This article argues that so-called Confucian capitalism in Asia is based on a superficial reading of Max Weber. The major points Weber has can still apply in Asia today. Thus, controversial issues such as Asian values and Confucian capitalism need to be re-examined in this globalized age.

1. Introduction

Intellectuals in the West have long assumed that Asian culture was incapable of indigenous economic growth. This hypothesis ended with the economic “miracles” accomplished in the 1970s and 1980s, especially by the “four small dragons” in Asia, South Korea, Taiwan, Hong Kong, and Singapore. Eventually, the Asian region was regarded with jealousy by other developing nations, and the new term “Asian economic development model” came to be popular. Against the background of economic growth in Asia, the new scientific technical term “Confucian capitalism” appeared in Western intellectual discourse, as reflected in the following comment by Huntington:

In the early 1990s, I happened to come across economic data on Ghana and South Korea from the early 1960s, and was astonished to see how similar their economies were then. These two countries had roughly comparable levels of per capita GNP; similar divisions of their economy among primary products, manufacturing, and services; and overwhelmingly primary product exports, with South Korea producing a few manufactured goods. Also, they were receiving comparable levels of economic aid. Thirty years later, South Korea had become an industrial giant with the fourteenth largest economy in the world. No such changes had occurred in Ghana, whose per capita GNP was now about one-fifteenth that of South Korea’s. Undoubtedly, many factors played a role, but it seemed to me that culture had to be a large part of the explanation. South Koreans valued thrift, investment, hard work, education, organization, and discipline. Ghanaians had different values. In short, cultures count.  

“Confucian capitalism” became the new scientific term used to define the cultural traits of East Asian industrial society. This point of view on the East Asian economy first took root among ethnic Chinese intellectuals in the United States, such as the scholars Tu Wei-Ming and Yu Ying-Shi, and spread throughout the world. This view gathered numerous followers worldwide, but also faced resistance from scholars like Thomas A. Metzger and Donald Munro. Strong debates arose between the two groups of intellectuals with regard to their understanding of East Asian industrial society. The unique traits and significance of Confucian capitalism were stated clearly in the following passage by Tu Wei-Ming:

> These include the idea of the self as a center of relationship, a sense of the community of trust modeled on the family, the importance of established ritual in governing ordinary daily behavior, the primacy of education as character building, the importance of exemplary leadership in politics, the aversion to civil litigation, the belief in consensus formation and the practice of self-cultivation. The value system that seems to be most compatible with these features is commonly labeled “Confucian ethics.”

But the economy in the Asian region suddenly faced a crisis and then breakdown in the late 1990s. First, Japan fell into a deep economic depression, and then the economies of Southeast Asia and South Korea also began to collapse, starting with foreign exchange crises. The overstatement of the superior “Asian values,” which had been maintained for decades among intellectuals, quickly lost ground.  

ics, Confucian virtues, and Asian values might be slightly different, I will use these terms interchangeably in this article.) Unlike the Confucian morals I mentioned earlier, Asian values were identified as the main cause of financial crisis and economic submersion in East Asia.

This presents analysts with the following problem. How can the same kind of cultural values produce both creative energy and the dominoes of downfall? It is necessary to clarify the exaggerations contained in all the high praise for Asian values in Confucian capitalism, Confucian democracy, and so forth. Also, it is necessary to understand the economic achievement of Asian countries more realistically. We must also accurately understand Max Weber’s theory on Confucianism and capitalist development. In recent years, the concept of Asian values has been taken as a theory that directly explained economic success in East Asia and, as a structure for political economy, has served as a justification for authoritarian rule.

A group of Korean intellectuals, notably Lew Seokchoon and Hahm Chai-bong, encouraged by South Korea’s economic growth, availed themselves of the foreign notion of “Confucian” capitalism and began to participate in the “beautification” and glorification of what they see as a distinct “Korean pariah-capitalism.” Their assertions, however, not only distorted social reality but also resulted in a political justification for Korea’s authoritarian and oppressive rulers at the time, in the name of social science. This must be corrected. Their research looks as if they were emphasizing the importance of preserving the integrity of Korean civilization and protecting the country’s traditionalized Confucian culture. However, in reality, these scholars failed to present a long-range alternative with enough scale to cope with globalization and to provide an opportunity to creatively inherit tradition. Their arguments, as will be discussed, not only include seriously anti-Confucian ideas but also serve to justify negative circumstances within social reality, based on insufficiently verified methodologies and faulty viewpoints. By clinging only to exterior and superficial indicators such as GNP, these intellectuals blur and consequently justify authoritarian dictatorship, various human rights violations, inhuman discrimination between genders and groups, and antisocial activities such as fraud and corruption, widely practiced during this period by Korean capitalists and government officials.


