

Understanding China's Economic Growth in Global Context through Adam Smith the Overlooked Moral Philosopher behind the Overrated "Capitalist" Economist⁺

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Abstract

To understand the phenomenal growth of Chinese economy, it is necessary to understand it in a global context along with China's deep-rooted cultural tradition.¹ Adam Smith is therefore important for the purpose not only because in both *The Wealth of Nations* and *The Theory of Moral Sentiments*² he reveals the fundamental values of pragmatism so essential of China's ongoing economic growth but also because he personifies these crucial values particularly through his pragmatic approach in *WN* while dealing with China, a hard case either to ignore or to fit in his Europe-based political economics theory. Smith thus needs China *then* in ways as much similarly as we need him *now* to understand not only modern China but also its contemporary global context reputedly grown out of Smith's "capitalist" theory developed in *WN*. Besides, what Smith sees as crucial in the form of pragmatism not only "coincides" with China's rich cultural tradition but also help explain China's current "economic miracle". Thus globalization, as Smith would so emphasize along with Confucius, is ultimately "glocalization".³ An appropriate re-understanding of Smith therefore means equally an appropriate understanding of China's "miracle making" cultural tradition pragmatically in the global context.⁴

Keywords: *Adam Smith, Chinese pragmatism, politics of comparative cultures, sustainability, "glocalization"*

JEL classification: *A13, A14, B12, N01*

1. Introduction

However often we may consider the rapid growth of China's economy notwithstanding its "communism" as much incredible as a "miracle". But nothing ever takes place in vacuum; even miracle occurs in context.⁵ So to understand the very context, within which the "miracle" happens, it is necessary for us to understand not only the ubiquitous impact of globalization but also China's rich and ever-present cultural tradition.⁶ Smith is therefore a natural choice. The Smith we try to understand, however, is not so much the overrated "capitalist economist" but one of the most accomplished and yet quite overlooked moral philosophers of the eighteenth century. It is because not only in his famed *The Wealth of Nations* but also in his often overlooked masterpiece *The Theory of Moral Sentiments*, the one most proud of by Smith himself, what Smith consistently emphasizes is the fundamental values of pragmatism that stresses the importance of local and individual initiative, gradualism, communication, guarded optimism, government's indispensable role in educating the nation in the rich humanistic tradition for a reliable national workforce in addition to any job-related training as well as its role in inadequately coordinating nation's political, social and economic activities.⁷ What is immediately relevant to the argument here with regard to this "revisionist" reading of Smith, the moral philosopher, is his yet-to-be further understood and appreciated pragmatic approach that suggests a cautious global vision and unmistakable moral sensitivity and sensibilities beyond any political ideologies, all of which are so crucial at the age of globalization especially regarding the importance of reaching and maintaining environmental, cultural, economic, and social sustainability on a global scale. This pragmatic approach, as Smith so exemplifies in both *WN* and *TMS*, reveals not only the necessity but also the possibility of reaching the goal because it suggests ways of reconciling what may otherwise appear utterly irreconcilable as often seen arising between global and local interests, commercial and cultural values, governmental regulation and private initiative, "communism" and "capitalism."⁸ What happen in China in general and in Zhejiang province in particular seem to coincide with many of Smith's pragmatic approaches to the important issues related with globalization. Globalization, however problematic in various ways, does bring significant changes not only to places where its influences reach but also to itself; it often becomes effectively localized to address specific local situations and, at the same time, often appears quite instrumental in solving dogged local problems through imperfect but available local means with effectively tailored global models and measures. Globalization may indeed cause negative impacts on local cultures or economy, but it also facilitates positive changes, especially in promoting desirable ethical business practice for a humane use of both human and natural resources the way Smith would hope for.

2. “Glocalization” in China

In Zhejiang, China, many global corporations, such as DuPont, however imperfect individually in terms of their own records on ethical business practice, often become perfect agency in bringing in timely changes to local companies; they help globalize the local companies by upgrading them on ethical business practice in terms of global standards, i.e., the corporate social responsibility (CSR). In transforming and upgrading the local companies, these global businesses can be so effective in ways and to such degrees far beyond the local governments' actual capability or willpower. It is because the biggest local polluters, for instance, are often the largest cash cows vital for local economy and for a stable local job market. For the local politicians as well as the central government officials arisen from the local areas, these big local polluters, as local cash cows, are both their political liabilities and assesses and thus truly hard to deal with. But with foreign investors, the matter is simple and clear because, for the local companies, it means whether to comply with the international standards or to lose long-term profitable business partnership.⁹ Case in point is China Ai Shida Group of Yiwu, Zhejiang. Around 2002, the company had to make a hard decision on whether to enter the agreement with DuPont regarding the corporate social responsibility that stipulates no underage employment, minimum wage, and improvement on employees' living and working environment as the non-negotiable prerequisites for any local company that wants to become one of the chartered manufacturers of DuPont in China. No matter how reluctantly the company entered the agreement initially in order to win the craved business privilege or partnership with DuPont, it has now become one of China's role-models for environmental, cultural, and economic, and social sustainability especially in terms of corporate social responsibility.¹⁰

As globalization deepens locally, what happened to China Ai Shida is no longer a certain singular case but a nation-wide experiment, especially in Zhejiang, China's one of the richest and export-oriented provinces. 2008, for instance, saw in the province the success of implementing the nation's first corporate social responsibility (CSR), its adequately localized version of SA8000. In Beiyuan district, Yiwu, Zhejiang, 57 local companies were certified for having met CSR standards and 14 were also officially recognized as the city's top 14. Some of the certified companies were actually once known for their “sweat shop” practices for maximum profits at the expense of human and natural resources. Again, as globalization further deepens locally, more and more local businesses realize that their once successful low-tech, labour-intensive, sweat shop strategy has now literally stand in their way for any profitable big purchase order from overseas; they know that they must upgrade themselves in order to compete globally through a much needed

coordination through local governments that also try to localize the SA8000 for a more practical version for all local businesses that wish to go global.

However often such desirable changes may seem to have resulted solely from globalization, the outside influences could never have been truly materialized in such ways and to such degrees without a surreptitious process of localization. In fact, mere outside pressure for changes can often backfire especially in terms of strict implementation of SA8000, which are often considered “outrageous”, “unrealistic”, or “unpractical” locally. What happens in this regard is actually also an on-going process of cultural dialogue but in the disguise of business negotiation. For many locals, underage employment, for instance, is never a problem but rather a mere *de-facto* survival issue. Children from poor local families are often praised for working hard at their tender years helping families to survive economic hardship or financial crisis; neither is there a problem for one dormitory big enough for only four persons to accommodate additional four with bunk beds, or more if necessary – a quite common practice even in the elite universities in China in 1980s. So is privacy an unheard of luxury for locals. Thus, how to implement SA8000 or globalize it locally is also a crucial continuous process of cultural dialogue that parallels business negotiation; such dialogue requires indispensable compromises from all parties involved with good faith and good understanding not only of the general principles but also various situations peculiar to the locals related to different local customs, cultures, and actual conditions. While it is necessary to make locals understand the nonnegotiable principles regarding underage employment, it is equally necessary to negotiate for possible compromises on issues, such as how many persons to accommodate in one dormitory and how to remodel public toilets. Through the process, the locals begin to see and understand how much they can benefit from such high cost implementation of SA8000. The international companies also become further sensitive to local customs, and come to understand what they want to accomplish often depends on what can be done locally, i.e., by what means, with what measures, when and where to compromise, how and how far the local can be, should be, and must be pushed.

For a workable environmental, cultural, economical and social sustainability, certain limited but timely assistance from government also facilitates the process for the slow but steady changes in a pragmatic way that Smith would approve. The local governments of Zhejiang province’s role in these business deals may not be as instrumental as the central government’s strategic policies on national economy the way that Giovanni Arrighi sees it, their influences are still quite significant.¹¹ The local governments initially keep a low profile in letting everything take its due course, but when time is ready for them to promote the successful cases of globalization further locally, they come out with an effectively coordinated and localized version

of SA8000 based on the ongoing experiments. Since so many other local businesses want to duplicate the successes that China Ai Shida Group stands for, it is necessary to consider what is politically and economically feasible on an extended scale. Answering the need to upgrade the local businesses for the burgeoning global market, the local governments tap in all the local resources and experiments, customize the international edition of SA8000, and come out with its applicable local version.¹² Thus, with all the influences from abroad, significant changes occurred locally in China. Such influences have even started to change the local culture of doing business; the change means that to win a business purchase order no longer needs to go through the usual procedure that starts with the lavish drinking parties and banquets; it simply begins and ends with strict checking on business's taxes returns, wage and salary payments records, and the numbers of public toilets for employees, as reflected in such an idiomatic expressions as “不喝酒，不吃饭，问工资，查税款，数数茅坑才下单。”¹³

Globalization thus empowers the local community that responds with various creatively “glocalized” initiatives. In the same way it also facilitates and improves communication for mutual understanding across cultures the way Smith would hope for; communication, for Smith, actually not only facilitates but also initiates commerce, because without communication, there would be no economic or commercial activity that sustains humanity in the first place; neither would there be anything for us to sustain or sustain with. “Division of labour, from which so many advantages are derived,” emphasizes Smith at the very beginning of *WN*, is “not originally the effect of any human wisdom, which foresees and intends that the general opulence to which it gives occasion” (1937, p. 13) but a result of “the necessary, though very *slow* and *gradual*, consequences of a certain *propensity* in human nature ... the *propensity* to truck, barter, and exchange one thing for another” (1937, p. 13, emphasis added). This crucial “disposition to barter [as] the cause of the division of labour,” however, as Smith finally admits elsewhere, is ultimately founded neither upon “human wisdom” nor upon “different genius” but upon “that principle to *persuade* which so much prevails in human nature” as to become the “*real foundation*” of division of labour” (*LJ*, 1978, p. 494, emphasis added). Our economy, according to Smith, thus not just starts with communication but is also constantly sustained through communication because all our “other basic motivations, the drive to better our condition in life,” as James Otteson sees it, inevitably “leads people to coordinate their respective pursuits by means of economic markets” and thus consequently constitute[s] an unintentional yet orderly structure for *interactions*” (p. 6). It is, in other words, “by buying and selling certain products at certain prices of exchange [that] people *communicate* to each other their interests and desires, and the markets that emerge are merely the result of individuals bartering and

trucking for their mutual advantage (p. 6, emphasis added). It is no wonder why, besides his intensive study of rhetoric, Smith also calls for a cultivation of such natural propensity: “We ought then mainly to cultivate the power of persuasion, [however] indeed we do so without intending it[,] since [*our*] *whole life* is spent in the exercise of it” (*LJ* 1978, p. 494, emphasis added).

