvee and taxes can also play, enriching effect. In addition, in the eyes of Confucius, reduced corvee and taxes is to have a specific quantitative criteria: people each year for the national civil service time is not more than three days, the farmers harvested only 1/10 levy taxes, to safeguard forest lake natural resources under the condition of normal growth and renewal, allowing people in the season into the mountain lakes in hunting and logging are not taxed in government checkpoints set up inspection only without tax, market for goods merchant stacked venue is not taxed. In Confucius's view, these measures if implemented, why people is not rich, the world order?

Confucius's thought of enriching the people is not like some thinkers in pre Qin period. It regards the relationship between the rich and the rich as a contradiction, but enriches the rich and the rich country organically, so as to find a theoretical basis for the idea of governing the country by enriching the people. Confucius's disciples have made a summary of the relationship between the rich and the rich: if the people are rich, how can the state be not rich enough? If the people are not rich, how can the state be rich? Behind it also hides a genius tax thought, that is a profound understanding of the relationship between the tax rate and tax revenue, the idea of logic is as follows: the State implements the low tax policy, people income increases, the enthusiasm for production, expand the tax base and improve tax, tax revenue increase, or is the country implements the high tax policy to the people, the enthusiasm for production reduced income tax base and tax reduction, to reduce tax revenue reduction. The famous "Laffer curve" after two thousand years in the modern western economics also expressed similar thoughts, enthusiasm high tax rates will undermine investment and consumption, thus weakening the tax base, low tax rate will be positive for investment in people and labor to encourage, and enhance the whole society base. [2] the profound insight of the ancient Chinese sages on the economic phenomenon can not be unpleasant.

## 5. Distribution of thought and consumption thought

In distribution, Confucius realized that the gap between rich and poor will affect social stability, put forward the "inequality" thought, think in the distribution of wealth, people are not afraid of the less afraid of the unfair distribution of society caused by the gap between rich and poor, so it is easy to cause the social psychological imbalance, social instability the factors increase, even a serious social unrest. Confucius's idea of "not being less and uneven" has had a profound influence in history, and has become the theoretical source of all kinds of social thoughts that require equitable distribution of wealth later. Confucius's thought was supported by the theoretical research of modern economics. In modern economics, Gene coefficient is usually used as an index to measure the income gap of a country or a region. The value of the Gene coefficient is between 0~1. The more the Gene coefficient is, the more the average income distribution is, the more unequal the income distribution is. The Gini coefficient changes, people usually put the Gini coefficient of 0.4 as the critical point to judge a country or the regional income gap is reasonable or the "line", [3] if the Gini coefficient over 0.4 means that the income gap caused by the social contradictions will become increasingly prominent, and lead to serious social problems in the Gini coefficient of income gap 0.4 the following is generally not.

In terms of consumption, Confucius advocates that the government should save the public consumption expenditure, which can reduce the burden of the people and help to realize his proposition of rich people. In personal consumption, Confucius opposes spending on extravagant, do not agree with excessive frugality, because of excessive luxury easy to breed parsimony appears be insolent and rude, too shabby, both does not conform to the principle of he always claims. But if he had to make a choice between luxury and frugality, he would rather choose frugality than choose extravagance. Of course, Confucius Ning Jian thought not luxury and time of the development level of productivity, because of the low level of productivity development, people obtain material in the production of the society usually enough to maintain simple reproduction, and not much material can be provided to the use of a personal luxury consumption, luxury consumption is likely to is to deprive others of the basic data for the price to get, from this point of view, frugal than luxury is more conducive to avoid the social conflicts, more conducive to maintaining social stability.

To sum up, the economic thought of Confucius to the rich theory of human nature is the premise of the thought of enriching the people as the center, the formation of production, distribution, exchange and consumption of social production process four aspects are involved in the system of thought, the thought of enriching the people, laissez-faire thought, light Yao thin Fu thought, "scarcity is not" thought, not extravagance Ning Jian thought has been followed by Confucian follow, become the basic contents of the Confucian economic thoughts, on the future economic thought, financial thought and political thought had a great impact on the history, become enlightened, progressives struggle against the feudal regime of the powerful ideological weapon to extort excessive taxes and levies. [4] Even today, Confucius's economic ideas still have a certain inspiration to our social and economic construction.

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