Furthermore, they are “beautifying” Korean industrial society as a whole, in spite of its serious structural defects. These intellectuals do not even differentiate between Chinese Confucianism and Korean neo-Confucianism. They praise Confucian traditions that are considered degraded and conflicting even from the Korean neo-Confucian point of view, as if there were no problem, i.e., they make anti-Confucian statements in the name of Confucian virtue. These people also presume that the military governments and dictatorship were carrying out ideal Confucianism. No one can deny that during the economic development period of the 1960s and 1970s, the government was practicing the rule of might—strongly opposed by Confucianism—rather than the ideal rule of right. Thus, these scholars’ research, in the name of scientific authority, is by no means “value-free,” a situation that Max Weber warned against.7

2. Confucian Capitalism Overseas

It is well known that the Confucian culture left permanent marks on East Asian society long before Western influence began in the 19th century. This was the historical source of the common cultural heritage in the East Asian industrial societies of post-Confucian nations such as China, Korea, and Vietnam, etc. Confucian capitalists claim that these Confucian morals played the same role for the economic development of East Asia as Western Protestant morals did in Western industrialized states. This is reflected in the following statement by Tu Wei-Ming:

This is understandable because historically, prior to the impact of the West in the mid-nineteenth century, Confucian culture seems to have dominated East Asian education both for the elite and the general public, family relationships, social organizations, and bureaucracy, at both central and local levels (China since the thirteenth century, Yi Dynasty Korea since the fifteenth century, and Tokugawa Japan since the seventeenth century). Even in world views and cosmologies, Neo-Confucian metaphysics seems to have left an indelible imprint in the verbal expressions and thought patterns of East Asia. Yet, the claim that Confucian ethics has been instrumental in developing the functional equivalent of the “Protestant ethic” in East Asia will have to be substantiated by a series of focused investigations.8

The post-Confucian regions at issue are Japan and the so-called four dragons: Korea, Taiwan, Hong Kong, and Singapore. Historically, modern ruling structures and systems of the West generally began to come into these countries after World War II. Dynastic or other types of rule were replaced with democracy; feudalism was replaced with capitalism; Confucian aristocratic rule was replaced with bureaucratic rule; the Confucian family structure was replaced by the nuclear family structure; and the Confucian kinship system was replaced by the Western individualist kinship system.8

ocratic education was replaced with democratic school education; and “traditional” military institutions were replaced with modern military systems. Since the 1960s, the societies of the four dragons have become more and more industrialized. Because of this historical process, today we can easily find there Western political institutions such as Western legal systems, political parties, parliaments, and division of powers.

Advocates of Confucian capitalism tend to interpret this process of social change, known as modernization or Westernization, as a process of voluntary self-transformation encountering with the impact from the West, rather than a process of importing social systems from the West. Thus, these East Asian countries did not reject their central Confucian systems of the past for the sake of modernization and Westernization. Rather, as Tu sees it, “to revitalize and to reformulate Confucian institutions such as the central bureaucracy, the educational system, and the social structure including family and local self-governance ha[ve] understandably been an urgent national concern in China, Korea and Japan for at least a century.”

But if this argument is not demonstrated through strict examination, the term Confucian capitalism cannot be used. The difference of interpretation seems simple but carries great social significance, and therefore must be carefully studied. Through such a way of thinking, irrational realities in East Asia are idealized and turned into mythology.

From this perspective, seemingly outmoded Confucian institutional imperatives and preferences have reemerged as more sophisticated ways of dealing with an increasingly complex pluralistic world than the single-minded attention to instrumental rationality and its attendant features, such as efficiency. The human factor, especially the non-quantifiable affective dimensions of human-relatedness, is considered paramount. Practical and communicative rationality with emphasis on the wisdom of common sense and reasonableness is highly valued.

Now we must ask why, in spite of their great knowledge of East Asian society, Tu Wei-Ming and his followers failed to grasp the reality. Tu Wei-Ming was aware of what he needed to prove the existence of Confucian capitalism in East Asia. This can be confirmed in his statement:

The Confucian ethic, as well as other major religious teachings in human history, does not take the quest for material wealth as intrinsically valuable. The internal dynamics of the Confucian tradition as a form of life will have to be studied and its prospects for “creative transformation” analyzed.

9. Ibid., p. 34.
10. Ibid., pp. 34–35.
11. Ibid., p. 32.
In other words, it is important to define the internal power and creative transforming capability in the Confucian tradition, corresponding to the dynamic process of Western Protestant ethics that influenced the formation of the capitalist spirit. We must clarify the internal process that provides the dynamic propellant needed to carry out rational profit-making, in spite of the fact that Confucianism evaluates the pursuit of material wealth negatively. If this clarification is successful, the Weber proposition can be negated. However, neither Tu Wei-Ming nor any of his followers have been successful in this task. The task remains unsolved. Most Confucian capitalists simply assume that various social systems contain Confucian ideas, and attempt to describe and analyze them to prove that Confucian capitalism is actually working.

If we address the basic institutions in the post-Confucian regions not only as mechanisms for achieving societal goals but also as repositories of deep-rooted beliefs, we may begin to see the reasons for the dynamism of these regions. In short, a critical analysis of the role and function of the Confucian institutions in Japan and the four dragons can help us better understand the modus operandi in these societies.¹²

But the critical weakness in this approach is that there is no single fixed significance in the “repositories of belief” as Tu Wei-Ming and his followers expect. That is because ideas isolated from the systematically rationalized Confucian world picture cannot carry a fixed meaning.¹³ This is not unrelated to the fact that there is severe confusion among scholars regarding their evaluations of whether Confucian values influenced the economic development of Confucian states. Max Weber was clearly aware of this problem and approached the matter with an effective methodological strategy. This can be seen in his statement:

Yet, redemption is expressed only in a systematic and rationalized “world view,” and attains a specific fixed significance only in relation to this “world view.” For the meaning as well as the intended and actual psychological quality of redemption can only be defined based on its connection to the “world view.”¹⁴