In places other than Zhejiang provinces, there are also numerous less prominent but at least equally significant cases that demonstrate how Chinese economy, with or without immediate foreign investments or incentives, also flourishes in the increasingly “glocalized” world context. There are, in other words, numerous less prominent small or middle-sized local companies, which literally constitute the backbone of Chinese economy, flourish on their own initiatives by taking advantage of whatever resources available on the glocalized domestic market and through governmental network of support. The various successful implementations of EMC (Energy Management Contract), for instance, are the cases in point. As an already standardized business practice in Europe and North America, EMC holds a key to a win-win solution for all the parties involved in handling the vital issue of environmental, economical, cultural and social sustainability through active energy-saving business deals and practices. With EMC, it means any individual company that needs to maximize its business profits by cutting its primary energy costs through re-modeling its existing fuel system can find a consulting firm on the market as its EMC contractor in the list provided by government online. All the consulting firms or contractors on the list are regularly examined and updated by the government regarding their qualification. Once a consulting firm is chosen by a company as its contractor with a regularly five-year contract, it is the consulting firm’s responsibility to conduct a thorough comprehensive examination of the company’s existing facility and system to find ways to cut costs through saving on the fuels, mainly coal in most cases. It is also consulting firm’s responsibility to secure the needed loan from the bank for the remodeling. As is the usual case, the first two years’ profits from energy cost cutting remodeling will be used as repayment for the bank loan with the remaining three years’ profits equally divided between the consulting firm and the customer company. One of such cases involves Shen Yang Xin Bei Heat and Electric Power Co., Ltd (沈阳新北热电有限责任公司), a major heat and electric power supplier for the Xin Bei area of Shen Yang, one of China’s major industrial cities and capital of Liaoning province. The company has made considerable profits by cutting its fuel cost after its EMC remodeling in 2009.

As in Xin Bei’s case, before its 2009 remodeling, 90 per cent of its steam turbine generated electric power was sent to the market for the region on its supply network, the rest 10 per cent must be maintained for the internal mechanic power that the plant depends on for daily operation. After the

remodeling, with all the mechanic power immediately generated from steam energy, the plant gains further profits by selling all its steam turbine generated electric power to the market because all its machinery can now be literally operated on the extra steam energy otherwise irrevocably wasted in process with each repeated intermediate conversion from steam power to electric power and then to the mechanic power. The plant also saves considerably by cutting cost on coal that fuels the steam turbine as well as making contribution to a cleaner environment with reduction on its carbon dioxide emission. Equally successful is the heat providing Tong Liao Hong Tai Company (通辽宏泰热力公司) of Inner Mongolia, which provides heat for an extended community. In order to cut its considerable fuel cost and provide quality service to the community, which often complained about insufficient heat during winter time, the company entered into contract with Beijing Jun Ying Jie Yuan Science & Technology Co., Ltd (北京均赢节源科技有限公司) after an extensive search online. The Beijing consulting firm thus helped company identify the ways for fuel efficient remodeling. After the remodeling in 2011, the company set a record of using least coal even in the coldest winter of thirty years in addition to a steadily improved customer approval rating.¹⁴

The government-coordinated, market-oriented, and sufficiently localized EMC thus indeed provides good money making business opportunities not only for the customer companies as above but also the individual consulting firms, such as Beijing Jun Ying Jie Yuan Science & Technology Co., Ltd., the private companies founded by individual persons who wanted to make profitable additional use of their expertise through market besides their regular jobs.¹⁵ Thus, what appear to be further significant of these seemingly insignificant ordinary cases are the potentially immeasurable influences of globalization and opportunities of “glocalization.” It is because EMC not only stands for good money-making opportunities but also new concepts or new ways of making money while contributing to the noble cause of environmental protection for environmental, economic, cultural and social sustainability. Even if, other than immediate financial incentives, environmental protection may not be the initial or primary concern with all parties involved in EMC deals, each deal, once completed, however, falls naturally in line with the noble cause. These “involuntary” or “accidental” participators in the noble cause, in other words, also personify the telltale sign regarding how effectively the global concept of environmental protection has already set up a global context in which the concept or rhetoric of environmental protection often appear to be particularly appealing or persuasive calls for business, even if the noble concept might not have actually found its way home deep in the hearts and minds of those who use it for business. But as long as it stays fashionable or popular as a call or cause for business, the noble concept will be eventually at once externalized and internalized to be a norm via its consistent use.¹⁶ In

the global context, whether self-consciously or involuntarily, these companies, after all, make their contribution to the noble cause of reducing or lessening the detrimental global warming to humanity. Beijing Jun Ying Jie Yuan Science & Technology Co., Ltd., for instance, not just has an appealing name in Chinese 北京均赢节源科技有限公司, in which “Jun Ying” (均赢) and “Jie Yuan” (节源) means “equally beneficial” in “saving on energy resources” (environment included, of course); it also has a persuasive statement of purpose, such as “Recently, global climate becomes further deteriorating. The excessive carbon dioxide emission from our daily activities of living and manufacturing contributes significantly to the problem of global warming. The government’s 12th Five-Year Plan has set up the strategic goals in energy saving and carbon dioxide emission reduction. It is therefore our utmost responsibility to do all we can to help achieve the strategic goals.”¹⁷

3. China “Glocalized” in the Lights of Adam Smith and Confucius

Again, with these very mundane and practical daily business practices, what stood out are the pragmatic measures that Smith would approve, especially regarding how potentially a great leap forward could be managed in the right direction of the noble cause for environmental protection through each small but gradual and steady step in the appropriately glocalized market timely coordinated with governmental assistance in the capacity of reliable network of information and adequate financial incentives, such as additional bonuses or awards for those businesses that achieve their goals with variable energy saving results after remodeling. But, whether in terms of SA8000 or EMC cases, there is still much to learn especially with regard to Smith’s often overlooked emphasis on the role of government when he is mistaken as a champion for an absolutely free market economy and non-interfering “small government”.¹⁸ Therefore, today, for the desirable environmental, economic, cultural, and social sustainability based on well-balanced and steady economic growth, what “practical” advice can we still expect from Smith, especially on such an urgent matter regarding how to maintain a government appropriate for the indispensable “liberal” education to counteract the negative impacts of the “division of labour” through its limited but efficient power?¹⁹ For Samuel Fleischacker, what appropriate size or shape for a government to grow into nowadays is an issue beyond Smith’s wildest possible imagination, given to the fact that a large government is now necessity to counterbalance, sustain, or even bail out “the large corporations that have dominated capitalist economics since the beginning of the twentieth century [and that even] did not exist in Smith’s time” (p. 265).²⁰ In addition, emphasizes Fleischacker, “transportation and communication, which Smith himself thought would often need government oversight, have become to take forms that endangers their

users in ways Smith could not have imagined” (p. 268). Other than that, “the complexity of modern products,” as Fleischacker also points out, “makes it hard even for very well-educated people to know whether a particular product is harmful, or harmful in certain circumstances, or even whether it is well made” (p. 268); as a result, “there is the need for “government [to] take their efforts to protect consumers and workers against unobvious hazards” (p. 269). Hoping for an ideal size or even ideal form of government, in this regard, would certainly be as “absurd” or utterly “Utopian,” as Smith would say here, as to expect an ideal version of free trade ever. Even so, Smith, pragmatic and optimistic the way he is, never gives up on free trade, no matter how his “attack on the commercial system was uncompromising” because, as always, “there was a spirit of pragmatism in his advocacy of free trade” (Fitzgibbons, p. 175).²¹ For Dennis C. Rasmussen, although there are “too many of today’s self-proclaimed “Smithians” [who] choose to remember the Smith who argued many forms of government intervention in the economy,” not too many actually remember “the Smith who railed against poverty and the selfish greed of the rich and powerful and who constantly emphasized the need for things like strong central government to enforce rules of fair play and state-supported education to remedy the division of labor’s potential stultifying effects” (p. 175). Consequently, “when today’s defenders of commercial society simply overlook these and other problems,” emphasizes Rasmussen, “they are not being true to Smith’s thought, nor are they being true friends of commercial society” (p. 175) and it is “precisely because commercial society is (to adapt Winston Churchill’s famous line about democracy) the worst form of society except for all the others that have been tried that we need to pragmatically address its shortcomings even as we defend it against utopian aspirations for a perfect world” (p. 175).²²

Therefore, whichever way we choose to make our argument on “big” or “small” government in accordance with Smith, the importance of government’s role in adequately coordinating political and economical activities is self-evident especially today.²³ As to how important the role of government should be, it is often practically as much a cultural issue as an economic one. Whether in the form of joint venture or by means of EMC, it is apparently also a serious matter concerning ongoing cross-cultural dialogue through effectively communicated common commercial interests as Smith would so equally advise. DuPont and local Chinese governmental bureaucrats seem to have teamed up perfectly in facilitating the slow but steady changes via pragmatic procedures and process regardless of how imperfect each has been, by itself, either as role-model on global ethic business practices or as praiseworthy agent on local human and natural environment protection.²⁴ So is the “invisible hand” of the governments at different local levels in making EMC adaptable for the Chinese market. Only in this way via limited but

effective governmental facilitation and coordination can globalization at this stage in China be steadily localized to change not only the traditional way of doing business but also the local culture that influences the traditional business practices.²⁵ If Karl Marx failed to predict where communism would most likely to take place, Smith would probably also consider it absurd to see how market reform could ever take place in China the way it does, because Smith is known for considering it as much absurd “to expect that the freedom of trade should ever be entirely restored [even] in Great Britain ... as [it is] absurd as to expect that an Oceania or Utopia should ever be established in it” (*WN*, p. 471).

Indeed, there is still so much we can learn from Smith particularly in terms of how he deals with China to test, in a global context as well, his political-economic theory in *WN*. In fact, Smith needs China to understand his own theory *then* as much as we need him to understand China *now* in the current global context. Either way, China is indispensable. Like David Hume, his fellow Scottish Enlightenment thinker and mentor, who has problem in fitting China in his “progressive” worldview, Smith also feels the pressure in finding a fitting niche for China in his theory constructed on the European model. For Smith as for Hume, China is simply too much a phenomenal case either to ignore or to fit in any political-economic theory based on the progressive worldview of the European model then. If Europe is progressive and superior to Asia, which is therefore presumably inferior or backward, China, however, is still not so “backward” or “declining,” if at all, even if it has indeed been “stationary” for a long while; the term “stationary” is, regardless, the euphemism or synonym of being “backward” or “declining” in the vocabulary of progressive narrative, which, as J.G.A. Pocock would describe here, “is a paradigm which very effectively organizes a great deal of highly perdurable knowledge” even with “elements of relevant historical reality which it does not fit and may distort – to say nothing of the fact that there are civilizations like the Chinese which it obliges us simply to ignore (pp. 37-38).²⁶ If a liberal democratic tradition is, as Hume emphasizes, so crucial for the wealth of economy via commerce and for the developments of arts and sciences, China is wealthy and sophisticated with its developments in arts, sciences, and technology in ways Joseph Needham has so detailed²⁷ but it has no such liberal democratic tradition whatsoever and its wealth is not acquired through commerce but agriculture. If geography is such a vital issue in the formation of modern European nation-states, geography in China is much more complex than in Europe and China nonetheless stays steadily united as a nation.

