

Study on Lao Zi's Wealth Thoughts

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ABSTRACT

The book *Lao Zi* contains rich thoughts of wealth. "Inaction" or "doing nothing" is the theoretical basis of its wealth thought. Lao Zi advocates the wealth concept of "a contented man is rich", the wealth creation of "self-enrichment", the wealth management of "when a hall is full of gold and jade, nobody can keep them long", the wealth consumption of "thrifty", and the important principle of wealth distribution of "giving to one who already has more than enough by taking from one who is in want". These six aspects constitute the wealth ideology of *Lao Zi*.

Keywords: Taoism, Lao Zi, Thoughts on wealth.

1. INTRODUCTION

For the study of ancient Chinese wealth thought, researchers often focus on Confucian ethics, but not on Taoism, especially Lao Zi[1]. However, Lao Zi's understanding of wealth is quite different. The word "wealth" appears in three chapters in *Lao Zi* (Chapter 9, 33, 57). Although the word is used in different contexts, referring to different things, the understanding of wealth is the same. In addition, words and phrases like "rare goods", "what is desirable" and "thrifty" appear many times in *Lao Zi*, and they are all related to wealth. This fully reveals Lao Zi's understanding of wealth, which includes production, distribution, consumption and charity. *Lao Zi* contains a wealth thought, and it is guided by its philosophy[2].

2. INACTION: THE THEORETICAL BASIS

The essence of wealth is "you": "the Being", and the core of *Lao Zi* is "wu": "the Nothingness". To study Lao Zi's view of wealth, it is important to should first understand "the Being" and "the Nothingness". "The Nothingness" is an important concept in Lao Zi's philosophy. In the pre-Qin period, Lao Zi put forward the concept of "wu", that is, "the Nothingness", for the first time, which is a great leap in ideological understanding.

2.1 The Being and the Nothingness

"The Nothingness" corresponds to "the Being". From the Being to the Nothingness is from concrete to abstract. "The Being", no matter how vast, is always limited, exhaustible and temporary. It can only be a part. On the surface, the Nothingness and emptiness seem to be just some kind of empty logical negation or chaotic whole, but actually surpass any being, and realness. "The Nothingness" does not mean that nothing exists, but has what "the Being" does not have, and it also has the character of all things. "All things of the world are born from the Being, and the Being from the Nothingness" (Chapter 40). "The Nothingness" does not mean that there is nothing, as can be seen in the following examples. "The state without form, the image without object" (Chapter 14), and "The great image seems formless. The Tao always conceals itself without a name" (Chapter 41). It shows that "the Nothingness" is actually the existence of absolute being. It is thus said in Chapter 11: "thirty spokes share one hub. It is just the space (the Nothingness) between them that makes a cart function as a cart. Knead clay to make a vessel and you find within it the space that makes a vessel as a vessel. To build a house with doors and windows and you find within them the space that makes a house function as a house. Hence the Being (substance) can provide a condition, under which usefulness is found, but the Nothingness (space) is the usefulness itself." So it

is true that the convenience of the Being depends on the function of the Nothingness.

The Nothingness is different from the Being, as is said in Chapter 14: "what cannot be seen is called Yi-without color; what cannot be heard is called Xi-without sound; and what cannot be touched is called Wei-without shape". Therefore, the real essence lies in the Nothingness. Only in the Nothingness can movement become possible.

2.2 Inaction

The Nothingness is everywhere. Doing things with the principle of "the Nothingness" means "inaction". The most easily misunderstood word in *Lao Zi* is "inaction", and that is why many people regard *Lao Zi* as being passive. However, inaction is not doing nothing, but rather an active and conscious choice. "The Tao always remains inactive, yet it acts upon everything in the world" (Chapter 37). By saying this, *Lao Zi* means that all things come from nature and follow its principles, so all things should be allowed to grow and develop naturally, and reach the state of inaction. And when people do reach that state, they can succeed in everything.

Lao Zi's inaction is aimed at action. According to *Lao Zi*, "the unruliness on the part of the people is the result of meddling actions on the part of the ruler" (Chapter 75), and "the more prohibitions there are in the world, the poorer the people; the more weapons the people own, the more chaotic the state; the more skills the people have, the more strange things occur; the more laws and orders are issued, the more thieves and robbers there are" (Chapter 57). Social chaos like poverty, violence, theft are caused by "action" on the part of the ruler - excessive taboos, tyranny, cumbersome laws and regulations, and heavy taxes. *Lao Zi* advocates acting by means of inaction, dealing with matters by means of not being meddling, and tasting by means of tastelessness. *Lao Zi* also maintains that to govern the world well, one must take inaction as the principle, and that the sage behaves without taking active action, and teaches without using words. Inaction is manifested as "acting", which is embodied in "giving all things life and propagation without claiming to be their owner, benefiting them without claiming to be their benefactor, and being their head without ruling them". The result of inaction is that "if I prefer inaction, the people will naturally crave for peace; if I act little, the people will be naturally rectified; if I am not meddling, the people will naturally become rich; if I get rid of