In other words, to analyze the social influence of a religious or moral virtue that was dominant in a particular society, it is necessary to reconstruct the worldview of this religion and analyze the virtue according to the respective worldview. This demonstrates that these intellectuals have ignored the multi-

---

¹². Ibid., p. 39.
lateral and multivocal aspect of the world of human life.\textsuperscript{15} Furthermore, they were not able to accurately perceive the Confucian philosophy and the relations and roles of its peculiar priestly group. We must pay close attention to the fact that Max Weber’s understanding of Confucianism starts at this very point. Advocates of Confucian capitalism did not consider the fact that neo-Confucianism could survive as a mere folk tradition with a handful of followers, and without priestly groups, in the “post-Confucian countries” in East Asian society.\textsuperscript{16} Such tradition lies under structural conditions where it does not have a fixed significance and is not capable of systemizing or rationalizing itself in correspondence with the new environment. Some Confucian capitalists argue that there is a functional similarity between the literati bureaucrats of the traditional society who were also Confucian priests, and bureaucrats of the post-Confucian state.\textsuperscript{17} But it is hard to believe that this argument is based on thorough examination of historical facts. It seems to me that this argument is oversimplified.\textsuperscript{18}

It is also important that these intellectuals did not sufficiently consider the fact that East Asian society was unable to develop its own capitalism.\textsuperscript{19} In fact, these countries imported capitalism from the West in an institutionalized form.\textsuperscript{20} In nations that experienced colonial domination, Western capitalist systems were imported and institutionalized due to the interests of the colonialists. In the 1960s, leaders of these nations made efforts to import and establish Western industrial institutions in their countries to escape from starvation. To these leaders, traditions of the past were to be abolished and rejected, and by no means to be reconstructed or reactivated. This can be indirectly confirmed in the following statement by the founder of modern Singapore, Lee Kuan Yew:

We are placed in a process of rapid change, and at the same time, are searching for a destination homogenous with our past. We have left our past behind. And we feel great anxiety that there is nothing left from the past. The Japanese have solved this problem to a certain extent. They remained Japanese in the aspect of human relations while they built their industrialized society. They got rid of part of their

\begin{footnotesize}
\begin{enumerate}
\item Tu, “A Confucian Perspective on the Rise of Industrial East Asia,” pp. 32, 39.
\item For example, Lew Seokchoon, “Yukyo Jabonjuwiui Ganungsongkwa Hangoe” [The possibilities and limitations of Confucian capitalism], in \textit{Jontongkwa Hyondae} [Tradition and Modernity] 3, Seoul (Winter 1997).
\item Cha Seong Hwan, \textit{Hangukjongkyosasangui Sahoehakjokihoe} [Sociological understanding of Korean religious thought], revised edn. (Seoul: Munhakgwajisungsa, 1995).
\item Tu, “A Confucian Perspective on the Rise of Industrial East Asia,” p. 34.
\item Song Young-Bae, “Hyondae Sinyuhakui Cholhakjok Uiuwiwa Munjaejom” [The philosophical significance and problems of modern neo-Confucianism], August 5, 2000, \texttt{http://phil.snu.ac.kr/professor/song-2.html}.
\end{enumerate}
\end{footnotesize}
feudal values through their industrialization. The Taiwanese and Koreans also try to do the same thing; however, whether they can make the transition while preserving their core values is a question only they can answer. Of course you can say that they are modernized in the sense that they recognized the inevitability of science and technology, and accepted the accompanying change of lifestyle.21

Nevertheless, in the process of Westernization and modernization, capitalism could not but operate irregularly on the native traditional values of these societies.22 In Max Weber’s words, such capitalism can be described as pariah-capitalism, different from Western modern capitalism. According to Weber, capitalism that has once succeeded in institutionalization never needs religious supporters any longer.23 In other words, such capitalism is able to produce the two subjects, entrepreneurs and laborers, needed to sustain and develop itself independently.

The capitalistic economy of the present day is an immense cosmos into which the individual is born, and which presents itself to him, at least as an individual, as an unalterable order of things in which he must live. It forces the individual, insofar as he is involved in the system of market relationships, to conform to capitalistic rules of action. The manufacturer who in the long run acts counter to these norms will just as inevitably be eliminated from the economic scene as the worker who cannot or will not adapt himself to them will be thrown into the streets without a job. Thus, the capitalism of today, which has come to dominate economic life, educates and selects the economic subjects that it needs through a process of economic survival of the fittest. But here one can easily see the limits of the concept of selection as a means of historical explanation. In order that a manner of life so well adapted to the peculiarities of capitalism could be selected at all, i.e., should come to dominate others, it had to originate somewhere, and not in isolated individuals alone, but as a way of life common to whole groups of men.24

Confucian virtues such as frugality, diligence, education, order, and discipline, emphasized by advocates of Confucian capitalism, are usually created by the capitalist mechanism of selection and elimination, which applies pressure for survival on those who live under the capitalist system. Most Confucian capitalists tacitly presuppose that the modernization process of the

---

West has universal significance, as the sole model. In particular, they assume that capitalist economic development carries universal significance for all civilizations and all nations. They are unable to overcome their propensity to Western materialist civilization and their sense that it is superior. For them, it is impossible to understand the perspective of cultural relativism. That is why they cannot seriously consider the diagnosis of modern capitalist civilization of the West by Weber: “Specialists without spirit, sensualists without heart; this nullity imagines that it has attained a level of civilization never before achieved.” In other words, just like East Asian civilizations, Western civilizations of the global era also have their own tasks they must address.