China therefore literally presents as much a problem to Smith then as it still does to many now. But Smith apparently refuses either to “ignore” or to “distort” the unfitting facts or reported observations of China in line with

the dominant progressive worldview then;²⁸ instead he seems to be quite comfortable not only in dealing with the conflicting observations of China as what they are but also in discovering in the due process something peculiar or otherwise utterly unthinkable of China if following the Europe based progressive theories.²⁹ Even with “concurrent testimonies of the misery of the lower ranks of the Chinese” (p. 71), China, for instance, still remains, as Smith sees it, “one of the richest countries in the world” (p. 71), and it has “stationary population” (p. 80) but manages to be “as rich as possible” (p. 95). While having “long been one of the richest, that is, one of the most fertile, best cultivated, most industrious and most populous countries in the world,” China also “seems, however, to have long been stationary” but by all means “not a *declining* country” (p. 73, emphasis added), according to “Marco Polo, who visited it more than five hundred years ago, [and] describes its cultivation, industry, and populousness, almost in the same terms in which they are described by travelers in the present times” (p. 71). “Though it may stand still,” China, insists Smith, “does not seem to go backward” with “its towns ... no-where deserted by their inhabitants” (p. 73). But how could this be possible? While China is also reported as “poor,” similarly wonders Smith, why “the lands which had once been cultivated are no-where neglected” (p. 73)? Does it not mean that “the same or very nearly the same annual labour must therefore continue to be performed, and the funds destined for maintaining it must not, consequently, be sensibly diminished” (p. 73)? Does it not also mean that “the lowest class of labourers, therefore, not withstanding their scanty subsistence, must some way or another make shift to continue their race so far as to keep up their usual numbers” (p. 73)?

Literally, China, as Smith also admits, has been “much richer than any part of Europe (p. 180, p. 238) and “not much inferior to Europe in manufacturing” either (p. 206). It is a nation with no liberal democratic tradition but still manages to be a “great state assumed by grandees” (p. 205) with “great attention paid to the road there” (p. 687) for the “consistent goodness of roads and canals (p. 789) and with “land tax [as] the principal source of revenue (p. 686) in ways compatible to “what the principal revenue of the sovereign consists” (p. 789). With all its “wonderful accounts of wealth and cultivation” (p. 348), China, however, emphasizes Smith, “never excelled in foreign commerce” (p. 348); it is, in other words, “wealthy without carrying on its own foreign trade” (p. 360) and “without mine richer and better of than Mexico or Peru (p. 416). That is, so different from the major European nations, with “agriculture favoured there beyond manufactures” (p. 644), China “acquire[s] wealth by agriculture and interior commerce” (p. 462), and while “foreign trade is not favoured there” (p. 644), China, nonetheless, has its “extension of home-market” (p. 644). Even when Smith does also see China’s stationary status and poverty, especially regarding “the poverty

of lower ranks of people in China[, which] far surpasses that of the most beggarly nations in Europe” (p. 72),³⁰ he also sees in the extreme poverty something particularly resilient of Chinese people and Chinese economy thereby with comparative reference to Europe when he comments how, for instance, regardless of “the low wages of labour, and in the difficulty which a labourer finds in bringing up a family in China,” people still try to make do with whatever available and do whatever they can. “If by digging the ground a whole day he can get what will purchase a small quantity of rice in the evening, the [laborer] is contented” (p. 72). “The condition of artificers,” as Smith sees it, “is, if possible, still worse” (p. 72). But “instead of waiting indolently in their workhouses, for the calls of their customers, as in Europe”, they are, emphasizes Smith, “continually running about the streets with the tools of their respective trades, offering their service, and as it were begging employment” (p. 72). Do not these phenomena that Smith so comments on at that time sound familiar nowadays particularly with regard to the millions of migrant workers everywhere in China’s big cities from the poverty stricken rural areas and those who stay there? Are those not the same people who keep China both stationary then and vigorous now?

Thus, in almost every conceivable way, the China Smith sees here contradicts his theory of political economy, But, regardless, instead of trying to fit China in his theory, Smith attempts a pragmatic approach in accepting China as a particular or peculiar case of the complex world that allows some kind of exceptions in ways very much like what Immanuel Kant does, in a footnote, acknowledging China and India as the cases of exception regarding his overall argument on “religion within the limits of reason” in the eponymous treatise when his theory runs into the hard rock of reality.³¹ But China, for Smith, is much too big a case of exception to be treated merely in the footnote. He literally grants China more rights than Kant. He takes China for its own merits regardless of how it does not fit his narrative.³² In this way Smith also suggests to us how we should understand China in global context nowadays by respecting the emerging facts not the mere consistency of theory; and in this way we may also be able to explain why China’s economy can rebound so miraculously as if by overnight from such a “backward” and “stationary” status to becomes so “progressive” economically even without a liberal democratic tradition as a seemingly indispensable prerequisite.³³ Indeed, “Gray, my dear friend, is every theory/And green alone life’s golden tree” (p. 207). With theory, even if Smith would not be as radical as in ways that Emerson would suggest, that is, “Leave your theory, as Joseph his coat in the hand of the harlot, and flee” (p. 152), he seems to understand this statement from Goethe quite well. Should we not also learn something from Smith in dealing with China as pragmatically as he is, at least not in terms of any theory or ideology *a priori*?

Smith's case with China then reveals his effective pragmatic approach that we may try on our case with China. Whether China is still a "communist" state or not, the ways such a "miracle" or "marriage" occurs as in the above cases certainly speak for China's awakening and insurmountable national instinct nourished in its overall pragmatic cultural tradition for centuries. This is why for Max Weber China is a more capitalist oriented nation than Japan when he discusses how Chinese tradition is formed by its native religions, i.e., the practical and rational Confucianism.³⁴ Whether Smith could be ultimately helpful for us to understand China's much glocalised economic growth especially with regard to the actual role of government in the process, the Scottish political economist and moral philosopher must then be understood along with Confucius. To localize or glocalize Smith, in other words, also means to see the significant "coincidence" of Smith and Confucius. What people in Zhejiang try to accomplish is this subtle and crucial balance between commerce and culture. Ultimately, the issue of globalization is the issue of commerce and economy, without the power of which there would be neither anything to sustain nor anything to be sustained *with* and *for*. This is why, for Confucius, according to *The Analects*, making people prosper must be prior to educating them when he is asked about how to do with the growing population of the state of Wei (13:9). This is also why Confucius praises to the bewilderments of many the in/famous politician Guan Zhong as an "exemplary person" (*junzi*) for the political wisdom Guan expresses and practices accordingly, "Before teaching people of morality, let them have enough in their barns; prior to educating them of proper rites, feed and clothe them well (倉廩實而知禮節, 衣食足而知榮辱).³⁵ Mencius' comments on Confucius should shed further light to these seemingly incomprehensible situations regarding Confucius, because the Master does often appear so consistently inconsistent with his apparent attempts to reconcile the irreconcilable in responding to the ever-changing reality. For Mencius, a truly "exemplary person," such as Confucius, "will not go to either of the extremes" (3: 9).³⁶ This is also what David L. Hall and Roger T. Ames emphasize as "a hallmark of the Confucian vision" that means "a perspective attitude of *tolerance* and *flexibility*" as reflected in the "fact that Confucius' instructions for appropriate conduct vary according to his audience" (1987, p. 237 emphasis added).³⁷ To globalize successfully locally, "the hand that opened the door was as important as the one that produced the knock from outside" (Hall, 1965, p. 36).³⁸

Thus it is certainly as hard to understand Confucius as it is to understand Smith, but it should not be so hard to see in both the humanity-enriching spirit of pragmatism out of a long humanistic tradition that each exemplifies or personifies so well in his own way. Whatever ways we choose to recognize Smith, whether as the persona of so-called Adam Smith Problem or Smith the philosopher behind the seminal economist, what we ultimately encounter or

understand, for the benefits of environmental, cultural, economic, and social sustainability, is Smith *the Person*, as is so vividly indicated, according to Griswold, by the “dialectical character of [Adam’s] writing [that] embodies a [pragmatic] method of inquiry well worth continuing” (p. 359).³⁹ It is because Adam’s writing “shows [his] sensitivity to the unexpected twists and turns that the phenomena under investigation take and insists that one be guided by the subject matter rather than by methodological preconceptions about it” (p. 359). As a result, “his method of reflection allows him to draw freely upon history, literature, rhetoric, economics, philosophy, and other disciplines, as suits the subject matter and his purpose” (p. 359). It is therefore clear that Smith “is under no illusion that the free market somehow solves all problems in and of itself, and he does not think that it is a kind of machine that follows its own laws and infallibly produces the best outcome for all” (p. 359). It is this pragmatic or true-to-life approach that enables Smith to have such a “vivid description of the dehumanization of the workers [that] would alone destroy any such dogma” (p. 359).⁴⁰ Being so true to life or so “purely philosophical in human beings,” Smith thus, according to Fleischacker, inevitably “lends himself to uses by the left as well as the right,” even though “what he has to teach crosses political boundaries [and] is quite separate from any specific vision of the ideal policy” (p. 281).⁴¹ Thus, “the best way to read Adam Smith the social scientist,” emphasizes Fleischacker, “is by way of Adam Smith the philosopher. Social science is for him, as it should be for all of us, but one part of the love of wisdom” (p. 281), because he reveals such “a grounding in common sense, a respect for the importance of imagination and sympathy to understanding our fellow human beings, resignation to the dominance of self-interest in large public arenas, an understanding of the importance of general laws and of slow change, and an overall humility before the unpredictability of history” (p. 281).⁴²

But, unquestionably, all these are indeed, as Fleischacker emphasizes, “the lessons from which anyone interested in politics can profit, and that will be useful likewise to social scientists, and to those simply fascinated with the workings of human nature” (p. 281). “More than anything,” Smith, as Wight sees him, “is remembered for articulating a manifesto in support of the ‘natural system of liberty,’ in which prudence, equality, and justice find expression in markets”; meanwhile he also “appears to us as a hard-headed economist who values the sacred rights of working people over elite special interests” (xi). But whether in the form of philosopher or economist, Smith sustains the best of our common humanity with his subtly balanced sensitivity and sensibility as his *interdisciplinary approaches to life* so indicate. He is free from any doctrine but one, that is, the doctrine of life itself. This is why for Wight “Smith is an idealist rather than ideologue, pragmatically arguing that reasonable systems that work tolerably well are preferred to perfect, but

unattainable, arrangements” because, Smith, emphasizes Wight, “is optimistic that, over the long haul, our invisible instincts for order and progress can overcome innumerable obstacles – many self inflicted” (p. xi). But, “finally, and importantly,” Smith’s great contribution to us nowadays, also according to Wight, is that he “reminds us that an economic process operates within a *moral framework*” because an economic “is not a mechanical engine but a social organism” and how therefore “virtue requires balancing the sometimes opposing instincts for self and others – and developing the self-control that is usually preferable to state control” (p. xi, emphasis added).

