THE ECONOMIC THOUGHT OF HSUN-TZU

The economic thought of Hsun-tzu (荀子) could be divided into five parts, which are production, distribution, trade, consumption and finance. However, he was mainly concerned with the concept of desire, which is the motivation for economic activities. The discussions of human desire by other philosophical schools in the Pre-Chin Period were not in depth. It was only Hsun-tzu who gave the concept an elaborate and unique explanation. Hsun-tzu acknowledged that desire was without an end and therefore should be constrained by means of "Li" (禮), such that under this moderate condition everybody's desire could be satisfied. His concept of desire welded his whole economic thought together and was the basis for his moral philosophy – the theory of human nature being innately evil.

With regard to production, Hsun-tzu proposed the principle of not neglecting the proper seasons for agricultural operations. Though this was a common knowledge of agricultural production among Pre-Chin philosophers and was originally not his own idea, but it was he who explained it in far greater details than his predecessors. The techniques of production in China in the ancient times were still underdeveloped. Hence natural forces exerted a great influence on agricultural production. In order to raise productivity, there is no other way but to go along with the seasons.

Hsun-tzu's theory of distribution was based on his proper social status and of "being content with one's occupation". He proposed to divide the people into several classes with each being satisfied with their occupation and doing their best for their jobs. In this way, being allocated to a certain status in society, each person's desire would to satisfy to a certain degree.

Although Hsun-tzu advocated that the government should give more emphasis to agriculture and reduce the number of merchants, by this point he did not mean to advocate for the abolishment of trade, for he was fully aware and had spelt out the importance of trade. The function of trade was to facilitate the free flow of goods and wealth. Furthermore, it enables people to acquire goods which they were unable to produce by exchanging
with those they could produce. In this way all their basic desires could be more or less satisfied. Besides, Hsun-tszu also advocated that international trade should be rapidly developed. This point, incidentally, was not touched on by other scholars like Confucius or Mencius.

Concerning consumption, Hsun-tszu insisted that people should not be extravagant, for he thought that saving was one of the good policies to enrich the nation and to make the people prosperous. His idea of parsimony was aimed at the extravagance of governments at his time. The government's expenditure was made possible through taxing the people. If the government were to over spend, undoubtedly it would have to levy heavier taxes on the people thereby causing great difficulties, if not poverty, among the people. If the practice was carried to the extreme, it would eventually lead the nation to its destruction. On the other hand Hsun-tszu also disagreed to excessive parsimony, for excessive parsimony would hinder the operation of the system of reward and punishment and would be harmful to the whole organization of the nation.

In the area of finance, Hsun-tszu proposed that taxes be low. His opinion against heavy taxation was more radical than those of Confucius and Mencius, who regarded heavy taxes just as something shameful and undesirable. But Hsun-tszu raised the point that the harm heavy taxes could do was related to the survival of the nation, i.e. it might cause the nation to be ruined.

The development of the Confucian economic thought from Confucius through Mencius to Hsun-tszu was gradual. Hsun-tszu's economic thought represented a modification of those of Confucius and Mencius, which had undergone a big change. Due to the influence of his time and environment, Hsun-tszu emphasized more on the production of material wealth than Confucius and Mencius did. His systematic policy of enriching the nation was full of optimistic progressiveness.