

A  
NEW STAGE  
OF  
CIVILIZATION

STRIVING FOR THE  
GREAT HARMONY

SHIXIONG CAO

# **A New Stage of Civilization**

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# **A New Stage of Civilization: Striving for the Great Harmony**

BY

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of China*



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INVESTOR IN PEOPLE

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# Introduction

Human civilization has struggled with hatred, conflict, and war since the first people tried to privately own property and protect their property and the resources it provides against other people. This phase of civilization has lasted for at least 7,000 years, and probably much longer. Since the 1970s, promoted by the Chicago School of Economics, the global economy has fallen into a development model that rejects government regulation and strives for a completely free market. The success of this approach led to the collapse of the communist movement in the former Soviet Union and reform of the economic system in socialist countries such as China. At the same time, the worldwide wealth gap between the richest and poorest people has rapidly widened. The lack of government supervision inevitably led to multiple economic crises, including the “great recession” of 2007–2009 associated with the American subprime mortgage crisis. Unfortunately, such anthropogenic disasters sometimes overlap natural disasters such as the COVID-19 pandemic that began in 2020, and these simultaneous disasters create greater difficulties for human society.

Unfortunately, due to limitations imposed by term and election limits (e.g., limits on how many years a US president can serve, statutory limits on the maximum period between elections), politicians are strongly motivated to approach issues from the perspective of their own short-term interests (e.g., getting re-elected). Although most politicians still regard their national interests as more important than their own, an unfortunately high number place national or personal interests above the interests of humanity as a whole when they judge whether an action is right or wrong. (The relationships between a state, a country, and a nation are subtle. For simplicity, I will generally refer to *countries* and *nations* in this book but will use *state* in a special context in Chapter 4.) They rarely consider the evolution of society from a truly ethical perspective that accounts for the needs of all of humanity. Without an appropriate ethical perspective, it’s impossible for them to understand the evolution of society as a whole. However, if we can start from a historical perspective, based on a longer time scale and overall perspectives based on human social and economic development, these perspectives let us see political outcomes and their consequences more clearly. About 2,500 years ago, the Chinese philosopher Confucius emphasized that “all people in the world are brothers,” which is true from both biological and ethical perspectives. Therefore, political concepts that distinguish humans into different races and groups appear

childish, false, and unproductive. Rather than uniting the world, these concepts will lead to division and confrontation. How we can unite humanity so that we can jointly address natural and social challenges is an unsolved problem.

Since the 1960s, humanity has experienced several major turning points. First, Rachel Carson (1907–1964) published *Silent Spring* (Carson, 1962). Since then, environmental protection has become a widely accepted norm. Second, since the 1970s, the world's developed countries and rapidly developing countries are both showing a decreasing birth rate, and the alarm over overpopulation is easing, although it has now been replaced by growing fears of population shrinkage, which will have important demographic consequences. Third, since the 1990s, the global knowledge economy has let knowledge workers replace manual laborers as the main creators of wealth, although manual labor remains critical for any society (e.g., farming). Fourth, global climate change and the associated natural disasters have attracted more and more attention, although this has not led to the collaborative action that will be necessary to solve this problem. I ask readers to keep this last phenomenon in mind, since everything I describe in this book will be affected by the consequences of ongoing climate change.

Some politicians, such as China's leaders, emphasize that this is a once-in-a-century period of change. However, if we observe the development of human society at larger temporal and spatial scales, we see that human society is entering the kind of special period that occurs once in a millennium. In particular, the traditional private ownership system that has operated for thousands of years cannot solve the abovementioned problems, leading to political conflicts and economic crises caused by globalization, simultaneously with large-scale natural disasters caused by government willingness to ignore the climate crisis. To explore how we will transition from the present situation to the next development stage for society, we must consider how the old paradigms have begun to show their limitations, and what may replace them. In this book, I will use examples from Chinese history (because Chinese history has the world's longest continuous duration and thus provides more evidence), as well as recent social and economic changes in China, while also accounting for Western history, to interpret the driving forces that guide the development of human civilization. Based on this analysis, I will propose a series of methods and paths to achieve the "Great Harmony" proposed by Confucius from the perspectives of culture, politics, economics, and the environment. Given the negative impact of the Cold War mentality, which led to nearly a century of unproductive conflict, I will strive to avoid the harm caused by nationalist thinking and to combine the wisdom of traditional Chinese philosophy with the achievements of Western science and culture. Throughout, I will adopt the perspective of "one world, one country" to support the smooth transition of human society to a more inclusive and cooperative stage of civilization.