Thus with both Smith, the “Person,” who personifies only “the doctrine of life itself” and Confucius his spiritual counterpart in the humanistic tradition of pragmatism, as guides, China’s economic growth, if not to be taken as an overnight miracle or a stroke of luck, must be understood in such global context along with its cultural milieus in ways exemplified by the local cases; it must be understood, in other words, in accordance with those often hard to understand but always live to inspire great philosophers, such as Smith and Confucius. It is then possible to understand how China’s economic growth showcases the authentic “glocalized” spirit of pragmatism that both Smith and Confucius exemplify in consistently trying to reconcile the otherwise seemingly irreconcilable for the “impossible” benefits, such as through a happy marriage between “capitalism” and “communism,” Smith and Confucius, global incentives and local initiatives, and, ultimately, as a conclusive case here, between commerce and culture as so experimented in Long You, Zhejiang, China.⁴³ People there, for instance, try to let commerce and culture benefit from each other, since everything of humanity must be eventually sustained through the often conflicting interests between commerce and culture. Besides its magnificent grottoes as the world’s most recently discovered awe-inspiring wonders, especially regarding whether they are miracles of nature or humanity, Long You also finds ways to dig into its rich commercial tradition and humanistic resources by building a village museum with various distinctive but otherwise scattered and desolated households of former local wealthy merchants moved into one place for better cultural protection and exhibition to the great benefit of both local culture and local tourism. Culture and commerce are thus sometimes like a pair of strange but inseparable twins, each sustaining the other, often intimately, through local cultures. The global effort for environmental, economic, cultural and social sustainability therefore must start locally to sustain its momentum.

4. Conclusion

Undoubtedly, the issue of globalization or “glocalization”, as both Smith and Confucius would conclude here, is therefore ultimately the issue of commerce

and economy, without the power of which there would be neither anything to sustain nor anything to be sustained *with* and *for*. At the same time, however advanced or modernized we are scientifically and technologically, we must also sustain the fundamental, that is, our responsible and responsive human spirit, which is often enriched daily through the indispensable visions and voices inherent not only in the Humanities but also in what is commonplace and local. The spirit of humanity is so lively and Protean as global and local energy and should never be measured in accordance with any abstract Procrustean standardization or by any absurd means, which would result, as says a Chinese idiom, in “cutting one’s feet to fit into the shoes.” This is why Einstein, like Smith in both *WN* and *TMS*, emphasizes that we must study the Humanities for the indispensable global vision and local sensitivity to prevent ourselves from becoming mere “specially trained dogs” or, in Confucius’ milder term, some kind of simple “tools.”⁴⁴ Also in ways as Smith so well exemplifies, education for glocalized sensitivity requires thinking not only in terms of logic, familiar premises, and/or useful common senses, but also understanding things-in-the-complex-world beyond our habitual way through wisdom gleaned from the Humanities. Only in this way would no one become such a person, who is, “if possible,” emphasizes Smith, “more contemptible than even a coward, and seems to be mutilated and deformed in a still more essential part of the character of human nature” because he is “a man without the proper use of the intellectual faculties of a man” (p. 740). Only in this way may we never lose sight of the very basic and best – our living humanity. This is what we must “glocalize” *for*, *through*, and *with*.

Notes

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to China since 2005 and to Japan in 2009 and to Japan and China in 2010. His China trips include a field study in Lhasa (2012) and exploration of the rich and diverse cultures along the ancient Silk Road inside China (2013). For conferences and field studies with grants from National Endowments for the Humanities, Fulbright projects and his own home institute, he travelled in Japan, South Korea, Singapore, Malaysia, Brunei, and New Zealand. Dr Chen has been teaching in the U.S. in the field of the Humanities for twenty years since 1993 including his graduate teaching assistantship under a special joint appointment responsible for teaching courses of Western Civilization, English Literature and Composition, and Eastern Civilization (both regular and Honors) for the departments of Western Civilization and Humanities, English, and East Asian languages and Cultures at the University of Kansas. <Email: schen@jccc.edu>

1. China always situates itself in whatever perceived, imagined, or actual global context. It has always been a live case of “globalization”, to use a bit freely this “value-charged” contemporary term. This is China’s habitual way of “Mapping [Itself] and Managing the World”, also to borrow the title of Richard Smith’s forthcoming book. Otherwise how could it be possible for China to perceive itself as “the Middle Kingdom” and to label all its neighbours as “barbarians” even with more specific terms than the Greeks, such as *Dong Yi* 東夷 (the Barbarian of the East), *Nan Man* 南蠻 (the Barbarians of the South), *Bei Rong* 北戎 (the Barbarians of the North), and *Xi Di* 西狄 (the Barbarians of the West). Besides, King Shun and King Wen of the Zhou, the two legendary kings held by Confucius as the sages of exemplary nobility, as Mencius emphasizes in the eponymous book, are originally sinicized or “glocalized” barbarians with one from the East as *Yi* and another from West as *Di* respectively (1970, p. 128).
2. *WN*, *TMS*, and *LJ* as the respective abbreviations of Smith’s major works quoted in the paper, i.e., *The Wealth of Nations*, *The Theory of Moral Sentiments* and *Lectures on Jurisprudence* will be used thereafter as needed.
3. I adopt the increasingly popular neologism in academic discourse for exactly what it suggests by combining two words “global” and “local” into one.
4. The need to understand China through Smith and, in turn, to understand Smith through China could be better understood in terms of the following questions put forth by Jean-Laurent Rosenthal and R. Bin Wong, that is, “Why did China decline between 1400 and 1980, only to reestablish a major presence in the global economy? Why did Europe, a region torn by strife and suffering and economic collapse after the fall of the Roman Empire, become the birthplace of modern economic growth?” (p. ix), True, “answering [these questions] does not merely satisfy an academic curiosity; it also matters for understanding how the world is changing today” (p. ix). But since “China was once rich and is rapidly becoming one of the most prosperous economies in the world,” it is therefore necessary for us to understand the global context that should enable us to explain “Europe’s economics successes that also accounts for Chinese earlier achievements and more recent rise” (p. x). Only with such an appropriate sense of “global context” would it then not appear “remarkably unjust to expect Chinese government of the early Qing to implement policies promoting a kind of economic change that Adam Smith, the foremost economist of the eighteenth century, did not even perceive”

(p. x) as it is equally ridiculous to read Smith for “an ode to the Workshop of the World” from his *The Wealth of Nations*, which is literally no more than “an apology for light taxes and unfettered trade in an agrarian economy” (p. x). If so, “The recipes for growth of the Qing emperors, such as to “promote the expansion of agriculture, keep taxes low, and do not interfere with internal commerce” not only “were *commonsense* everywhere” but also coincide with or exemplify what Smith would hope for a nation, which was, like China then, “often peaceful and unified, developed large-scale markets and took the advantage of the division of labor” (p. ix, emphasis added). What Smith advocates in *WN* as the fundamentals, in other words, “are precisely the policies pursued by the Qing emperors, [who] were not those European rulers because the fiscal requirements of war interfered with trade” (p. xi). With the importance of global context being so understood, would it not be remarkably inappropriate for us to understand Smith without being sufficiently aware of, as is so timely depicted below by Uday Singh Mehta, the very global context, within and from which Smith perceives his world and approaches his issues? Likewise, one should by no means to understand China this way, either. Otherwise, we may act like, in Thomas Kasulis’s words, “trying to make a pun that is not in any language” when “trying to make a philosophical analysis without adopting a [local] cultural orientation [or context]” (p. 158).

It is easy to dismiss the professed cosmopolitanism of tradition that includes Hume, Adam Smith, Burke as no more than the mask that late eighteenth-century parochial gentility wears and as an imminent set of developments exposed as being historically moribund. It is certainly true that both Hume’s and Smith’s thought bear the imprint of a security that stems from the knowledge that the religious and political convulsions of the seventeenth century are behind them, along with a blissful ignorance of the industrial and French revolutions that are still just behind the horizon. Perhaps only in such times of stability can aesthetic categories serve as an anchor for moral, political, and in Smith’s case economic judgments. (p. 40)

5. Even the well-known miracle in the New Testament regarding how Jesus fed the multitude with only five loaves of bread and two fish, for instance, is well contextualized by the pressing need of the hungry crowd.
6. Whether one likes to consider the phenomenon as peculiar to “Sino-capitalism” or “Beijing Consensus”, what creates the “miracle” also appears to be China’s indigenous and tenacious local economy often so effectively diversified in numerous pockets of areas from region to region in ways traceable even to the Ming and Qing periods however temporarily disrupted and eclipsed in Mao’s era. The “miracle” thus reveals the ever-present *live* spirit and practice of pragmatism deep rooted in Chinese cultural tradition that serendipitously coincides with what is equally hidden or overlooked in Smith’s “capitalist” ideas.
7. Indeed, at the very beginning of *WN*, Smith clearly describes the very nature of “division of labor” and emphasizes the importance of communication, barter and exchange, with such well-known comments as “By nature a philosopher is not in genius and in disposition half so different from a street porter, as a mastiff is

from a greyhound, or a greyhound from a spaniel, or this last from a shepherd's dog ... The effects of those different geniuses and talents, for want of the power or disposition to barter and exchange, cannot be brought into a common stock, and do not in the least contribute to the better accommodation and convenience of the species" (p. 15). What Smith tries to argue for in *WN* as well as *TMS* is thus literally not so much as "competition" especially in ways often so mistaken as a kind of relentless "survival of the fittest" or "Too bad, you're all on your own" economic jungle policy but the economic, social, political, and even the moral condition and mechanism, within which the harmonious social collaboration via adequate market oriented and government facilitated coordination would deem possible.

