

Selected Papers of Beijing Forum 2009

My Yale Students' Turn: Sunzi, Laozi, and Zhuangzi as Solutions to Today's Financial Crisis

Kang-i Sun Chang

Professor, Yale University

Abstract

A year ago my Yale colleague Harold Bloom, in his op-ed in *The New York Times* (entitled "Out of Panic, Self-Reliance") pointed out the striking similarities between the financial crashes of 1837 and 1929, and also 2008. ⁱ He noted that in 1837 the great American writer Ralph Waldo Emerson was so "electrified" by the financial storms that he proposed "self-reliance" as the solution to the American people at the time. Emerson felt that his generation was "bankrupt of principles and hope, as of property" and so he hoped that all Americans would use the chance to recover their traditional value of self-reliance. Seeing a recurrence of the great depression in 2008, Bloom strongly urged today's new American president to find a similar solution to the economic crisis.

My Yale students, however, do not believe that Emerson, the 19th century Concord philosopher, has the solution for our financial crisis in today's global age. Instead, my students look to the Eastern civilization for guidance, thinking that it is time for the West to learn from the intuitive mind of the East.

In my course on Sunzi, Laozi, and Zhuangzi last semester, our main topic of discussion naturally focused on the applicability of these ancient Chinese thoughts to modern issues. Coincidentally the students in my class fall into 3 groups: (1) those who apply Sunzi's pragmatic military advice to today's economic issues, (2) those who believe in Zhuangzi's idealistic Daoism and prefer a solution that is beyond the immediate, and (3) those who mediate between the first two positions, while drawing their ideas largely from Laozi.

It is the purpose of this paper to sum up how my Yale students, in these three different (but complementary) groups, applied the ancient Chinese philosophers and their texts to a diverse range of contemporary issues--especially as a response to today's financial crisis.

© 2013 The Authors. Published by Elsevier Ltd. Open access under [CC BY-NC-ND license](https://creativecommons.org/licenses/by-nc-nd/4.0/).
Selection and/or peer-review under responsibility of Beijing Forum

1. The Sunzi solution

Learning from Sunzi has become a fashion in today's business world in America. ⁱⁱ In one of the readers' comments for Brian Caulfield's recent article, "Apple's New Era" (which appeared in *Forbes*, April 28, 2009), a Major Web user referred to Sunzi as a best guidance for today's business world:

While Caulfield's writing may have moved from a D- to a solid C, I think he still misses the fundamental genius of Steve Jobs. It's all about strategy. Not marketing as the press and its conventional

misunderstanding and how they would define it, but as Sun Tzu would define strategy. Marketing is about taking the correct position on the battlefield.ⁱⁱⁱ

It turns out that some of my students also share the view of treating Sunzi's *The Art of War* as a practical business manual. For example, Peter Wong (who majors in economics) went so far as to propose that Sunzi should be included in the American Business School's core curriculum. He commented in his paper, entitled "MBA 101: Sun Tzu's *The Art of War*":

A famous Chinese idiom states: “治产如治兵” ; today, the phrase “商场如战场” is widely accepted and used in the media, in business and in the academic world. The rationale and idea behind the two quotes are the same; both war and business are competitive and cruel, and are closely related. . . Sun Tzu proffers advice to military generals on how to win a battle in an atypical and indirect way. In a war there are countless variants, strategies and tactics between the direct method and the indirect method. In the business world, where firms compete against each other fiercely, business managers have to devise creative strategies and tactics to outperform their counterparts. Sun Tzu's phrase “攻其不备, 出其不意” has been popularized and became a hallmark of successful business strategies.”^{iv}

My students have spent some time contemplating the reasons as to why Sunzi--rather than the “equally venerable Chinese authors such as Laozi and Zhuangzi” --has risen “to a position of prominence in today's Western lexicon” in recent years. ^v Obviously Sunzi's military strategy is somewhat relevant to today's financial issues, but I think Sunzi's creative uses of vivid natural images--such as water and fire--have the effect of allowing the modern reader to understand his discourse in a rather comprehensive way and can thus easily adopt it in real situations. Thus, several of my students have written about Sunzi's uses of water and fire images in their papers. For example, Peter Wong discusses how the uses of the fire imagery in *The Art of War* make Sunzi's discourse “directly relevant to the reader's perspective.”^{vi} And both Ben Jacobs and Nick Huang have commented on Sunzi's effective uses of the water imagery:

Ben Jacobs: “Sunzi's use of water parallels his pragmatism throughout *Art of War*, employing the substance as a military metaphor for its material qualities. The passage cited above is a particularly instructive example of such usage. His opening lines immediately establish the significance of water only in its measurable benefits, namely avoiding heights (i.e. military strength) in favor of lowlands (military weakness). His matter-of-fact tone is even clearer in the original Chinese: ‘夫兵形象水, 水之形, 避高而趋下; 兵之形, 避实而击虚’...”^{vii}

Nick Huang: “The most prominent images used are that of water: an attacking force should move like swift currents that are powerful enough to dislodge and float rocks (激水之疾, 至于漂石者). Another image is that of un-dammed waters bursting into a chasm thousands of fathoms deep (若决积水于千仞之谿). The amount of power conveyed through the image of rushing waters is echoed at the end of the fifth chapter, where he compares the momentum of a good fighting force to that of round rocks rolling down mountains thousands of *ren* high (如转圆石于千仞之山者). Not only do these images suggest a sudden burst of lethal force, but they also connote a sense of inevitability – there is definitely no way the enemy will survive an attack that resembles a dam bursting or a rockslide.”^{viii}

In general my students are most impressed with Sunzi's idea of a “complete victory” (全胜论), which is all about “defeating the enemy decisively and quickly with as little destruction to either side as possible.” In his paper entitled “The Meaning of Victory in Sun Zi's *The Art of War*,” Nick Huang defines Sunzi's victorious general as one who always “assiduously studies the circumstances and sets up the conditions for a quick and inevitable victory: ‘If you know the enemy and yourself, victory will be certain; if you know the heaven and the earth, victory will be complete’ (知彼知己, 胜乃不殆; 知天知地, 胜乃可全).”^{ix} However, it all depends on the general's ability to adapt to changing conditions. Whether to take a risk or not is thus a question of the circumstances:

Therefore, a body of soldiers has no constant configuration; a body of water has no constant form. He who can gain victory in accordance with the transformation of the enemy is called daemonic. ^x

故兵无常势，水无常形，能因敌变化而取胜者，谓之神。 ^{xi}

However, looking at the financial crisis of 2007-2009 in America, we have come to understand that one of the problems that led to the subprime-mortgage disaster and banking crisis was that the financial participants did not estimate their risks correctly! It was the high-risk lending, plus the lack of regulatory controls, that eventually brought about the global financial crisis of this magnitude. If lenders and traders had studied Sunzi and had “assiduously studied the circumstances and set up the conditions” as was advised by Sunzi, they would not have brought all of us to this vulnerable situation.

2. The Zhangzi solution

It goes without saying that underlying Sunzi’s strategy is a question of advantage (利); most of the chapters in the *Art of War* dwell on the topic of how to secure an advantageous position (争利) before entering a war. ^{xii} Indeed in both war and business, the core emphasis is on advantage, or profit.

However, this is precisely where the Daoist philosopher Zhuangzi departs from

Sunzi. According to Zhuangzi, one should act regardless of expected reward, for a true Daoist should be able to transcend the worldly value of gain and loss. Although some students in my class admit that the thoughts of Zhuangzi may seem rather alien to them, a few of them are convinced that Zhuangzi’s perspective on life (and death) serves as a useful addition to the existing practical view in our times of the financial crisis. If anything, faced with the unusually high unemployment rate (when it is difficult to find jobs in their own academic specialties), many students have come to appreciate Zhuangzi’s philosophy. They feel that Zhuangzi has inverted the conventional notion of the useful (有用) and the useless (无用) and has thus taught them how to think outside the box:

Zhuangzi said. . . Now you have this big tree and you’re distressed because it’s useless. Why don’t you plant it in Not-Even-Anything Village, or the field of Broad-and-Boundless, relax and do nothing by its side, or lie down for a free and easy sleep under it? Axes will never shorten its life, nothing can even harm it. If there’s no use for it, how can it come to grief and pain? (Zhuangzi, “Free and Easy Wandering”) ^{xiii}

庄子曰……今子有大树，患其无用，何不树之于无何有之乡，广莫之野，彷徨乎无为其侧，逍遥乎寝卧其下。不夭斤斧，物无害者，无所可用，安所困苦哉？（《庄子》《逍遥游》）

In their papers for my course some students discussed the sense of freedom they have learned from Zhuangzi. In particular, Zhuangzi’s idea of returning to nature has the power of liberating one from the artificial confinements of society. Thus instead of feeling panic under the stress of today’s financial crisis, reading Zhuangzi has become a liberating experience for some of my students. Debbie Li writes:

This simply means, however, that the true person is able to abandon the “artificial” self. What is traditionally viewed as the self is really a composite of ideologies, authoritarian traditions and other artifices that are imposed on the true self. By promoting the idea of the non-self, Zhuangzi is protecting the genuine self. Such a self never compromises with rules and the crowd of marketplaces. . . . ^{xiv}

Another student Jessica Dvorak explains how Zhuangzi’s sense of detachment from physical body-- and by extension all external things-- can help one accept any changes in this world with equanimity:

The sage accepts changes in his physical state, from illness to deformity to death, with equanimity because he is in tune with Nature (or Heaven, or the Yin and Yang, or the Creator—all these are names for the same thing, the *Dao*). ^{xv}

In a similar manner, Ben Jacobs is interested in Zhuangzi's idea of "stilling Oneself", which appears in the chapter "The Sign of Virture Complete" (德充符), with Confucius being used as a kind of mouthpiece:

Men do not mirror themselves in running water--they mirror themselves in still water. Only what is still can still the stillness of other things.^{xvi}

人莫鉴于流水而鉴于止水，唯止能止众止。

The fact that Zhuangzi's idea of stillness appears in association with the water image is worth pointing out here. Most importantly, the presentation of the water image makes the contrast between the "running water" and "still water" extremely vivid. As Ben Jacobs says, this seems to encourage "practitioners to focus first upon recognizing the eternal way and then stilling oneself by not fighting its inevitable trajectory."^{xvii}

Indeed, overwhelmed by the current recession--when "this generation of Americans has a rendezvous with destiny" again^{xviii}--many of my Yale students believe that it is most important for them to do some soul-searching (i.e., to "mirror themselves in still water") before planning their career paths. Oftentimes obstacle provides crucial changes for the future.

3. The Laozi solution

A third group of the students mediate between Sunzi and Zhuangzi, but in general they seem to favor the "soft power" preached by Laozi. According to Gina Y. Chen, Laozi's "soft power" is a kind of passive-aggression that carries the qualities of being soft, humble, and "weak"--and yet extremely powerful and indestructible:

. . . Lao Tzu stresses the advantage of being the weaker and softer force. The ultimate victory belongs to those who exercise soft power. Because by being overly aggressive, blunt, sharp, and too straightforward, one risks the danger of self-destruction. This destruction can come in various forms such as war, competition from enemies, and self-inflicted exhaustion. However, if one pursues soft power, one is likely to obtain the ultimate victory, usually due to the long-enduring patience and persistence of soft power.^{xix}

Again, Gina observes that it is through the uses of the water imagery that Laozi's "soft power" is presented most convincingly in the *Daode jing*. Gina's comments on the meaning of the water imagery in chapters 8 and 79 of the *Daode jing* are especially insightful:

Lao Tzu describes water as lowly in terms of position, all-encompassing in how it takes in all the dirt and sediments of the earth, and rather than striving to climb upwards, it flows downwards . . . Yet interestingly, this natural free-flowing process of water into lower position and humbly taking away the dirt of the land is what distinguishes live and active water, 活水, from a pool of dead and still water, 死水. By not striving to be active, not striving to be a competitive force, it becomes alive, active, and a powerful force.^{xx}

The idea of "soft power" is closely linked to Laozi's basic concept of *wuwei* (non-action) 无为. Most of my students appreciate a broader interpretation of the term *wuwei*--for *wuwei* does not literally mean "doing nothing;" it actually means not interfering, not combative, not overbearing, not pursuing one's own selfish interests and desires. In fact, by being *wuwei*, one may become more productive and powerful. And that's exactly what Laozi meant by "wuwei er wubuzhi" (无为而无不治).