### **The Framework of This Book**

This book is not only an academic work but also a reference book for students and professionals in fields such as cultural studies, political science, economics, and environmental science. Considering the rapid evolution and fast pace of modern

society, readers may not have time to read this book in one go. Therefore, I have written each chapter of this book so that it can be completed independently. I explain one of the key concepts in each chapter so that readers can selectively read the chapters they are most interested in, rather than having to read the entire text.

In the first three chapters of this book, I discuss cultural topics. The first chapter criticizes the errors of the capitalist ideology of “everyone for themselves” and the communist ideology of “selfless contribution to the state,” which represent two current societal extremes. Instead, I propose the construction of a “prosocial society” based on the ideology that everyone has responsibility for other members of society and must dare to accept this responsibility. This would become the starting point for more harmonious social development. Chapter 2 reviews the long-term survival of Chinese culture, with a focus on traditional values such as cultural diversity and inclusivity. My goal is to demonstrate the Confucian philosophy of harmony through diversity as a more reasonable alternative to a single cultural ideology such as capitalism or communism. This chapter will also help readers understand the difference between the Confucianism of 2,500 years ago and its main philosophical opponent, *fajia* philosophy. *Fajia* has been misleadingly translated as “legalism,” but it more closely resembles what is now called authoritarianism or *realpolitik* (<https://slife.org/legalism-in-chinese-philosophy>). Chapter 3 specifically introduces the harm caused by the centralized politics advocated by both ancient Chinese emperors and modern Chinese governments and the problems this centralization has caused; these include China’s difficulty in matching Western successes such as scientific innovation. I will propose answers to the famous question of Joseph Needham about why China has not produced science as good as Western science, and Qian Xuesen’s question about why China’s good basic education has failed to cultivate outstanding talents.

Chapters 4–6 discuss political topics. From an economic perspective, a country is an institutional arrangement to meet the needs of a population, particularly in the context of an insufficient resource supply. Although a large and increasingly specialized population can provide both better access to resources and economies of scale in exploitation of the resources, any attempt to expand the population and economy without limits can lead to wars and other disasters. Fortunately, Confucius proposed a solution: the *great harmony*, whose goals are to avoid war and achieve harmony by building a political system that brings together nations in the form of a federation based on economic cooperation (see Chapter 4). Unfortunately, governments have the dual and contradictory attributes of both serving the people and exploiting them. Therefore, any nation must face the challenge of developing a political system that balances these contradictory attributes (see Chapter 5). Whether in historical periods or contemporary society, achieving this balance has been jeopardized by collusion between the government and the wealthy, leading to unequal distribution of social wealth, which is the main cause of poverty and social unrest. From a certain perspective, both poverty and unrest can be seen as carefully planned “political conspiracies” (see Chapter 6).

Chapters 7–9 discuss economic development issues. China’s current economic growth has been promoted by a new institution that I call the “shared property

rights” regime, in which innovative knowledge workers obtain a share of the benefits created by their innovations. This solves the problem in which traditional hourly or piece-rate wages fail to capture the benefits produced by these workers by increasing their enthusiasm to innovate (see Chapter 7). This approach also protects the interests of the owners of an enterprise. Unlike traditional stock option systems, the new “knowledge” shares cannot be transferred or inherited and must be returned to the enterprise when a worker changes employment. This not only retains funds the enterprise can use to fund future innovation; it also mitigates the intergenerational transmission of wealth through inherited stock shares, which promotes poverty in those who cannot benefit from stock options. Therefore, shared property rights represents a new and more equitable system. As the number of people who rely on the new system grows, the influence of the purely capitalist system will gradually shrink, leading to coexistence of the two systems in future society (see Chapter 8).