8. This is what motivates Fonna Forman-Barzilai in trying to make her case. Both in historical context and through a twenty-first century cosmopolitan lens, Smith's views on moral judgment, humanitarian care, commerce, justice and international law, argues Forman-Barzilai, suggest not only urgency but also hope of reconciliation of the otherwise irreconcilable; his particular views thus constitute a major and timely contribution not only to Smith studies but also to the history of cosmopolitan thought and to contemporary cosmopolitan discourse itself. It is because "despite the particularistic implications of Smith's anthropology," argues, Forman-Barzilai, "his particularism didn't go 'all way down' so to speak" and ultimately "our cultural situatedness did not render self-critique or cross-cultural judgment impossible" (p. 22). Forman-Barzilai demonstrates Smith's overlooked concern on moral psychology and the ways he believed how physical, affective and cultural distance may cast such negative impacts on our modern commercial society especially in terms of constraining impacts on our personal identities, connections and ethical obligations. Understanding of such crucial emphasis on moral dimension, according to Forman-Barzilai, should be an effective means for us to combat various equally localist critiques on perspectives of cosmopolitan thought nowadays, which, in fact, often betrays an extreme version of cultural relativism and chauvinism in addition to moral insularity.
9. Any central government's nominee for "governor" or mayor" of a certain major city must now be locally confirmed, and the big "cash cows" political clouds are quite comparable with the political influences of the big companies in America the way Samuel Fleischacker refers to, that is, "the fact that large corporations have become the most efficient way of organizing much economic activity" and "that there simply will be many large conglomerations of stock in every nation"; as a result, "these conglomerations," emphasizes Fleischacker, "will in turn employ large numbers of workers... [and] will inevitably wield vast power over other people's economic" (p. 267). It is therefore quite self-evident that "neither cities nor nations can afford to overlook the fact" (p. 267). The reason is simple, "if GM or GE shuts down or severely cuts back its business in a particular town, the entire economy can go sour" (p. 267). Thus, "even if corporations never contribute to political campaigns," as Fleischacker also emphasizes, the corporations' sheer presence "would still exercise enormous power over governments in these areas by virtue of many people, which in a democracy means the many voters, whose lives they shape" (p. 267).

10. According to official news agencies, ever since it signed the contract, the company has allocated more than 20 million corporate funds for various social and philanthropic institutions, social engineering projects, such as the Hope, and national disaster relief efforts. The company also steadily improves on its employees' overall income, which is 15-20 per cent higher than its counterparts with additional progress on the areas such as recreation, training and education, medical insurance, labour protection, family wellbeing, paid vocation and retirement pension, on-the-job injury insurance and social security, and environment protection with its used-water recycling system ranked at the nation's top level. <http://www.ic37.com/htm_news/2008-4/168617_455968.htm>
11. For Giovanni Arrighi, the success of China in market reform further discredits "[t]he dogmatic belief in the benefits of minimalist governments and self-regulating markets typical of the nineteenth-century 'liberal creed,' or the equally dogmatic belief in the curative powers of 'shock therapies' advocated by the Washington Consensus in the late twentieth century, [which] were completely alien to Smith, [who ...] would probably have agreed with Karl Polany's contention that such beliefs are utopian and unworkable" (p. 43). China's achievement also testifies to the successful implementation of "the relative gradualism with which economic reforms have been carried out, and the countervailing actions with which the government has sought to promote the synergy between an expanding national market and new social divisions of labor" (p. 358). Smith's attitudes toward social change, according to Robert Mitchell, is often compatible with Edmund Burke's, because "what Smith find problematic is not change itself, nor even the love of system ... but the amount and speed of change" (p. 456); also according to Mitchell, Smith may not be necessarily like Burke seeking "to limit the speed with which [the] social feedback would occur, arguing that change must happen so slowly that 'its operation is ... in some case almost imperceptible'", but he does like Burke in that he is so "often fond of himself struggling with the question of distinction: *how fast is too fast?*" (p. 456). For Gavin Kennedy, Smith's true but lost legacy is exactly such go-slow pragmatism grounded solidly on Smith's notion of philosophy, which is like "a healthy dose of realism about human nature", because, "unlike Karl Marx, Smith did not see philosophers having a self-appointed mandate to change the world; he showed why it should be changed, gradually, by persuasion" (pp. ix-x). Clearly, Smith, according to Kennedy, "felt that the scope for perfection in the human conditions was limited" when he showed "how the 'great order', or classes, of society managed their relations"; ultimately, Smith believed that "what *could* be changed by deliberate human intention [often] fell short of what *should* be changed, and what was changed in practice would always disappoint those who wanted everything to change in a hurry" (pp. ix-x). Thus what we really need to do, emphasizes Kennedy, is "not merely to recount the fables created by those who misappropriated his legacy" but to revive this true but lost legacy from Smith" (p. x).
12. According to the official news agencies, Yiwu's version of SA8000 is more strict and comprehensive in terms of environmental, cultural, economic, and

social sustainability than both the European and American versions, which mainly focus on labour and management relationships, not enough on issues concerning natural and social resources and environments. While focusing on labour relationships, Yiwu's version also covers issues relating to both natural and social environments. This localized version has 15 main categories that deal with 57 contents, such as labour contract, social security, salary and benefits, work hours and vocation, labour environment, training and education, institution development, environmental protection, resources allocation, production quality, credits building, public philanthropic participation, award and discipline; it ranges from corporate social responsibility to public and civil responsibility and from corporate self-discipline to social discipline. <http://www.jhnews.com.cn/site1/zxb/html/2009-05/26/content_1002487.htm>

13. This chain reaction started in April 8th when two representatives from the U.S. Intertek's Shanghai office came to Yiwu to inspect Zhejiang Mengna Knitting Socks Co., Ltd. on behalf of an American global retail corporation. Strictly in accordance with SA8000, they inspected not only everything as expected but also so many other things utterly unexpected or even unthinkable for the local Chinese. They wanted to know, for instance, whether employees were asked to leave cash bonds or turn in their personal IDs as prerequisites for employment and whether employees' dormitories were of four square meters per person. They inspected and considered the company's security-lighting system not up to standard. They checked company's chandeliers to see whether they were dust free. They even inspected company's three public toilets for employees, both male's and female's. Afterwards, they made formal requests to company's CEO Zong Chengying that all the existing toilets be replaced with new ones; they wanted all new toilets to have anti-slippery floors with additional squat bowls for the ladies' considering the number of female employees had reached 2500 of company's total employment of 3000. Of course, local business would never have been willing to go global with such "strict", "unreasonable", if not utterly "outrageous", regulations, if not for the considerable profits that these "ridiculous" prerequisites would also kick in locally. For a steady big purchase order from the global corporations, plus a safe and stable relationship with employees, international companies, and local community, this local business chooses to go along. <http://www.jhnews.com.cn/site1/zxb/html/2009-05/26/content_1002487.htm>
14. Its total cost on coal of the same quality in 2010-2011 is 102,000 ton and is reduced to 94,000 ton in 2011-2012; its estimated cost in 2012-2013 is 84,000 ton.
15. Mr Yuwei Guo 郭玉伟, for instance, other than his regular job as the Chief Engineer of the Hong-Kong based China Energy Bestride Environmental Protection Limited, also serves as the chairman of Beijing Jun Ying Jie Yuan Science & Technology Co., Ltd., the EMC consulting firm he helped found along with his former colleague and friend, Mr Song Baocheng 宋保程 (or formerly 宋宝成) while also acting in the capacity of its chief consultant.
16. Even if EMC has long been a standardized business practice in Europe and North America, it still needs time to become further localized in China as long as all

the companies that participate in EMC would not, as some did, try not to honor the contract by finding faults in the last minute after the remodeling project is completed or when all the consulting firms will equally do as much a high-quality job as expected. There are also problems for EMC to speed further ahead particularly with state-owned businesses where the complications of lengthy decision making process, compartmentalization of management, and the habit or inertia for *status quo* often come together to deter action for the energy cutting savings and profits that always motivate the private and joint venture companies with swift action by taking whatever initiative necessary via EMC. Even so, EMC still mushrooms with numerous successful cases.

17. My own translation. Here is the statement in the original: 近年来, 全球极端天气频频发作, 危害越发严重。究其原因, 是人类自身在生产生活中, 碳基燃料消耗过大而造成全球气候变暖。国家在“十二五”规划纲要中, 建立了健全节能减排约束机制, 如何完成那些刚性指标, 我们责无旁贷, 愿为您倾情尽力。The EMC cases in question are based on the copies of the major written materials prepared for and sent to the governments as official documents in addition to the verbal description and explanation in person kindly provided by Mr Guo Yuwei and Mr Song Baocheng in the capacity, among others, of the Chair and Manager, respectively, of Beijing Jun Ying Jie Yuan Science & Technology Co., Ltd.
18. Chinese way of “glocalization”, as these cases so indicate, could thus also be understood in terms of so called “sino-capitalism,” which is, first and foremost, “built from the ground up and does not tend to overly rely on legal contracts and the supervisory role of the state”; it tends to “achieve wealth accumulation through the multiplication of small ventures.” But “to overcome the disadvantages of small size, large numbers of firms coalesce into sizable clusters of related businesses” (p. 108), Sino-capitalism must rely on government’s ever-present and indispensable assistance as is indicated by Dieter Ernest and Barry Naughton in “China’s emerging industrial economy: Insights from the IT industry” with reference to cases of IT industry, in which, the government, for instance, “has overall done a reasonably good job of not intervening too much in firm decision-making, while providing a degree of *unconditional* resource support. It has displayed a healthy respect for the accumulated knowledge base possessed by global corporations” (McNally, p. 51, emphasis added). Also, as “network capitalism” or as nicknamed “*guanxi* capitalism,” Sino-capitalism relies particularly on “*guanxi*, which stands for “the establishment of long term informal reciprocal personal relationships” and is literally “a form of social capital that acts as binding agent among social actors” and “*guanxi* ties can therefore create enduring trust which facilitates collaborations among firms and aids them in adjusting to changing circumstance” (McNally, p. 108). What is significant of the business deals in the Xin Bei and Tong Liao cases, other than government’s indispensable but impersonal assistance, are the development of a personal network of *guanxi*, which is indeed a special form of “social capital” in all the positive connotations the word *guanxi* stands for.
19. *WN* begins with the issue on division of labour while *TMS* proceeds on the subject of sympathy. If such a composition is significant enough in suggesting

a thematic priority, the importance of moral and liberal education must also be what Smith tries to emphasize as an indispensable counterpart regarding division of labour along with the important roles of government on transportation, national defense and education in the last section of *WN*. With such a sandwich-like composition of *WN*, Smith seems to suggest that without education and government as the indispensable “check and balance” in setting up the necessary legal and moral guidelines, framework or context, the “free market” would never function properly. The following quotation clearly explains why the last section of *WN* focuses on the importance of education and government’s role in caring for the “labouring poor”. It is not only for the sake of security of nations on the economic and defense matter but also for the sake of basic human moral decency; it also explains why, for Smith, “a man without the proper use of the intellectual faculties of a man, is, if possible, more contemptible than even a coward, and seems to be mutilated and deformed in a still more essential part of the character of human nature” (p. 740).