desires, the people will naturally become simple" (Chapter 57). The Tao does not act and yet nothing is not done. And it is emphasized that if the lords and kings can keep to it, the myriad living things will transform of themselves. Thus the concept of "inaction" means no interference and free of desire, and accordingly, the way to enrich the people lies in self-enrichment.

Corresponding to "inaction" is "being natural" or "being spontaneous". "Being natural" or "being spontaneous" is to act by the principle of "inaction". This is what *Lao Zi* says "man takes earth as his model; earth takes heaven as its model; heaven takes the Tao as its model; and the Tao takes what is natural as its model" (Chapter 25). Here what is natural refers to the original appearance of all things in the world. It also means that all things develop and change autonomously without the help of external forces, relying on their own endogenous forces, showing a strong autonomy. "Tao" produces but does not dominate all things. Tao takes itself as the law. To treat wealth with the attitude of "inaction" is to follow what is natural, to be self-made and not to interfere or act rashly. The way of human imitates the way of heaven, thus the way wealth being accumulated should also follow the principle of "inaction" and "worshiping the Tao and honoring virtue".

3. KNOWING CONTENTMENT: THE CONCEPT OF WEALTH IN LAO ZI

3.1 The Definition of Wealth in Lao Zi

Chapter 34 of *Lao Zi* says: "he who knows others is wise, and he who knows himself is clever; he who conquers others is forceful, and he who conquers himself is powerful; he who knows contentment is rich, and he who perseveres is a man of will". Knowing contentment is wealth. This is an important concept of wealth put forward by *Lao Zi*.

Lao Zi advocates that contented people are rich, and believes that wealth comes from people's mentality, which reflects the wealth ethics of "inaction acts upon everything in the world". As Wang Bi interpreted, contentment makes you rich, those who are contented will not lose. It is so put in Chapter 44: knowing contentment avoids disgrace; knowing when to stop avoids danger, and thus one can be long in safety. The wealth thought of *Lao Zi* is quite different from that of Confucianism which maintains that one's life and fortune are both designed already by the God.

3.2 Attitude Towards Wealth

Seeking fame and wealth and avoiding disadvantages has always been a common social behavior since ancient times. People live and strive either for fame or profit, knowing not when to stop, and they lose in order to get. As Lao Zi says in chapter 12: beautiful pictures make man blind; beautiful music makes man deaf; delicious food makes man lose his sense of taste; riding and hunting make man wild with excitement; rare goods goad man into stealing; thus the sage does not satisfy his eyes with colors but satisfy his stomach with enough food. Similarly, Zhuang Zi, a representative of Taoism, also emphasizes that a man with power shudders for fear of losing it. Therefore the pursuit of power, wealth and fame is harmful to a person's mind.

Lao Zi proposes to face wealth with an attitude of "thrift": I have three magic weapons which I hold and treasure—the first is mercy; the second is thrift; the third is unwillingness to take the lead in the world. Being merciful, one can be brave; being thrifty, one can be generous; being unwilling to take the lead in the world, one can become the leader of the world. Thrift is regarded as the principle of wealth consumption, because being thrifty can carry people far and make their wealth last long. Only by consuming and storing wealth instead of living in luxury, can people accumulate more wealth. That is why it is said that generosity is achieved by being thrifty.

To be rich with contentment is not to be happy with a small fortune or a small victory. It does not mean that one should stop being adventurous and trying. Instead, it is a kind of wisdom in life. The accumulation of wealth is not a simple digital superposition, because rich and poor, expensive and cheap, more and less, are all relative. Therefore, true wealth lies not in the amount of it, but in people's contentment. This idea of wealth is clearly expressed in chapter 46: no crime is greater than greediness; no disaster is greater than the lack of contentment; thus the contentment of feeling content is an eternal contentment. The same idea is also seen in *Recordings of History* by Sima Qian: if you don't know how to control your desire, you will lose everything you want; if you don't know how to be satisfied, you will lose what you already have. This wealth thought is not only accepted in China. Kazuo Inamori, a Japanese entrepreneur, once said that contentment was the most basic philosophy of survival for people in the future, and people should

learn this attitude of contentment and temperance from nature.