Because such social changes can be disruptive, and therefore frightening, it’s necessary to seek ways to reduce the perceived and real costs of institutional change. Scholars can motivate the public to embrace such change by communicating the benefits of the change and thereby changing public ideology. The government can also reduce the fear of change by learning from its successful implementation of innovative measures such as the creation of special economic zones (e.g., Shenzhen). In this approach, the government tests a proposed new system to confirm that it works and identify any problems that must be solved before allowing adoption of the new system elsewhere. The government can demonstrate the new approach’s benefits, increase confidence by allowing modification of the approach to account for local strengths and constraints, and further decrease the fear of change by compensating anyone who will be disadvantaged by the change. By allowing the old system to continue operating in parallel with the new system, those who depend on the old system for their livelihood, power, and stability feel less fear of the system and are thus more willing to support rather than oppose the system. This approach has also been implemented on a national scale in China by allowing the political and economic systems to evolve in parallel to maintain social stability. For example, China’s government has retained the institution of central planning to achieve the nation’s goals, while gradually decentralizing power so that provinces and other administrative divisions have some flexibility in how they meet these goals. This reduces both the perceived costs and the actual costs of institutional change and represents an important modern Chinese contribution to world culture (see Chapter 9).

Chapters 10 and 11 discuss environmental issues from the perspective that the Earth can exist without humans, but humans cannot exist without the Earth. Governments are increasingly recognizing this reality in the context of slow-moving anthropogenic disasters such as climate change and the need to account for more dramatic and sudden natural disasters such as the earthquakes, volcanic eruptions, tsunamis, and floods that frequently threaten humanity. Therefore, humanity must unite to protect the Earth’s environment but also to respond to more immediate disasters (see Chapter 10). Despite decades of fearful predictions of the consequences of overpopulation, we are now facing a potential demographic

disaster due to shrinking populations (Chapter 11). With the rapid development of industrialization and a knowledge-based economy, combined with increasing education and improvement of women's status, the trend of families with fewer children is becoming a consistent trend in industrialized countries. The resulting population reduction may mitigate the long-standing damage caused by overpopulation but will lead to demographic problems such as insufficient taxpayers to cover the costs of government programs and insufficient consumers to sustain economic growth. Therefore, as populations begin to shrink, governments will need to find ways to encourage childbirth to create a population capable of sustaining future society. Mothers will gain higher social status because they have the unique power to create the scarcest resource (new humans) in future society.

In Chapter 12, I review and summarize the book's content.

## Differences Between the Book and Previous Publications

Most previous scholarly research has suggested that Confucianism, Buddhism, and Taoism represent the entirety of traditional Chinese culture, but this is not the case. An important omission in previous work relates to a philosophical conflict between Confucianism, which demands that the government serve the people, and *fajia*, which demands that the people serve the government. *Fajia* has been favored by Chinese governments throughout history because it preserved their power. To make *fajia* more palatable to the people, rulers tried to disguise *fajia* as nothing more than a different form of Confucianism, promoting service to one's country on behalf of the people through government service. Today, whether in Chinese or other languages, the literature on Chinese culture is heavily influenced by the legacy of authoritarianism (with *fajia* often mistranslated as "legalism") disguised as Confucian culture.

To help readers understand modern Chinese culture, Chapter 2 explores the differences between *fajia* culture and Confucianism. *Fajia* has continued to oppress the Chinese people for more than 2,500 years, creating tragic historical events such as banning of Confucianism by Emperor Qin Shi Huang and the Cultural Revolution launched by Mao Zedong. Historically, Chinese dynasties have fallen after an average of 71 years since *fajia* culture was implemented because the people revolted when they could no longer tolerate their oppression. Unfortunately, Confucius did not provide specific strategies for building a people's political power to counterbalance the government's power. One goal of this book is to propose solutions to this omission of Confucian philosophy.

As a scholar, one of my responsibilities is to find the courage to speak truth to power. Chapters 3, 5, and 6 criticize the harm that has been done to contemporary Chinese society by excessive reliance on *fajia*. Chapters 7–9 provide a detailed introduction to Chinese institutional innovations during the more than 40 years since Deng Xiaoping opened China to the West and began reforming its economy and society. Today, China struggles against the contradiction between two goals: strong and monolithic centralized government based on the ideologies of Marx and Mao, with the goal of harmonious economic development, and the cultural diversity advocated by Confucius, which emphasizes harmony through

diversity. The great harmony of Confucius, which emphasizes a shared future for all humanity, will necessarily coexist with Chinese socialism.