This is why, for Karl Marx, Smith deserves the credits for being among the first one who discovers such a process of “alienation” of humanity due to division of labour, and “Marx’s criticism”, as Ian Simpson Ross points out with reference to the quotation from Marx himself, “is surely a perpetual challenge to the message of *WN*” because ‘accumulation of wealth at one pole is ... accumulation of misery, agony of toil, slavery, ignorance, brutality mental degradation ... on the side of class that produces its own product in the form of capital.’” (p. 420). But still, argues Ross, “perhaps Smith saw more deeply into commercial and manufacturing society than Marx” because “he was certainly aware of the mental mutilation inflicted on workers by the division of labour, and denounced this, urging that education of the people at the public charge was one answer,” even though “Marx mocked the idea, claiming that this was to be administered in ‘homeopathic does’” (p. 420). But, “education in society where there are elements of the free market,” also argues Ross, “has minimally prevailed, whereas Marxist revolution has generally failed, in making lives more tolerable physically and mentally” (p. 420).

20. Governmental “check and balance” is nowadays, according to Fleischacker, such a necessity regarding the ever growing power of the large corporations especially in terms of their ever-present influences either directly or indirectly on global and local economy and politics; these large corporations’ “vast power,” however, emphasizes Fleischacker, not only falls in the hand of “a small number of directors and major shareholders” who have “either monopolistic status or its quasi-political powers; its scale” but is also, to make the matter even worse, handled by “the middle managers who are insulated from the direct consequences of many their actions, alone” (p. 267).
21. “As a technical economist, Smith’s contributions,” as Wight points out, “have been superseded by the advance of economic science” and “some of his notions are quaintly outmoded, even as they appeared advanced in his own day” especially in terms of Smith’s references to “workers (such as physicians, musicians, and soldiers) as ‘unproductive’ because they produced nothing tangible!” as well as his failures in “consider[ing] the critical contribution of

technological innovation" (x-xi). It is because Smith, as a philosopher, is also very much politically oriented to the current issues and he often "wrote for his times, not for ours," as so many historians and scholars, such as Ian Simpson Ross, Donald Winch, Gavin Kennedy, and Susan E. Gallagher so emphasize. "During the three years which he spent in London prior to the publication of *The Wealth of Nations*," according to Winch, "[Smith] was 'very zealous in American affairs'" and "he may even have delayed publication in order to complete those parts of his general treatment of colonies which constrained his views on the causes of American revolt and his remedies for dealing with its consequences (p. 146). "Adam Smith's doctrine of limited government," as Gallagher sees it, "can be interpreted as a commentary on the moral limitations of the eighteenth-century British aristocracy" (p. 101). So like the debate that concerns both Burke and Smith regarding how fast is too fast for social changes, how large could and should a government become is also a problem for anyone who read Smith for the contemporary situations. Finally, the challenge of understanding Smith is quite precisely summed up by Jerry Z. Muller, "To highlight the timelessness of Adam Smith's work is to run the risk of an anachronism, of wrenching his view out of their historical context; to ignore its *timeliness* is to reduce the study of his thought to antiquarianism. Those who regard Smith as a patron saint often fail to *think like* Adam Smith because they are quite satisfied *to like what Adam Smith thought* for (or more often, what they suppose him to have thought). Trying to find what is timely in Smith by thinking as Smith thought is a less certain but potentially more rewarding enterprise" (p. 197, emphasis added).

22. What we may further learn from these cases is again the role of government, which Smith emphasizes but is so often explained away in favour of "market regulation". In a recent lecture titled "China's political economy in its new global era" delivered, June 26, 2012, at East-West Center Honolulu, Hawaii, China's success, argues Christopher McNally, would be neither possible without state assistance nor feasible without globalization, because capitalism in the era of globalization, according to McNally, means the indispensable process for massive freeing-up of capital via state-assistance through a globalized market. China's rapid economic growth in its peculiar version of Sino-Capitalism, as McNally sees it, immediately results or benefits from Chinese government's strong backup, a practice quite in tune with China's Leninist-imperial heritage. Such cultural and political heritage, emphasizes McNally, makes it possible not only for the crucial government guided infrastructure building but also for the "far-sighted tinkering" by the state with a top-down gradual approach for economic reform – Chinese way. This Chinese version of capitalism also makes it possible for a timely or rapid implementation or nationalization of any successful localized experiment, as Zhejiang's SA 8000 case, which is, by contrast, least likely in the US system no matter how many locally successful cases there are. The success of Sino-capitalism, concludes McNally, is on its way to replace the hegemony of Anglo-American capitalism, which is now literally co-existing with Rhine and Alpine capitalism and Northern European capitalism along with Sino-capitalism. Once again, we need to broaden up and fine-tune our otherwise one-fits-all notion or definition in order to re-understand capitalism as we need to re-understand China

in the “glocalized” context. For likewise detailed argument, see Christopher A. McNally, *China's Emergent Political Economy: Capitalism in the Dragon's Lair* (London: Routledge, 2007).

23. The statement below on the intricate relationships between the ever-present power of state authority on capitalism and ever-growing power of capitalism in society is so reflective not only of the past but also of the present especially with regard to the current situation in China.

Historically, merchant classes existed at the pleasure of state elites. Capitalism could therefore only emerge as state elites saw it in their interest to support the capital-oriented classes. This in return entailed some political recognition of capital, such as the freeing of factor markets, the curtailing of predatory government behavior, and ultimately, the defense of private property rights. Capital must therefore arise with the goodwill of state elites, but, as it expands, it “becomes increasingly capable of defying, or existing ‘above’, the state” (Heibroner 1985: 94). The state comes to rely on capital for the provisioning of revenues and vibrancy of economic growth within its territory. (McNally, p. 21)

24. If the necessity for closely coordinated efforts between the global and local businesses and between the central and local governments explains the successes in Zhejiang, China, the less than desirable results in the Western China also emphasize such a necessity. Despite central government’s best possible efforts in developing Western China, the local economy does not appear as promising as in the coastal areas. One of the major problems, according to the recent field report conducted by Richard Mack *et al.*, is lack of the well-coordinated efforts that we see in the coastal China, even though “aggressive government programs designed to implement agricultural and environmental reforms and to increase infrastructure have indeed generated growth” (Mack, 2008, p. 84). Clearly, “failure in local-level implementation, less-than-equitable compensation, and distinct lack of autonomy in deciding whether or not to pursue the program,” according to the report, were “among the chief concerns” (p. 84); “the synergy of these factors,” as a result, “had led to the program being a new net welfare-loss for participants, placing further strain on already meager income” (p. 84). Ultimately, what has happened is after all a sustainability issue. No development can ever sustain itself if the vital elements related to economy, environment, communication, community, culture and customs, and social justice are not pragmatically coordinated or harmonized.
25. Whether of a “communist” or a “Sino-capitalist” government, for an economy of China’s size and growth rate to keep its adequate pace or momentum, something fundamental must be somewhat rightly at work especially in terms of what Smith emphasizes, as in the following passage from *WN* (also out of his usual moral and humanistic concerns), regarding how to maintain the vital political and economic order for the welfare of the people at large especially through the indispensable role of government in coordinating for the nation whatever changes necessary in a slow, steady, and gradual process.

The undertaker of a great manufacture, who, by then the home markets being suddenly laid open to the competition of foreigners, should be obliged to abandon his trade, would no doubt suffer very considerably. That part of his capital which had usually been employed in purchasing materials and in paying his workmen, might, without much difficulty, perhaps, find another employment. But that part of it which was fixed in work-houses, and in the instruments of the trade, could be scarce disposed of without considerable loss. The equitable regard, therefore, to his interest requires that changes of this kind should never be introduced suddenly, but slowly, gradually, and after a very long warning. The legislature, were it possible that its deliberations could be always directed, not by the clamorous importunity of partial interests, but by an extensive view of the general good, ought upon this very account, perhaps, to be particularly careful neither to establish any new monopolies of this kind, nor to extend further those which are already established. Every such regulation introduces some degree of real disorder into (p. 439) the constitution of the state, which will be difficult afterwards to cure without occasioning another disorder (pp. 438-439).

26. With the same logic of “progressive” narrative, if being “progressive” means ultimately any current progressive state in Europe will inevitably become “stationary” and then “backward”, does China then stand there as a reminder to all the currently progressive European states of such a historical inevitability, as Hume is so apparently concerned of with regard to his difficulty in dealing with China? This is also the main argument of “China as Rhetoric in Scottish Enlightenment: Progress, Economy, and Justice in Hume,” a paper delivered by Yusuke Wakazawa, University of Tokyo, at Tenth East-West Philosophers’ Conference on Value and Values: Economics and Justice in an Age of Global Interdependence, University of Hawaii, East-West Center May 16-24, 2011. Wakazawa discusses the scenario regarding how China becomes not only such a deconstructive or disruptive but also indispensable element that Hume cannot do without in his Euro-centred narrative on the related political, social, and economic issues. Indeed, in this case very much like Kafka’s America and China, the countries he never visits but has to involve in his narrative as the indispensable metaphors and points of reference, Hume’s China becomes his “Moby-Dick”; he has a problem to fit it in his narrative but neither can he let it go. For details see David Hume, “Of the Rise and Progress of the Arts and Sciences”, in Thomas Hill Green and Thomas Hodge Grose (eds), *David Hume: The Philosophical Works*, Vol. 3, 1882 (Aalen: Scientia Verlag, 1964).
27. Indeed, “as Needham (1954-2008, Vol. VII, Part 2) and many others have shown,” emphasize Jean-Laurent Rosenthal and R. Bin Wong, “technology was far from static in China” (p. 127). In addition, thanks to the long-lasting power of art, what is “still survives at the back of the European mind”, as Hugh Honour argues, is again “this imaginary picture of Cathay[, which] was recorded and preserved for posterity in immeasurable chinoiserie buildings, paintings, and *objets d’art*” (p. 225). Even though “no one now believes in the historical or geographical reality

of the exotic world so beautifully evoked by Watteau, Boucher, Pillement, and countless porcelain modellers and japanners in the seventeen and eighteenth centuries,” emphasizes Honour, “the flowery Empire of Cathay survives in the mind – a land of poetry and graciousness, a spacious garden of azaleas, peonies, and chrysanthemums, where the most serious business in life is to drink tea in a latticed pavilion, beside a silent lake, beneath a weeping willow; to listen to the music of piping and tinkling instruments; and to dance, to dance for ever, among the porcelain pagodas” (p. 225). Also thanks to the power of art, would it then not possible even at the back of minds of the sinologists, politicians, and travelers, “the name of China still summons up as many glimpses of chinoiserie as of genuine Chinese scenes” (p. 225) kind of as “China unconscious” regardless of reality?