The economic development of East Asia was possible through the import of capitalist systems from the West. In the following statement, Max Weber explains what sorts of problems arise when the effort is made to accept and institutionalize modern capitalism from the West by a society with fundamentally different cultural traditions:

At the present time, all these people import these “goods” as the most important Occidental product, and whatever impediments exist, result from rigid traditions such as existed among us in the Middle Ages, not from any lack of ability or will. Such impediments to rational economic development must be sought primarily in religiosity, insofar as they must not be located in the purely political conditions, the structure of domination.

Weber’s prediction is confirmed in Huntington’s explanation below of how the East Asian society that developed according to the Western model, differs from Western capitalist society. Through corruption indexes, Huntington reveals how different problems are revealed within countries with predominating Western Protestant worldviews; countries with Confucian backgrounds that have imported Western systems; and countries without ethical and rational advanced religions. Huntington’s point of view needs our attention:

---

Among the most corrupt are Indonesia, Russia, and several Latin American and African societies. Corruption is lowest in the Protestant societies of northern Europe and British settlement. Confucian countries fall mostly in the middle.29

Most of those who advocate Confucian capitalism begin their research with serious misunderstanding and a biased attitude with regard to Max Weber’s study on capitalism and the economic ethics of world religions. This misunderstanding is not owing to a lack of existing research on Weber. On the contrary, I want to point out that there are already sufficient studies capable of overcoming such misconceptions and biases.30 Nevertheless, I would like to present some more details,31 to provide new points for our discussion on Confucian capitalism.

It is well known that Weber carried out comparative sociological research on world religions in order to explain the peculiarity of Western culture. The modern science and art of the West at the time existed only in the West and were seen as very different from those in other cultural areas. The modern type of capitalism also exists in no other cultural area than the West. Weber’s focus was on the special characteristics visible in many aspects of Western civilization and the crucial cause of this unique orientation. His premise is that the directions taken by different civilizations are closely connected to their diverse worldviews.32 Therefore, discussion of world religions is deeply related to the idealtypical reconstruction of the respective civilization’s worldview.33

Weber points out that there are diverse ways and types of humans’ rational behavior. This diversity of rationalities has caused the separate and unique character of each civilization. According to Weber, though the diverse rationalities co-exist, there is no dominant rationality with a more universal significance, nor can we put one rationality above another. What Weber called attention to was modern Western rationalism, which characterizes the modern civilization of the West, and its origin. The various aspects of “rationaliza-


33. Cha Seong Hwan, Maksu Boebowa Gundaeui Uimisoegoe, pp. 53–54.
tion” in different civilizations affect different places in different quantity, according to the diverse worldviews and objectives of those who live in those locales. What is considered “rational” in a certain place may be thought of as “irrational” in a different civilization.34

According to Weber, any rationality is based on both faith and values. And when the dimension of values differs, the rationality in the background also expresses itself in a completely different way. Weber thought that one of the crucial elements in determining the direction and character of modern Western civilization was “Protestant ethics,” which were developed on Western soil.35 According to Weber, modern Western capitalism was a result of rational behavior, but at the same time it was formed according to the unique Western worldview in which objective value judgment is impossible. Weber began his research to define the characteristics of Western civilization based on this major premise, that the worldviews of East Asia and Western society are fundamentally different.36 Weber thought that the worldview characteristic of East Asia could be understood by examining Confucianism and Taoism. Worldviews could be easily understood by studying how the world and God were represented.

In Western Protestantism, especially the Calvinist denominations, God stands opposed to, and transcendent to, the world, and is an omniscient and omnipotent being who can order and punish people. Thus, the human world without God is completely secularized. Under such a worldview, people’s “rational” behavior is directed toward impersonal objectives and abstract principles or ideals excluding personal feelings. Only such behavior can be justified ethically. In crucial moments of decision, people will act according to impersonal rules or legal provisions, rather than human relations or individual character. Here, the general belief is created that one must follow impersonal principles and abstract laws, and not people, or human relations.

On the other hand, according to Confucianism, which played a dominant role in East Asian society, God, often represented as Tai-Kuk (the Ultimate Supreme) or Mu-Kuk (Endlessness), is a strictly impersonal principle that is immanent in the cosmos and its process, and supervises the entire cosmos including human beings, as Weber sees it.37 An individual can make him/herself complete by realizing chon-in hap il (harmony between heaven and human), by suppressing personal feelings such as greed, and adapting to this cosmic process. Such a cosmic process carries an ethical significance that must be followed by people. When one thoroughly adapts his/her behavior to the cosmic process, he/she becomes a trustworthy person of character, with

34. Max Weber, Gesammelte Aufsätze zur Religionssoziologie 1, pp. 11–12.
35. Cha Seong Hwan, Maksu Boebowa Gundaeui Uimisoegoe, p. 57.
37. Ibid., pp. 299–301.
traits that naturally coincide with the five basic principles of social behavior, o-ryun. O-ryun is said to be the invisible, metaphysical divine order made visible in the social arena. Humans must always become trustworthy persons of character, form and sustain ethical relations that reflect the cosmic process, and act accordingly. It seems to me that nothing has ever been presented as an objective of human ethical behavior beyond this. Therefore, all behavior tends to point to trustworthy people or human relations, rather than impersonal objectives or laws. The strong point of this behavioral tendency of East Asians is that it fosters a high degree of personal human relations; its weakness is revealed, however, when the need arises to create and sustain objective, impersonal social relations, the basis of a modern industrial society that has expanded to enormous scale and become entangled in complicated interests.