It is interesting to note that Sunzi's famous idea about attaining victory without actually going to war (if possible) might have directly drawn from Laozi. Reading through the text of Laozi's *Daode jing*, one finds the repeated motif of weapons--e.g., Chapter 31 (兵者不祥), Chapter 68 (善为士者不武), Chapter 69 (用兵有言). Obviously the Daoist sage Laozi condemns war, although he is also realistic about the inevitability of the war. It is in this context that my student Debbie Li discusses the paradoxical functions of weaponry in Laozi's *Daode jing*:

The *Daodejing*, however, does not ask for a complete rejection of weaponry and arms; instead, the *Daodejing* argues that the main function of weapons in a “Daoist” society is to deter war. . . The optimal way to avoid war is to allow the weapons to go unused. Weapons are considered necessary, as these symbols of war need to be on hand in sufficient numbers to protect society, but it is best not to use them. . .^{xxi}

The idea that the function of weapons is to prevent war is one which strongly captures my students’ imagination. Many of my students admire Laozi’s combined wisdom of passivity and defense--even in matters of utilizing weapons, Laozi is able to follow the way of the *Dao*. Only by following *Dao* can a war avoid the least possible damage to society and also provide “security and harmony to the state.”^{xxii}

In essence my students whole-heartedly agree with Wang Meng’s 王蒙 assessment of Laozi in his book, *The Help of Laozi* (《老子的帮助》), in which Wang Meng praises Laozi as a man of “miraculous wisdom in dealing with worldly affairs”

(处事奇术).^{xxiii}

It is in this sense that a few of my students believe that today’s economic crisis, if properly corrected according to the Laozi’s wisdom, may lead to a more peaceful world that prevents the recurrence of the overly competitive risks that characterize today’s problems .

4. Some Lingering questions

Despite my students’ general fascination with the Chinese ancient thoughts as exemplified by Sunzi, Zhuangzi, and Laozi, there are still lingering questions in their minds. What troubles some of my students is that the ancient Chinese philosophers seem to have neglected the basic problems of the human nature, such that the Eastern thinkers tend to be incredibly idealistic in preaching the *dao*. Can we be sure that we humans have the ability to refrain from selfish risks (like what Sunzi has taught us not to do) when faced with temptations? Can we really become the “true” free men as proposed by Zhuangzi? Can Laozi’s kind of ideal rulers survive in a real world? Can one actually overcome one’s desires as prescribed by these Daoist sages? As President Obama said in one of his television interviews regarding the problem of the AIG bonuses, our basic “human greed” might be the main cause for the financial crisis. Thus, we should ask: are humans capable of freeing themselves from greed?

All these questions inevitably direct some of my students to the sphere of religion. The Christian doctrine of the original sin is still one idea that comes closest to mind. In his legendary book *The Meaning of Faith*, Harry Fosdick singles out sin as “the most real and practical problems of mankind.”^{xxiv} He further claims that religious faith alone can supply the “moral dynamic” for the solution, while quoting Emerson to support his views on faith.^{xxv}

Like President Obama, however, a few of my students found Reinhold Niebuhr’s idea of “Christian realism” (also called “pessimistic optimism”) even more convincing, for it is a kind of “realism” that recognizes both the impossibility of human perfection but also “man’s capacity for justice” in a democratic system.^{xxvi} Niebuhr’s idea may indeed serve as a possible solution to today’s financial crisis, if indeed some kind of regulatory system can be established to limit the power of financial managers.^{xxvii} But that would be the subject of another paper.

References:

ⁱ Harold Bloom, “Out of Panic, Self Reliance,” *New York Times*, Op-Ed Contributor, October 11, 2008.

ⁱⁱ I am grateful to my student Ben Jacobs for calling my attention to this point. See his “In or Out of this World: Water in Sunzi, Laozi and Zhuangzi,” final paper, May 4, 2009, p. 1.

ⁱⁱⁱ See comment posted by Major Web User, 04/29/09, 9: 29 AM EDT.

<<http://rate.forbes.com/comments/CommentServlet?op=cpage&sourcename=story&StoryURI=2009/04/28/apple-steve-jobs-technology-enterprise-tech-apple.html&com=64239>>. See also Brian Caulfield, “Apple’s New Era,” *Forbes*, 28th April 2009, <<http://www.forbes.com/2009/04/28/-apple-steve-jobs-technology-enterprise-tech-apple.html>>. See also Ben Jacobs, “In or Out of this World,” p. 1.

^{iv} Peter Wong, “MBA 101: Sun Tzu’s *The Art of War*,” mid-term paper, spring 2009, pp. 1-2.

^v See, for example, Ben Jacobs, “In or Out of this World,” p. 1.

^{vi} Peter Wong, “Sun Tzu’s *Art of War* Chapter 12--Attack by Fire,” short essay, spring 2009, p. 1.

^{vii} Ben Jacobs, “In or Out of this World,” p. 4.

^{viii} Nick Huang, “The Meaning of Victory in Sun Zi’s *The Art of War*,” short essay, spring 2009, pp. 1-2.