28. This progressive worldview is, as Raymond Dawson would argue here, is surreptitiously sustained by such a handy “antithesis between Europe and Asia [that] may be seen to comprise several different components [which] seem to contrast perfectly in several different ways”, such as “European freedom is at the opposite pole from Asian slavery” with “dramatic examples of European smallness coming to face to face with Asiatic bigness” and “with bigness [that] goes slowness and ponderousness and with smallness [that] goes nimbleness and rapidity of movement.” Along the same line of antithesis, there is also naturally “a strong contrast between maritime Europe and continental Asia” as is “typified in antiquity by the conflict between the sea-going Greeks and land-power of the Persians, and again in medieval time by the contrast between the maritime city-states of Italy and mammoth land-empire of the Mongols.” Indeed, it is such a handy antithesis that even “led Hegel to explain China’s *changelessness* by the fact that she had not ‘appropriated that element of civilization which the sea supplies’.” Such a handy antithesis, in other words, “made it easy for [Hegel] to forget to both the great quantity of shipping which all the early visitors to China noticed on the inland waterways and remarkable long-distance voyages as far as the east coast Africa during the Ming period.” Therefore, “although the two continents seem to form a perfect contrast in several respects,” emphasizes Dawson, “we must recognize the antitheses are, in fact, extremely crude, like the use of such vague terms as ‘right’ and ‘left’ or the contemporary division between ‘West’ and ‘East’ which, to make sense, must include Cuba to the East and Japan in the West” (pp. 95-96, emphasis added).
29. As is implied in the following passage from Hume, China, for instance, is therefore quite “backward” compared with Europe or by the “progressive” European standards, because it is not progressive enough “to ripen into something more perfect and finished.” China’s being so “stationary” thus amounts to or simply signifies its being “backward”. It means, in other words, that China loses its momentum even before it can move forward and “ripen into something more perfect and finished” and this inability to keep momentum forward therefore also indicates the ultimate inevitability: China’s inability to maintain even its “stationary” *status quo* after all. Despite its size and complex geography, China apparently succeeded in managing its vast empire with distinctive uniformity in terms of its language, manner, and tradition, but China’s success on all these

accounts made itself exactly a less “progressive” society, if at all, regarding the innovative diversity and dynamic variety that marks a progressive society in ways Europe enjoys in terms of its languages and public opinions.

In China, there seems to be *pretty considerable stock of politeness and sciences*, which, in the course of many centuries, might naturally be expected to ripen into something *more perfect and finished* than what *has yet arisen* from them. But China is one vast empire, speaking one language, governed by one law, and sympathizing in the same manners. The authority of any teacher, such as Confucius, was propagated easily from one corner of the empire to the other. None had courage to resist the torrent of popular opinion; and posterity was not bold enough to dispute that had been universally received by their ancestors. This seems to be natural reason why the sciences have made so slow a progress in that might empire. (p. 136, emphasis added)

Thus, while Hume seems to rely on a bit too much on this sweeping over-generalization of China for the necessity or convenience of contracting it with Europe in accordance with the vocabulary or paradigm adopted for the narrative, Smith however tries not to do likewise because Smith, as Fleischacker would so emphasize here, is so well “kept from ideological commitments” because he shows respects to facts and the particular, since “ideologies depend on generalizations, on theories about human nature, economics, politics, and so on from which general policy prescriptions can be drawn” and he is, indeed, “perhaps the most empirical of all the empiricists, pursuing his version of ‘science of man’ in a particularly messy, fact-laden rather than theory-laden way” (p. 271). For Fleischacker, there is, indeed, “a related Smithian attitude toward empirical facts, whether current or historical, from which social scientists as well as political activists can learn,” because he “gives strong priority to particular facts over general theories” and firmly believes that that human knowledge is most reliable when it is highly contextual” (p. 271).

30. In *WN*, Smith does often account how poor Chinese people are, especially those of the lower ranks, but, at the same time, he quite suggestively or involuntarily underlies how resilient Chinese economy is or could possibly be because what really define or personify the resilience of Chinese economy are these poor people – whether it is now or then. Smith describes how poor China was as, for instance, “in the neighbourhood of Canton many hundred, it is commonly said, many thousand families have no habitation on the land, but live constantly in little fishing boats upon the rivers and canals” and how “the subsistence which they find there is so scanty that they are eager to fish up the nastiest garbage thrown overboard from any European ship.” Smith further accounts how often the subsistence that they had to survive on includes even “carriage, the carcass of a dead dog or cat”, which “though half putrid and stinking, is as welcome to them as the most wholesome food to the people of other countries” (p. 72). From time to time, what Smith reveals in his accounts is no longer mere factual reports or observations but his own moral sentiment regarding how, for instance, “marriage is encouraged in China not by the profitableness of children, but by the liberty of

destroying them” and how “in all the great towns several are every night exposed in the street, or drowned like puppies in the water” and “the performance of this horrid office is even said to be avowed” (p. 72). But, as if coincidentally, such “horrid office” of infanticide or “the exposition, that is, the murder of new-born infants” though “probably begun in times of the most savage barbarity,” to the very indignation of Smith, should have also been “a practice allowed of in almost all the states of Greece, even among the polite and civilized Athenians; and whenever the circumstances of the parent rendered it inconvenient to bring up the child, to abandon it to hunger, or to wild beasts, was regarded without blame or censure” (*TMS*, p. 210).

31. Indeed, the history of Jewry in China could also be an additional venue to understand China as an intensely diversified but vastly coherent culture. Along with India, China is also, according to Kant, one of the only two countries in the world in which people of faith based on written scriptures, such as Jews, were converted or assimilated. Even as a barely noticeable footnote in his *Religion Within the Limited Reason*, Kant acknowledges the *rare* exceptions because Kant believes that “a people which has a written religion (sacred books) never fuses together in one faith with a people (like the Roman Empire, then the entire civilized world) possessing no such book but only rites; instead, sooner or later it makes proselytes” (1960, p. 127). While this general observation more or less applies worldwide regarding the “remarkable” or otherwise “impossible” survival of the Jews as a people, as Kant himself also had to acknowledge, “except the few on the coast of Malabar and possibly a community in China” (p. 127). Pearl Buck also argues through *Peony* that this exception is made because “In China [the Jews] have never been persecuted, and if they have suffered hardships, these were only the hardships of life in the community where they were” and, as a result, “most Jews had come to think of themselves as Chinese” and “today even the memory of their origin is gone. They are Chinese” (1990, Afterword).
32. After he comments on how “in the eastern provinces of China ... several great rivers form, by their different branches, a multitude of canals, and by communicating with one another, afford an inland navigation much more extensive than that either of the Nile or the Ganges, or perhaps than both of them put together,” Smith has no choice but to acknowledge how “it is remarkable that neither the ancient Egyptians, nor the Indians, nor Chinese, encouraged foreign commerce, but seem all to have derived their great opulence from this inland navigation” (p. 20).
33. Indeed, neither is China backward nor is it inferior to Europe as long as we do not try to make it fit the “progressive” view based primarily on the liberal democratic tradition in Europe – just as China is neither so financially bankrupt in the later Qing period nor on the verge of a total economic collapse in the Republic era regardless of the revolutionary narrative or rhetoric by the revolutionaries, such as Sun Yat-sen and communists; their calls for revolutions can be justified mainly on the political not economic ground, that is, as a national struggle against “political oppressions” by the domestic despots and foreign bullies, so argue the contemporary political economists, such as R. Bin Wong in a recent lecture titled “China’s Economic History in Global Context” delivered, June 22, 2012,

at East-West Center, Honolulu, Hawaii. It is because however destitute as it is so often depicted in the revolutionary narratives, China's economy then was as resilient as ever since the Ming-Qing era, not on the verge of a total collapse. Indeed, a few reports on the rising crime rate on certain pockets of areas often leave a deep impression as if the public order everywhere in the region is about to collapse; things in fact may not necessarily be that hopeless overall. China's economy then, that is to say, does not justify a desperate or surgical overhaul by means of revolutions. In fact, according to political economists, such as Wong, in various pockets of the vast area in China, there are even cases of economy in solid condition although on the national level Chinese economy may indeed often appear as much dismal as it is fragmented. In the long run as ever in history, China's economy, so goes the same argument, often survives with its unusual resilience that defies general political economy theories thanks to the tremendous and incompatible regional diversity so peculiar to China not only in terms of its economic conditions but also in terms of its geographical and political landscapes. This is not just an issue that has been argued by the contemporary political economists, such as Wong and Jean-Laurent Rosenthal, but also a one noticed by the eighteenth century political economists, such as Smith and Hume. The latter, for instance, often tries to figure out why China can stay united as a nation despite its complex geography – more complex than that of Europe. This may also partially explain why readers of *WN* could be often confused with Smith's constant references to China as one of the "richest" in the world, at least "much richer than any part of Europe" but at the same time also as the poorest one with "the poverty of lower ranks of people ... far surpasses that of the most beggarly nations in Europe." Smith is simply trying to be factual or empirical of what he knows as being true of China. For likewise argument, see R. Bin Wong, *China Transformed: Historical Change and the Limits of European Experience* (Cornell UP, 2000) and Jean-Laurent Rosenthal and R. Bin Wong, *Before and Beyond Divergence: The Politics of Economic Change in China and Europe* (Cambridge: Harvard UP, 2011).