3. Confucian Capitalism in Korea

The Confucian capitalists of Korea such as Lew Seokchoon and Hahm Chaibong are characterized by blind adherence to assertions made by some scholars and journalists of the West, e.g., Tu Wei-Ming and David Aikman, who have only a superficial understanding of the internal processes of East Asian society. These people carelessly claim that the driving force of East Asian economic development is “Confucian work ethics,” corresponding to the “Protestant work ethic” of the West (see footnote 38 and ff.). Hahm Chaibong uses the following passage to represent their claim:

> The close family ties, sense of social discipline, and deep respect for hard work are outstanding features of those Pacific Rim societies influenced by China’s traditional philosophy of Confucianism. South Korea, Japan, Hong Kong, and Singapore have shown in a dramatic way how “traditional” Asian cultural norms have eased the adaptation of backward economies to the fast-moving economies of the industrial world. . . . Perhaps “Confucian work ethic,” or a similar term, should be used to describe the phenomenon of un-coerced hard work and sacrifice by millions of Pacific Rim families that has characterized the area’s post-World War II development.38

Comparing these non-Koreans’ observations with the historical and social reality, and performing close critical examinations, is an inevitable task in the process of academic research. But most Korean Confucian capitalists easily conclude that Confucian capitalism has actually existed in Korea, basing their view on exaggerated assertions made by certain foreign scholars and journalists such as Tu and Aikman, without a process of verification. As for Confucian capitalism in Korea, observations made by overseas scholars without

direct analysis of the Korean social process can only serve as secondary material. From this point of view, Lew Seokchoon’s and Chang Mi-Hye’s article on the yeongo zipdan (connection group; close ties owing to family, school, hometown allegiances) and social development can be evaluated as “advanced research.”³⁹ Their thesis, discussed below, is directed at clarifying the substance and aspect of the Confucian structure operating at present. This is made clear in their statement, “It is the existence of connection groups that serves as a source to create social space where Confucian order can obtain powerful influence in Korean society today.”⁴⁰ To the contrary, the present author has written an article on how connection groups are based on Confucian tradition but have been transformed into a kind of civil religion somewhat different from Confucian ideals and Confucianism itself.⁴¹ From this, it is possible to conclude that proving the existence and functions of connection groups is not directly related to confirming the presence of Confucian ethics in modern society. However, Lew Seokchoon states the function of connection groups as follows:

A connection group is organized based on common conditions and experience such as birthplace (regional connections), schooling (school connections), family (blood-related connections). Thus intimacy among members is very high, but it is not a voluntary organization due to the automatic deciding of qualifications according to birth (blood and regional connections) or admission (school connections). Connection groups are involuntary, personal organizations.⁴² Lew continues:

It may be more accurate to say that connection groups in Korean society do not exist as a third category separate from the state or market, but rather exist within the state and the market. It is this condition of existence that enables government bureaucrats and company management to build connection networks based on their backgrounds, and to utilize these connections to attain their interest. Since a person takes many positions, the influence of a connection group on policy making or the decision process in a company or state can be extremely powerful; however, it is overly optimistic to expect that this influence will work in the direction of the common interest. . . . Human relations such as elder and younger schoolmates or hometown friends are dominant in connection groups. . . . Because of these peculiar relations, connection groups do not play the role of representing the public interest or calling attention to those who are alienated, in the Western sense, but do

---

⁴⁰. Ibid., p. 137.
serve the function of protecting individual members from market competition or hierarchical relationships.\textsuperscript{43}

Lew is successful to the extent that he defines the connection group and examines its negative role. But there are many problems with the generalized explanation that connection groups play the role of protecting individuals from market competition and hierarchical relationships. The advantages are always limited to particular persons in the connection group. Meanwhile, the absolute majority of people in Korea are unjustly excluded and disadvantaged, just because they are not part of the group. Therefore, in general, connection groups function negatively for social integration and the growth of national competitive power. Lew is distorting reality with his interpretation that the positive functions benefiting the few exist apart from and independent of the negative functions that work against the majority of society. Such faulty interpretation has led him to an even worse claim that this influence by connection groups must be recognized as reality. This in fact provides justification for \textit{yeongo zipdan} that are responsible for degrading society as a whole to a scene of stagnation and corruption. This can be seen in the following passage by Lew and Chang:

Contrary to the general understanding today, the influence of connection groups has been enforced, not enfeebled, as society developed.\ldots We cannot but recognize the limitations in diagnosing Korean society through the use of universal Western criteria. We must accept the peculiarities of Korean culture and institutions, and the powerful influence of connections in our society as reality. This must be considered in searching for a direction of social development.\textsuperscript{44}

By principle, connection groups cannot help causing exclusionism, social conflict, and inefficiency. These are opposite from Confucian ideals that promote cosmic harmony and solidarity. If there is a common factor, it is that both are based on personal ties. From a Confucian point of view, the Korean situation is not a state where Confucian virtues are fully realized, but one in which they appear only in degraded and distorted form. Ignoring this difference will result in joining in the idealization and beautification of connection groups, as in the case of Lew Seokchoon’s research. Talking about merits and demerits is an insufficient argument as far as academic research is concerned. Through a clear understanding of Confucian traditional values and a thorough reinvestigation of the constituent principles of connection groups, we must sort out principles that should be preserved and developed as cultural traditions from those elements that should be rejected. Some recent studies in search of alternative cultural models by way of thorough recompo-