Political economists have constantly debated the efficiency of various forms of property ownership, including the public ownership of all resources under communism and the private property rights under capitalism. They have largely ignored the possibility of a third system that combines the best aspects of both forms of property. In this book, I have proposed a third alternative, which I call the shared property rights system, that is different from and that combines aspects of these two older systems. If this approach proves to be as successful as I believe, it will lead society into a new stage in which multiple systems coexist within an overall prosocial context.

Some scholars don't distinguish between evolution and revolution and believe that violent revolution is an effective means of social progress, but this is not necessarily the case. In thousands of years of history, many regimes have been violently overthrown, but most social progress has been a matter of gentle evolution rather than violence or bloodshed. China's peasant uprisings unquestionably provided opportunities for new dynasties to emerge but contributed little to social progress. (I will discuss this in more detail in Chapter 8.) The real process of institutional evolution (Chapter 9) is more like the growth and development of a tree, in that each new branch sprouts from the stem or older branches and is nurtured by those older structures. It is the combination of the new and old branches that contributes to the tree's growth, not the new branches alone. The appearance of new branches does not negate the importance of the old branches, particularly since the new branches cannot grow into the sunlight without support from the old branches. For example, when society developed the concept of private ownership of property, it gradually built on the foundation of an older system in which families or small communities owned most property collectively.

In the same way, when new industries emerge, new production relationships, new forms of employment, and new social groups also emerge. For example, early communities of small farmers that emphasized self-sufficient agricultural production gradually gave rise to the production of surplus food that could be sold, and wealthier farmers often became *a new social group* (e.g., merchants, landlords) who had strong incentives to privatize ownership. A similar transition occurred from small-scale domestic production of necessary items such as agricultural tools to large-scale manufacturing of such goods, accompanied by the expansion of capitalism and increased numbers of workers with the specialized skills required to focus on a single specialized activity (e.g., building specific tools) or to work in factories. Today, the information revolution depends on the innovation of knowledge workers and their development of new techniques and technologies. The rapid growth of this new social group has led to the evolution of new institutional arrangements to meet their needs, and these institutions will be a key foundation for evolution of the next stage of civilization. Just as the growth of a tree's new branches does not negate the existence of the old branches, modern institutions such as the shared property rights system will coexist with older institutions (such as private property rights) for a long time. The diversity of harmonious systems is one of the fundamental characteristics of the *great harmony*.

From a historical perspective, social progress never stops. But we must recognize that social progress is not linear and that institutional lock-in and economic reversals occur from time to time. For example, the neoliberal movement that has emerged since the 1970s has represented a regression of the economic system or a lock-in of the capitalist system, and failure to regulate the associated economic activity has led to severe economic shocks and the associated recessions. Such reversals can be political, not just economic. For example, China is moving backwards toward a system based strongly on Marxist dogma. Since 2012, China's economic growth has slowed, with disturbing similarities to the economic recession that struck Japan in the 1990s. The ideal of the *great harmony* is still a work in progress!

For more than 2,500 years, Chinese society has pursued a world based on the *great harmony*. The greatest danger to future society will not be wars caused by differences between countries in ideology and interests, but rather how to adapt to the many challenges facing the natural environment, such as destruction of ecosystems and the natural disasters associated with climate change. Building a global federal political system that overcomes the failures of existing federations such as the United Nations and transforming the mission of the global military from responding to war to responding to natural disasters will be essential if we are to survive apocalyptic disasters such as climate change. Here, I must emphasize that if we cannot abandon the old mindset of nationalism and state supremacy, society will inevitably embark on the “clash of civilizations” that American political scientist Samuel Huntington feared. For more than 20 years, I have been searching for a feasible alternative that would achieve harmonious development by recognizing our shared humanity and developing political, economic, and cultural institutions that promote the Confucian great harmony.

By integrating historical and cultural knowledge with modern political economics, I show how we may achieve the goal of “one home, one world” – a beautiful future for society and the start of a new civilization. I firmly believe that the moment has arrived for humanity to awaken and embrace the beginning of a new era!