34. For Weber, "the Chinese in all probability would be quite capable, probably more capable than the Japanese, of assimilating capitalism which has technically and economically been fully developed in the modern culture area" (p. 248). Why? It is because of Confucian pragmatic approach to life or, as Weber would emphasize, a special kind of "Confucian rationalism," which "meant rational adjustment to the world," even though it differs from Puritan rationalism that works for a "rational mastery of the world" (p. 248). On this pragmatic nature of Chinese national character, Daisetz T. Suzuki would probably not disagree with Weber as he himself so comments on the very origin of Zen Buddhism. If it is not because of the Chinese culture that makes "Chinese pragmatism solidly welded with Indian metaphysics and its high-soaring speculations," emphasizes Suzuki, "it is unlikely that Zen could have grown even in the congenial and, therefore, fruitful soil of Japan" (1959, p. 350). In addition, there are also quite a few spots in Smith, such as his emphasis on the virtues of benevolence, prudence, propriety, reciprocity, guarded optimism, as well as his praiseworthy attention to liberal education and literature, could all find their significant counterparts in Confucius to function

- as the “common ground” or as the crucial points of departure for further interdisciplinary and cross-cultural dialogue in ways, as Smith himself would so suggest, through imagination assisted sympathy especially via the mediation of art and literature. Smith’s own writing itself certainly justifies such an argument, particularly his *TMS*, which is, as Griswold points out, so full of references to “plays, novels, and poems, but particularly tragedies ... [as to] completely overshadow [Smith’s] relatively rare references to properly philosophical texts” (p. 59). Even “at times,” his *TMS*, “so permeated with examples, stories, a literary reference and allusions, and images,” comes to “present the character of a novel” with “narrative and analysis ... interwoven throughout” (pp. 59-60).
35. See Sima Qian 司馬遷’s “Guanyan Liezhuan 管晏列傳” of *Shiji* 史記, in which the great historian appraises Guan’s practical political wisdom as does Confucius in *The Analects*.
 36. When Mencius is asked to compare Confucius with Bo Yi and Yi Yin, he replies, “Confucius would accept office or retire, go on working or quit at once as he saw fit.” This as-he-saw-fit responsive flexibility, according to Mencius, sets Confucius so strikingly apart from, Bo Yi, who “would only serve the right kind of king and reign over the right kind of people” and “would accept office when the world was in order and go into retirement when it was in disorder” (3: 2); Confucius also differs, for the same reason, from Yi Yin, who “would serve any kind of king and reign over any kind of people and would accept office no matter whether the world was in order or in disorder” (3: 2). Thus, this remarkable Confucian flexibility most characterizes the master’s otherwise seemingly incomprehensible conducts. Clearly, it is this most crucial way of responding to the actual reality that enables Confucius, as Mencius suggests, to avoid the extremes that he finds in other “exemplary persons” [*junzi* 君子], such as Bo Yi, who is “too strait-laced, and Hui of Lu Xia, who is lacking in self-respect” (3: 2).
 37. Not only Confucianism but also Daoism often does seem to emphasize a practical spirit of can-doism or practical optimism and wisdom that Smith well personifies, such as his emphasis on the importance of guarded optimism plus reasonable, well-communicated and morally sound gradual approach to matters regarding economic welfare. This compatible spirit can certainly helps us to understand this seemingly all-too-sudden miraculous growth of China’s “miracle economy”. From Ahab-like sun-chasing and mountain-digging monomaniacs to “human-cloning” and nature simulating stunts, the famous stories of *Liezi* do illuminates the supreme power of nature over humanity; it also reveals, however, the crucial messages that emphasize the irreducible agency of humanity in ways as if quite contradictory to the book’s reputation as a *Daoist* classic – with such often overlooked themes on philosophical optimism, practical advice, and moral remonstrations. Hidden in the double-edged stories, these themes underlie the importance of being reasonable, practical, or pragmatic in understanding how infinitely much we humans can do once we know how *reasonable* and *pragmatic* we must also be. Therefore, with every “can-do” message so philosophically confirmed in the *Liezi*, there is simultaneously a “how-to” manual so practically laid out as well as “how should not” moral advice consistently implied in the *Liezi* because, what we can do does not necessarily mean that we should do it,

as it is so emphasized in the *Liezi*, particularly the robot making humanity. In this often referred to story, there are two intertwined implications, for instance, that is, no matter how perfect we can possibly be, nature is always ahead of us; the second is that we should always know where and what our limits really are in order to do our best *and* not to do anything merely to show our cunning skill out of sheer vanity. It is because, no matter how perfectly we can be in simulating nature, so implies the *Liezi*, what can be simulated is ultimately still not as “natural” as the original. So there should always be such precaution regarding what we *can* but *should* not do at the same time. This however does not mean giving up on trying for the best but emphasizes how to maximize our human endeavour for the best possible results in accordance with our knowledge of where our limit really is. As in *Daodejing* and the *Zhuangzi*, the difficulty of communication is often stressed with the pointed reference to the very paradoxical nature of human language. But such a reference is not meant to emphasize the ultimate impossibility of communication or to dismiss it as futile any human effort for mutual understanding through communication; instead it emphasizes, as does Smith’s usual reference to the inherent difficulty for a sufficiently-communicated and reasonably coordinated commercial activity, not only the very necessity but also the possibility for us to maximize our effort within the utmost limits of human language for the best possible results against any unnecessary negative consequences.

38. While discussing why Japan becomes the first Asian country that so swiftly modernizes itself as its initial response to the threats from the West, John Whitney Hall uses this quotation that he also borrows from elsewhere; this is the quotation that fits perfectly here as well.
39. It is no wonder that there are still so many different views regarding the problem, which, for Knud Haakonssen, is no more than an “old hobby-horse” and, for Iain McLean, a sheer “nonsense” or “bogus” that eclipses egalitarian nature of Adam’s thought, because “once we have disposed of the Adam Smith’s pseudo-problem, it is easy to see that Smith believed that people would often naturally offer a helping hand to those who needed it” (p. 90). While Otteson still believes that the problem is real and unsolved, D.D. Raphael considered that the problem exists more of technical reason than an innate cause. Whatever ways we see it, the so-called Adam Smith Problem actually indicates where all the misunderstanding of Smith starts and should be resolved thereby or where competent understanding should proceed. The problem, as Dogan Gocmen sees it, for instance, means an opportunity to explore Smith as a dialectician because the problem not only underlines the ever present conflict between self and society but also Smith’s efforts in dealing with it. For Fonna Forman-Barzilai, even though the problem is pretty much discredited, she still has to go about it regarding how far she can go with her efforts in reconciling Smith, the staunch localist or particularist, with Smith, the pluralist and cosmopolitan. The problem therefore may not be a problem but rather an indication of the inexhaustible resources for solving any such actual/perceived problem; it can help us deal with the simultaneous ongoing process of globalizing and localizing economy and culture. If we change our minds to see everything not in terms of specific time and purpose but as in an

on-going process, we may cease seeing so-called Adam Smith Problem a problem but Smith's responsive and disciplined ways in handling the live humanity. "A foolish consistency, as Emerson sees it, "is the hobgoblin of little minds, adored by little statesmen and philosophers and divines. With consistency a great soul has simply nothing to do" (p. 152). Both Smith and Confucius should both agree with Emerson in this regard.

40. What features Griswold's work on Smith is its emphasis on the interdisciplinary nature of Smith's approaches that tend to utilize as much human knowledge as Smith sees fit especially in a coherently balanced manner, which is reflective of the idea of "interdependent independence."
41. The scene that McLean refers to is not only dramatic but also a bit "comic," that is, "When the Commons held a debate on proposal to set a statutory minimum wage in 1795, both sides quoted Adam Smith in their support. Samuel Whitbread pointed out that Smith had written in favour of regulation tilted toward the workman, and more generally on behalf of high wages. Against him, Prime Minister Pitt called Smith in aid of his argument for removing restrictions on the free movement of the unemployed. There were both admirers, but Rothschild ... concludes that 'Whitbread's Smith is in many respects closer to the 'real' Smith, or the Smith of the real *Wealth of Nations*' (p. 90).
42. While highlighting Smith's unique personality as well as the legacy that he so personifies, Ryan Patrick Hanley calls Smith "*a moral philosopher-turned-economist-turned-moralist again*" particularly referring to Smith's unmistakable "self-conception" (p. ix, emphasis added). "Smith's uniqueness," emphasizes Hanley, "is largely captured by his capacity to appreciate the benefits as well as the challenges of commercial society" along with his "substantive conception of virtue that renders [him] of continued interests today" and his "very spirit of his philosophical engagement with practical political problems[, which] is perhaps his greatest legacy" (p. 11). Most noticeable of Smith, emphasizes Hanley, is his "attitude towards commercial society, [which] is one of *guarded optimism* informed by a sense of pragmatic realism" (p. 11, emphasis added). It therefore makes perfect sense why Smith "occupies a unique place on the spectrum rather than degenerating into partisanship or detraction" and why "a similar attitude may be useful to us" (p. 11). Therefore, "if indeed we are today, for better or worse, 'stuck' with commercial liberalism," suggests Hanley, "our challenge is to demonstrate how it can be improved so that its best effects are maximized its worst ameliorated, rather to demonstrate either how it might be replaced, on the one hand, or why it should be complacently accepted, warts and all, on the other" (p. 11). Thus, with all that we can benefit from Smith's enduring legacy, "what is needed—and what Smith provides—is an opportunity to transcend the-all-too-common propensity to side 'for' or 'against' the project of commercial modernity or liberal enlightenment more generally" (p. 11).
43. In the kind company of a good friend, Dr Shen Jianming, Vice Director of Policies-Making and Supervising Cabinet of Zhejiang Province, China, I visited Long You in the summer of 2009.
44. Confucius' idea of (*Jun zhi bu qi*) of *The Analects* (2: 12) is translated by Simon Leys as "A gentleman is not a pot" because "the capacity of a gentleman

[*junzi*]", for Leys, "is not limited as is that of a container; his abilities are not circumscribed to one narrow and specific function, like a tool which is designed for only one particular purpose" (p. 115). What follows in Leys' commentary is his emphasis of "the universal aim of Confucian humanism," which, he argues, "should have particular relevance for us today, as our modern universities seem increasingly concerned with the mere training of 'specialized brutes'" (p. 115). Unquestionably, for Einstein, "It is not enough to teach man a specialty" because "through it he may become a kind of useful machine but not a harmoniously developed personality" (p. 64). Therefore, "It is essential that student acquires an understanding and a lively sense of the beautiful and of the morally good. Otherwise he – with his specialized knowledge – more closely resembles a well-trained dog than a harmoniously developed person ... It is this that primarily constitutes and preserves culture. This is what I have in mind when I recommend the 'humanities' as important" (p. 65).

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