\textsuperscript{43} Ibid., pp. 147–49.
\textsuperscript{44} Ibid., pp. 150–51.
sition of Chinese culture, corresponding to Western civilization in the global era, are outstanding.45

The Confucian capitalists of Korea not only operate at a superficial level, but they also are not clearly aware of where their tasks lie. An example of this tendency can be confirmed in the following paragraph from Hahm:

It is here that Korean traditional Confucianism can be presented as an alternative. Korea is said to be a society that still moves according to school, blood, and regional connections. And many intellectuals say that only when such pre-modern ways of thinking are abolished can genuine free democracy prosper in Korea. . . . However, the worst problems and conflicts stem from the dissolution of “human relations.” If the ideal society we picture in our minds is a more “humane” one, school, blood, and regional connections must not be subject to blind abolition.46

Here, the question is not present of whether school, blood, and regional connections are the essence of traditional Korean Confucianism. It seems that Hahm is ignorant of the serious, inhumane problems that occur on account of connections in Korean society. Furthermore, it seems to me that Hahm does not fully engage in thorough research for the analysis of Sam-gang O-ryun (the three bonds and the five moral disciplines in human relations), family centralism, and promotion of hierarchical order through ancestor worship ceremonies according to the systematic Confucian worldview. Rather, Hahm makes a reckless attempt to present traditional virtues with inner contradictions as alternatives to Western modern thought. Through this process, he participates in simply justifying pre-modern Confucian values without any filtration.47

Confucian capitalists have a tendency to exaggerate the role of cooperation within family and quasi-family as compared with the function of the modern welfare state in the West. They all believe that the economic success of East Asia was because of the existence of traditional Confucian values.48 To demonstrate this, they point out the extraordinary trust in family ethics or family ties; however, it is difficult to conclude that the strong trust in family or family groups in East Asia is a direct heritage of Confucian ideology. It is,

45. For example, Tu Wei-Ming, *Tuwoeming Yohakgangui* [Confucianism lecture by Tu Wei-Ming], tr. Jung Yong-Hwan (Seoul: Chunggye, 1999); Wm. Theodore de Bary, *Junggukui Jaajontong: Shinyuhaksasangui Saerounhaesok* [The ‘liberal’ tradition in China: A new interpretation of neo-Confucianism], tr. Pyo Jung Hun (Seoul: I-San, 1998); Thonme H. Fang, *Wonsi Yuga Doga Cholhak* [Ancient Confucianism and Taoism], tr. Nam Sang Ho (Seoul: Seogwangsa, 1999).


47. Ibid., pp. 258–70.

rather, a result of common historical experience in these countries. About this, Lee Seung-Hwan says:

Numerous dynasties and societies rose and fell throughout the history of China. In such chaos, family, extended family, and/or clan played the role of survival rafts for individuals. Even if civilization collapsed and the dynasty was swept away by invaders, this raft of survival would—in principle, at least—succeed the civilization and pass it on to the next generation. No one believes that the government can support an individual under all circumstances. But the way families and human relations are woven together is designed, at a basic level, to raise the possibility of a member’s survival.49

Confucian capitalists conclude that industrial peace is maintained in East Asia due to Confucian values. They base their conclusion on observations made by non-Koreans rather than on their independent analyses of Korean industrial sites. In other words, “The reason industrial peace is maintained [in East Asia] can be discovered in their social attitude. East Asians seek compromise rather than confrontation, and consider their work places not as fighting grounds for trophies, but as places for cooperation in the growth process.”50 I would like to ask these people how they can simply beautify the industrial scenes of East Asia, especially of Korea, where the situation was terribly dehumanizing under the development dictatorship, as scenes of “industrial peace [thanks to people’s] social attitude.” Actually, the industrial peace was maintained by ruthless oppression against any labor movement under the dictator Park Chung Hee’s regime in Korea. I only want to point out that the conflict and inhuman violence that took place during Korea’s industrialization process cannot be justified or beautified in the name of any science. In this context, the following criticism of Confucian capitalism by Lee Seung Hwan is suggestive:

The Confucian capitalism theory (whether intentionally or not) carries the effect of tacitly approving the military dictatorship and the chaebol (giant family-owned conglomerates). From the 60s, the military government naturally utilized anti-communist ideology and cultural symbols such as loyalty and filial piety to build pariah capitalism. But the Confucianism used here was only pseudo-Confucianism and not the genuine thing. . . . Now the misuse of Confucian language to package and justify “vague pariah capitalism,” which is neither Western nor Confucian, must stop. This misuse does not elevate our cultural tradition but insults it, and [the misinterpretation] can be misused by conservative forces to justify military dictatorship and the chaebol structure. Furthermore, such rhetoric can contribute to

49. Lee Seung-Hwan et al., *Asiak Gachi*, p. 27.
concealing the various contradictions in Korean capitalism, or hinder reformation of corrupt structures.\textsuperscript{51}

In relation to this argument it is necessary for us to examine Hahm Chaibong’s discussion about modernity and Confucianism. He comes to the conclusion that modern Western society is one of strict discipline and authority, based on his investigation of criticism of Western history of thought and modernity by postmodernists such as Michel Foucault. Encouraged by this “new” discovery, Hahm claims that Confucian traditions such as Sam-gang O-ryun provide authority and discipline to society, and therefore, must not be labeled premodern and rejected. On the contrary, they should be emphasized for the development of a democratic society.\textsuperscript{52}