4. SELF-ENRICHMENT: THE THOUGHT OF WEALTH CREATION IN LAO ZI

Self-enrichment means to become rich naturally. It is so expressed in chapter 57: when I do nothing, the people are transformed by themselves; when I am fond of stillness, the people act correctly by themselves; when I do not have official duties, the people are enriched by themselves; when I desire not to desire, the people are simple of themselves.

Laozi believes that the path of wealth creation and accumulation is "self-enrichment". Self-enrichment is to follow the principle of inaction and not act rashly in the process of wealth accumulation and growth. People's active behavior is mainly to assist the objective law of the natural growth of wealth, that is, to help all things develop naturally and refrain from interfering in them. There is no lack of such successful examples in Chinese history. When the governors took measures to recuperate and govern by inaction, wealth was naturally accumulated. A good case in point is Emperor Xiaowen of the Western Han Dynasty, who respected and advocated Lao Zi. Emperor Xiaowen, contented and thrifty, knew the principle of no rash action, and as a result, his empire was rich and people were happy.

This idea of wealth creation is not only reflected in *Lao Zi*, but also in *Guan Zi* in the pre-Qin period: it is human nature to pursue profit and avoid loss. That is why merchants travel thousands of miles in pursuit of profits, and fishermen venture against the currents and tides for benefits in the water. However, good governors and rulers know how to make the best use of the situation, make the people happy and get them naturally rich without pushing, leading or disturbing.

Confucianism also stresses the principle of making money in the honest way. For example, it is pointed out in *The Great Learning*: benevolent people use wealth to improve their self-cultivation, while non-benevolent people use their body and life to accumulate wealth. Similarly, *The Analects of Confucius* states that everyone wants to have money and status, but a gentleman will not accept it if he can not get it in an honest way; everyone hates poverty and lowliness, but he will not get rid of it if he can not get rid of it in a noble way. Confucius

also says that wealth has no value if it is not obtained in proper ways. Of course, it should be pointed out that the Confucian way of getting rich values continuous hard work and perseverance, which is the same as the idea of "doing nothing and everything is done" in *Lao Zi*.

Lao Zi makes it clear that people should be left undisturbed so as to achieve self-cultivation and self-enrichment, meaning the rulers should govern the world by not troubling the people. As is said in the book: the more taboos there are in the world, the poorer the people[3].

5. NOBODY CAN KEEP WEALTH LONG: THE THOUGHT OF WEALTH MANAGEMENT IN LAO ZI

5.1 Wealth Cannot Be Kept

"When a hall is full of gold and jade, nobody can keep them long; when a man of wealth and rank is arrogant, he is looking for a calamity upon himself" (chapter 9). This is Lao Zi's attitude about how to manage wealth. As an old Chinese saying goes, one loses by pride and gains by modesty. Otherwise, if one accumulates wealth without contentment, he will get lost and eventually lose his wealth. There is a fable in *Zhuang Zi*: It seemed quite safe to hide the boat in the valley and the mountain in deep water. However, in the middle of the night, a Hercules carried them away together with the valley and the river, and the people in their sleep didn't know it at all. It's appropriate to hide small things in big things, but still it is not absolutely safe, because here is the question: where should a ruler hide the world if he wants to rule it? The truth is nobody can hold his wealth for ever.

Lao Zi argues that the divine law may go opposite ways and that whatever is in its prime is bound to decline. In other words, all things are relative and dependent on one another. Things that seem opposite to each other actually depend on each other and they may transform to each other. The more you have, the more you will lose. Just as the idea put forward in *Lao Zi*: Which is dearer, your name or your body? Which is more important, your body or your goods? Which is more harmful, gain or loss? Excessive stinginess will result in great expense; too much amassment leads to great loss.

5.2 Gain and Loss

Gain and loss are also relative: one may get wealth and die, or get wealth and then lose it. Thus it is often more damaging to gain than to lose, because the loss can be seen clearly, but the damage caused by gain cannot. Cheng Xuanying said in *Notes on Lao Zi* that a man who was greedy for more money would lose his life, but one who was less greedy would save his life. All these ideas function as a warning to the world: people live and struggle for fame and fortune, but their efforts often end up in vain and failure.

Excessive stinginess is also greed, which will lead to inequality and even polarization between the rich and the poor. It is thus said in chapter 75: the hunger on the part of the people is the result of exorbitant taxes on the part of the ruler. So Lao Zi warns that the rulers should keep simple in nature and mind, and discard selfishness and weaken desires (chapter 19). He also argues that the rulers should keep the people from contention by disregarding men of abilities, from theft by not valuing rare goods, and from the disturbed state of mind by concealing what is desirable (chapter 3). Also he believes that the sage desires what others do not desire, and does not value rare goods (chapter 64). Lao Zi urges the rulers to restrain the desire for material wealth, use the wealth for the people, and let the people return to the state of simplicity. He believes that if the rulers get rid of all those cunning plans and harsh laws, his people will naturally obtain wealth.