^{ix} Nick Huang, “The Meaning of Victory in Sun Zi’s *The Art of War*,” pp. 1-2.

^x Victor H. Mair, trans., *The Art or War: Sun Zi’s Military Methods* (New York: Columbia University Press, 2007), p. 99.

^{xi} Sunzi jizhu 孙子集注, commentary by Wei Wudi 魏武帝 and Sun Xingyan 孙星衍 (rpt., Taipei: Dongda tushu gufen youxian gongsi 东大图书股份有限公司, 2006), juan 6 (虚实篇): 118.

^{xii} For the question of advantage, see *Sunzi jizhu* 孙子集注, juan 7 (军争篇): 122: “军争之难者，以迂为直，以患为利。” For the English translation, see Victor Mair, trans., *The Art of War*, p. 100: “The difficulty of the struggle of armies lies in taking the circuitous as straight, in taking what is troublesome to be advantageous.”

^{xiii} Burton Watson, trans., *Zhuangzi: Basic Writings* (New York: Columbia University Press, 2003), p. 30.

^{xiv} Debbie Li, “Zhuangzi and Nietzsche’s Ideal Man,” final paper, April 22, 2009.

^{xv} Jessica Dvorak, “Laozi and Zhuangzi on the Sage,” final paper, May 4, 2009.

^{xvi} Burton Watson, trans., *Zhuangzi*, p. 64.

^{xvii} Ben Jacobs, “In or Out of this World,” p. 16.

^{xviii} In 1936, during the Depression, Franklin D. Roosevelt said that “this generation of Americans has a rendezvous with destiny.” But it seems that the same situation occurred to America again right now. See David M. Kennedy, “FDR’s Lessons for Obama,” *Time* (July 6, 2009); 29.

^{xix} Gina Y. Chen, “Tao’s Passive Aggressiveness: 无为而治,” final paper, Spring 2009, p. 5.

^{xx} Gina Y. Chen, “Tao’s Passive Aggressiveness,” p. 5.

^{xxi} Debbie Li, “Weapons in the Daodejing,” mid-term paper, March 6, 2009, pp. 3-4.

^{xxii} Debbie Li, “Weapons in the Daodejing,” p. 6.

^{xxiii} Wang Meng 王蒙, *Laozi de bangzhu* 老子的帮助(Beijing: Huaxia chubanshe, 2009), p. 4.

^{xxiv} See Harry Fosdick, *The Meaning of Faith* (1917; reissued New York: Cosmo, Inc., 2005), p. 240. It should be mentioned that Fosdick’s *The Meaning of Faith* was translated into Chinese and published in Shanghai in 1921: 《信仰的意义》，富司迪原著，胡贻毅译（上海：青年协会书报部，1921）。See p. 370 for the Chinese translation of the passage regarding sin. (I am grateful to Prof. Peter Chen-main Wang 王成勉 of National Central University in Taiwan for calling my attention to Fosdick’s book).

^{xxv} Harry Fosdick, *The Meaning of Faith*, p. 262: “Faith always supplies moral dynamic. Emerson’s challenge ‘They can conquer who believe they can,’ is easily verified in daily life.” See p. 405 for the Chinese translation regarding Emerson.

^{xxvi} For Niebuhr’s idea of “Christian Realism,” see http://en.wikipedia.org/wiki/Reinhold_Niebuhr.

For Niebuhr’s pessimistic optimism,” see Robert McAfee Brown, “Introduction,” *The Essential Reinhold Niebuhr: Selected Essays and Addresses* (New Haven: Yale University Press, 1986), p. xii. Also consult Zhang Hao’s 张灏 “You an yishi yu minzhu chuantong 幽暗意识与民主传统,” in his *Zhang Hao zixuan ji* 张灏自选集 (Shanghai: Shanghai jiaoyu chubanshe, 2002), pp. 1-24. See also pp. 4-7 for his discussion of Reinhold Niebuhr’s thoughts.

^{xxvii} It should be mention that, although without referring to Niebuhr’s idea of “pessimistic optimism,” the Nobel Prize-winning economist Joseph Stiglitz seems to have proposed a very similar solution to today’s financial disaster, based on his understanding of the human nature. See Michael Hirsh, “Joseph Stiglitz Predicted the Global Financial Meltdown. So Why Can’t He Get Any Respect Here at Home?” *Newsweek* (July 27, 2009), p. 46: “The solution, Stiglitz says, is to move beyond ideology and to develop a balance between market-driven economies--which he favors--and government oversight.”