In Hahm’s words, “Looking at the formation process of capitalism and democratic society, the Korean tradition of Confucianism, with moral culture, discipline, and order as its core, is not premodern, but in fact a tradition equipped with modernity.”\textsuperscript{53} Hahm believes he has negated Weber’s proposition on Confucianism: “Max Weber claimed that Confucianism was the tradition that lacked the most basic elements necessary for capitalist development among the various cultural traditions in the world.”\textsuperscript{54}

However, contrary to Hahm’s understanding, it was Max Weber who most eloquently explained that Western capitalist societies were based on strict discipline and authority of law. This is demonstrated in the “Spirit of Capitalism” and “Types of Domination” ideally typically constructed by Weber.\textsuperscript{55}

Through his research, long before the appearance of postmodernists, Weber pointed out that modern Western civilization was a society of strict discipline and specific types of authority, and tried to reveal its “cultural significance” to the world. Weber evaluated Confucianism as having succeeded in developing rational secular ethics. He agreed that a society dominated by Confucianism was also a society of discipline. But he wanted to make it clear that the methods and directions of discipline were different in Chinese Confucianism and the West.

Hahm Chaibong’s argument may be partially acknowledged by the fact that he discovered discipline and authority in both the Western and Confucian traditions. Nevertheless, we must not forget the historical fact that the West


\textsuperscript{52} Hahm, Talgundaewa Yukyo, pp. 277–98.

\textsuperscript{53} Ibid., p. 298.

\textsuperscript{54} Ibid., pp. 279–80.

\textsuperscript{55} Cha Seong Hwan, Maksu Boebowa Gundaeui Uimisoegoe.
was able to develop into a modern society by strictly excluding the personalized authoritarianism of the absolutist states. The domination of human by human was fundamentally ended as the authority of man was transformed into impersonal objectives, principles, or the authority of law. This is called the democratic society. As we have seen in Hahm’s argument, the Korean tradition of Confucianism does not need to go through such a creative reconstruction process. But now it is clear that his claim is based on a superficial and fragmentary understanding of Western civilization and biased misunderstanding of Weber’s research.

Now we have reached the point where we must discuss how the same cultural values can result in both creative energy and dominoes of downfall. Confucian capitalists tend to place great stock in the role of government bureaucrats in taking the initiative for economic development. This supposedly illustrates the role of Confucian tradition. But not only is such logic based on certain distortions of history, it also is anti-Confucian in reality. There is no need at this point to list all the cases of development dictatorship by the Korean government, such as five-year economic development plans; however, there is a need to note some basic facts in order to disclose the structural defects of the Korean economy. Drawing from my existing research, I shall summarize Hattory Tamio’s own simple explanation as follows.

During the 1960s to 1980s in Korea, the initiative for economic development was taken by the government, not by enterprises. In other words, the government set up development plans and carried them out under powerful leadership: finance controlled by the government. The government controlled special banks and city banks, monopolizing the distribution of loans and foreign capital to companies. Such leadership did not follow the principles of the open market system. The government’s plans were selectively revealed to enterprises through private-connection networks. Companies capable of dealing with this information quickly and effectively could grow into chaebol. In some extreme cases, individuals could start businesses merely by relying on their relations with companies overseas and the government Committee for Foreign Capital Inducement, without having any private capital of their own. At the beginning of development, many people founded companies by relying on foreign capital or domestic loans. Once their company was founded, they could enjoy the powerful patronage of the government, obtaining bank loans, export financing, subsidies, and tax reductions or exemptions. By acting in concert with the government’s policy to support “new industry,” such as steel, and diversifying their business scope, companies could easily develop into chaebol. Through such connections, the chaebol could continue their octopus-like expansion into unfamiliar sectors regardless

56. Cha Seong Hwan, Hangukjongkyosasangui Sahoehakjokihoe, chapter 7.
of their founders’ lack of know-how or technology. This is the main reason why medium and small industries were not able to develop in Korea. Consequently, Korea became a nation with a chaebol-centered economic structure. Elements such as the government’s oppressive low-wage policy, low grain-price policy, and crackdowns on labor movements played a large role in sustaining stable profit rates for companies.

Under such circumstances, the success or failure of a company naturally depends on the establishment and maintenance of connections with government officials rather than improvement of management capabilities or development of technology. An individual’s capability would also not be judged according to his/her ability to grasp a situation realistically and process it perfectly, but on his/her human-relations skills. For example, the fact that people from certain areas and certain schools are able to play a dominant role in various areas of Korean society is closely related to this structure. The political circles are easily able to obtain the indispensable colossal sums of political funds and secret money through their close ties with companies. This enables them to avoid the tricky and complicated process of getting financial support publicly. This means that the tie between the political and economic sectors and the practice of corruption are deeply rooted in all processes of the industrial society. The Park government was able to maintain exterior industrial peace only through merciless oppression of the press and labor movements.