6. COMPENSATING THE DEFICIENT BY REDUCING THE EXCESS: THE THOUGHT OF DISTRIBUTION AND CHARITY IN LAO ZI

6.1 Giving

It is an ideal principle of wealth distribution to reduce the excessive and make up for the deficient (chapter 77). It is also the way of human beings, an important law that should be abided by in the distribution of social wealth.

Lao Zi advocates that humanity should follow the way of heaven, and that the principle of social wealth distribution should be based on the principle of "compensating the deficient by reducing the excess". According to this principle, by reducing the excessive and compensating the deficient, a fair

and reasonable distribution of social wealth can be achieved. If, on the other hand, wealth is given to one who already has more than enough by taking from one who is in want, it will not only result in an unfair distribution of social wealth, but also polarization. This fully reflects the simple thought of social charity in *Lao Zi*.

Lao Zi further puts forward that "the sage does not store up; helping others as best as he can, he is helped even more; giving others as much as he can, he becomes richer and richer still" (Chapter 81). Here "no storing up" does not mean that the sage has nothing to store, but that he aims to help the people to get more. The sage does this out of the belief that what one possesses also belongs to the country and the people, and personal accumulation will lead to continuous evil consequences. When one gives to others, he seems to get less, but actually in the long run, he will get more. Lao Zi not only advocates the concept of giving instead of possessing, but the belief of helping without claiming credit. Professor Zhang Weiyong of Peking University summarizes the market logic as this: if a person wants to be happy, he must first make others happy. More generally speaking, self-interest comes after the interests of others. In the market economy, everyone must be responsible for his own behavior, and must not do things at the expense of others' interests. The basic law of the market transforms the individual's pursuit of wealth and happiness into the driving force of creating social wealth and promoting social progress[4].

6.2 The Virtue of Giving

Lao Zi says that if you want a thing taken away, you should give to it first. The same is true for wealth. If you want to get wealth from the society, you have to give your wealth to the society first. That is, you have to pay first in order to get. Therefore, it is often said that a good family must have a happy ending. That is, helping others is actually to develop oneself, materially or spiritually. So the world's richest people are often great philanthropists, such as Bill Gates, who gave away all his family wealth to charity foundation. In spite of that, he is still one of the world's richest man.[5]

As the way of heaven is selfless, Lao Zi takes it as the basis and example to follow. He says that the Tao of heaven never shows favouritism and it always helps those who are good (chapter 79). Therefore, to achieve the goal of offering what he has in excess to the people, a man should not try to

rule others, or claim to be their benefactor. Instead, he should discard selfishness and weaken his desires. If a man is too greedy to be satisfied with wealth, he will go to the opposite side: the more he gets, the more he loses, because nobody can keep his wealth forever. Therefore, Lao Zi warns: wealth and place breed insolence and eventually result in ruins (chapter 9). It stresses that the rich should show pity to the poor and help them. Otherwise, disaster will occur. Following the Tao of heaven to compensate the poor by reducing the wealth of the rich can not only help people keep their fortunes for a long time, but also maintain the relative balance and fairness in the distribution of social wealth.[6]

The Japanese entrepreneur Kazuo Inamori said, "We need to obtain benefits in an honest and right way and we should also spend our money correctly." What is the best way to give away wealth then? According to Lao Zi's wealth distribution philosophy, wealth gained from business should be used for the society and the people, thus it can be returned to the world again. People should clearly know that what they believe to be their own is nothing but what is deposited with them for a while. For this reason, people should not use it for themselves, but for society and the world.

Helping and giving rather than taking and possessing is a way to help others and also oneself. Wealth comes from the people, and at last it should be used by the people. This is probably the true connotation of "creating wealth is great cause" in *The Book of Changes*.

7. CONCLUSION

Lao Zi's interpretation of wealth ethics constitutes a very distinctive part of his philosophy. The ideology of wealth in Lao Zi can be broken down into six aspects, which focus on self-improvement rather than material gain. Based on the concept of inaction and doing nothing, Lao Zi's wealth theory system covers wealth creation, management, redistribution and charity. It is widely agreed that the book of Lao Zi contains rich insights into the topic of wealth which is guided by its philosophical thought.

AUTHORS' CONTRIBUTIONS

This paper is independently completed by Jun Zhi.

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