The foundation and operation of companies based on special favors through connections made competition-improvement schemes such as technological development and management rationalization relatively less important. All companies had to do was use their low-wage, low-cost labor to produce cheap and simply assembled items and export them overseas. Through various special benefits provided by the government, companies could fill in their loss from exporting low-cost products, and rapidly increase in size to develop into chaebol organizations. Expanding the size of a company meant increasing the scope of special benefits from the state. Here we can assert that the Korean economy that developed in such a fashion had a structural defect, in contrast to the evaluation by Confucian capitalists such as Hahm and Lew. However, it is necessary to ask how this growth could continue for a significant period of time despite the structural defect. The reason is that the Korean government used various regulations to limit the exposure of companies to international competition, instead of opening the market. As long as the companies were within domestic boundaries under the state’s control, the structural problems could be concealed for a long period of time,

through oppressing the press and labor movements. But as the Korean market grew in scale, and international pressure for a free market became unavoidable, the latent structural defects were completely revealed. With the progress of globalization, individual laborers, government officials, and companies all were forced to expose their relative weaknesses in international competitiveness. Hattori Tamio does not hesitate to conclude that “this, as a whole, obstructed the efficiency of the Korean economy.”

Through the process of economic growth, an intensely competitive society arose, but it did not let all the citizens participate equally in the competition. Instead, it brought a distorted form of conditional competition where people compete for advantageous membership such as regional ties or school ties, in order to rise in society. Thus, even the intensive competition during the industrialization process was not able to contribute to building up the nation’s competitive power.

4. Conclusion

As we have observed, behind the debate about Confucian capitalism inside and outside Korea, there exist more fundamental problems such as the essence of and relation between Eastern and Western civilizations, and their future. Thus, it is necessary to clarify the significance of these problems and the tasks given to us.

In the face of globalization, East Asia and the West have different current problems that threaten the existence of their civilizations. Of course, there are also common tasks that must be addressed by all humanity, which are being clearly exposed in the globalization process. These two gigantic worlds were structured independently based on different worldviews. The two civilizations should compete with each other as they progress in their mutual understanding, but must not make the mistake of starting a battle to prove superiority. Western capitalist civilization has strong competitive power and high efficiency but must solve its alienation problem, caused by its domination by “specialists without spirits” (Fachmenschen ohne Geist), to give Max Weber’s term. Eastern civilization has a great tradition of maintaining close human relationships; however, its weakness is that it is relatively inefficient. Dehumanization problems caused by serious corruption and authoritarian structures of oppression must also be solved. Thus, the methodology to address such issues must differ according to civilization. Nevertheless, these two major civilizations can increase the possibility of doing what they need to do by learning from one another. There is no need to assume that the two worlds will converge through this process. The common

58. Ibid., p. 117.
59. Ibid., pp. 117–18.
tasks of humankind, including these two civilizations, include combating environmental pollution and the destruction of the world’s natural ecological system. Unlimited development and production competition in the name of efficiency can bring serious problems to the future of humankind. In the East Asian social structure, where there is a higher possibility of the failure of efficiency, it is necessary to learn the wisdom of using the advantages provided by pure human relationships to overcome the weak points from a different dimension.

It is not productive to stand at the vantage point of one society and simply reject or accept the worldview or “idea” of other societies. It is important for all societies to preserve their culture or homogeneity of civilization. All societies basically have their special capacities for cultural development. The following statement by Tenbruck about cultural identity is suggestive:

“Culture can only live and flourish under the following conditions. It must have the freedom and power not to consider or reject things from outside cultures. Or, it can accept them in its own way, transform them, signify and interpret them. Culture will perish as soon as it is placed perfectly on top of the creations by a different culture.”

We face a great challenge against national survival. It is called “globalization.” The Korean people have succeeded to a certain extent in developing into a modern society through the industrialization process. But we still have a unique social structure formed under a worldview completely different from that of the West. As discussed previously, the Korean tradition of Confucianism has structural conditions that prevent it from serving as a motivation system to enable people to adapt to changing circumstances as they carry out rational activities. In other words, in modern society, Confucianism barely continues to exist as a folk tradition without any solid or creative religious leadership groups. Under such circumstances, the most important thing is the role of cultural intellectuals in society. These people tend to pay great attention to traditions, and work to recompose and creatively reinterpret existing worldviews. They must overcome the reality of Confucian culture that is revealing serious contradictions, dig into the core of the problem, and examine closely, the “spirit” of Confucian culture, which is the origin of vitality and unity. While resuscitating such spirit, conventional Confucian virtues that are not only behind the times but also counterfunctional, such as gender discrimination and hierarchical, authoritarian personal relations, must be

60. Here, the word “culture” contains comprehensive significance, interchangeable with “civilization.”

boldly uprooted. When considering the changed living conditions in modern society, work to reinterpret and recompose Korean Confucianism fundamentally must be undertaken. Furthermore, with a deep understanding of the essence of Western culture, we must not blindly follow the challenging cultural heritage of the West but go through a process of signification to subjectively recompose and interpret the foreign influence and make it part of the Korean culture. Only when such actions are successful will people perceive the significance of the situation that has changed greatly and take “rational” measures. Then, the Korean people will be able to maintain their independent position as proud members of the globalized world and play their expected roles. As a reminder, I want to finish this article by quoting Whitehead’s note about the conditions for survival of civilizations:

It is the first step in sociological wisdom, to recognize that the major advances in civilization are processes that all but wreck the societies in which they occur. . . . The art of free society consists first in the maintenance of the symbolic code; and secondly in fearlessness of revision, to ensure that the code serves those purposes that satisfy enlightened reason. Those societies which cannot combine reverence to their symbols with freedom of revision, must ultimately decay either from anarchy, or from the slow atrophy of a life stifled by useless shadows.62