

# The Tao of Capitalism

Or, Going with the (Cash) Flow

Max Cafard

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Lao Tzu was the mythic “Old Sage” of ancient China. We’re not sure whether he actually existed, but we do know that he founded Taoist philosophy. His legendary *Tao te Ching*, the “Classic of the Way and its Power,” is a subtle treatise that radically challenges our views of everything—including ourselves, nature and the world around us. I like to call it “The Anarchist Prince,” for just as Machiavelli’s *The Prince* is a manual for rulers who wish to learn to rule, Lao Tzu’s classic is written for rulers who want to learn how not to rule.

The Tao means literally the “way” or “path.” It is at once the origin of all things and the way—the “natural path”—of the entire universe. It is also the unique way of each being, including the human kind of beings. So, it’s something that each of us must discover personally, in our own lives.

For Lao Tzu, the way is not clearly marked, and finding it must be part of the journey. “The Tao that can be told of is not the eternal Tao.” We foolish human beings usually assume we know the way ahead of time. We follow society’s blind prejudices and our own rigid, self-centered ideas. As a result, we miss the interconnection of things, the bigger picture and the deeper truths.

As Lao Tzu puts it, we overlook the dynamic balance of yin and yang, the opposites that are really complements, the world’s underlying unity in difference. He also teaches the importance of fu, return or recurrence, a concept that challenges civilization’s naive ideas of linear progress, of conquest and domination, of infinite accumulation.

And, he speaks of wu wei, “doing without doing,” which includes “ruling without ruling,” or anarchic ruling. This means acting through tzu-jan or spontaneity, thus not forcing the world to fit our expectations; in fact, not even forcing ourselves to conform to our preconceptions of what we ought to be. Lao Tzu shocked his own patriarchal, authoritarian society by taking as his models for the anarchic sage-ruler the child, who experiences life as play and who acts spontaneously, and the female, “the ravine of the world,” who nurtures and cares without dominating or taking possession.

In short, Lao Tzu’s Tao is the absolute antithesis of all forms of domination—including concentrated economic power, the centralized state, patriarchy and the exploitation of nature. So, it came as a bit of a shock to me when I began to find the world’s first philosophical anarchist invoked in defense of right-wing ideology and capitalist economics.

## Right Wing Yin Yang

Ronald Reagan seems to have started this trend in his 1988 State of the Union Address. Reagan lumped together such “great ideas” as individual initiative, free-market economics, and Lao Tzu’s advice to “govern a great nation as you would cook a small fish; do not overdo it.” While Lao Tzu didn’t explain precisely how one should cook a small fish, Reagan had no difficulty concluding that the Old Sage must obviously have been advocating laissez-faire capitalism as noted in *The New York Times* of January 26, 1988. Another amateur scholar of Eastern thought

who shares this view of Lao Tzu is Murray Bookchin. In view of their collective wisdom we might call it the Reagan-Bookchin interpretation.

James A. Dorn, Vice President of the right-wing Cato Institute, outdid Reagan, discoursing with a straight face on topics such as “the Tao of Adam Smith,” and injecting the poor corpse of Lao Tzu with a strong dose of the entrepreneurial spirit. In a speech reprinted in *The Cato Journal* entitled “China’s Future: Market Socialism or Market Taoism,” he exhorts the wise leaders of China to go back to their own Taoist roots and “rediscover the principle of spontaneous order—the central principle of a true market system.”

Of course, anyone vaguely familiar with the rulers of China—a gang of corrupt and amoral bureaucrats capable of brutal repression and even massive genocide—would think it highly unlikely that they would become converts to Lao Tzu’s anarchic path of “spontaneous order.” However, they just might be open to the idea that capitalism could offer them (just like the bureaucrats turned capitalists of Eastern Europe) a new means of plundering their country. And, with a good dose of Taoism thrown in, it would all be so spiritual and happen so spontaneously!

A more ambitious attempt to marry Taoism and the marketplace is presented in the book *Real Power: Business Lessons from the Tao te Ching*, in which quotations from Stephen Mitchell’s feel-good, New Agey paraphrase of Lao Tzu are coupled with commentary by business writer and consultant James A. Autry. Autry cites the *Tao te Ching* extensively but very selectively (often cutting off a citation just before Lao Tzu gets to an embarrassingly anarchistic point).

In fact, he cooks up his “Taoism” much the way Ronald Reagan would cook a small fish—and the result is fishy indeed.

## The Way of the Jaguar

To begin with, Autry completely ignores Lao Tzu’s harsh condemnation of the materialistic society. Autry advises his manager to “go ahead and celebrate the abundance, all the perceived symbols of success, everything from a luxury car to a condo in some vacation spot. But don’t get hung up on whether you have this stuff or not, and never lament what you don’t have.” Sounds very tempting, doesn’t it? “Go ahead, trade that BMW in for that Jaguar you’ve been looking at. It won’t really mean anything to you anyway. Hey, you’re a really spiritual kind of guy.” The question is: who’s talking, Lao Tzu or Mephistopheles?

The Old Sage himself sees the accumulation and concentration of wealth as being, far from any cause for “celebration,” a fatal snare to be avoided at all costs. He warns that “to have little is to possess” while “to have plenty is to be perplexed.” And, he is positively scathing in his judgment of the social consequences of luxury and economic inequality: “Elegant clothes are worn, sharp weapons are carried, foods and 1.” drinks are enjoyed beyond limit, and wealth and treasures are accumulated in excess. This is robbery and extravagance, this is indeed not Tao.”

Elsewhere he advises: “Abandon skill and discard profit; then will there be no thieves or robbers” and suggests that we should “have few desires,” a dictum in absolute contradiction to the society of consumption, which is hell-bent on inflaming infinite desires for the unattainable. Autry wisely decides not to touch this chapter at all!

In fact, one of the most pervasive themes of the *Tao te Ching* is the danger of certain desires—and particularly the desire for material accumulation—out of control. Autry quotes an entire chapter of the *Tao te Ching* with the notable exception of this embarrassing passage: “Do not value rare treasures, so that the people will not steal. Do not display objects of desire, so that the people’s hearts shall not be disturbed.” The market Taoists ignore the fact that the enterprises managed by their presumably incorruptible and virtuous managers have the goal of arousing in the consumer just such disturbing, destructive impulses.

## The Means Justify the Ends

For Autry’s manager, “The acceptance of non-control is the only way to manage things.” “Non-control” (a variation on wu wei) is a concept dear to Lao Tzu, the enemy of all conventional ideas of ruling. His anarchic rule-

without-ruling means that we should influence the world through our lives and personal example, rather than through hierarchical authority and coercion.

But such “non-control” is the antithesis of the role of today’s corporate manager, who is obviously an authority-figure in the corporate power-structure, and whose job it is to make decisions for others. Lao Tzu’s sage-ruler is one “whose existence is (merely) known by the people—or perhaps even “not known by the people” (depending on which ancient manuscript we follow). You can be sure that in any corporation the employees will know precisely who the bosses are and where they rank in the corporate hierarchy. And most will be intelligent enough to be very careful around any manager who claims to practice “non-control”!

Whereas Lao Tzu teaches that each must find his or her own way, Autry’s mellow, New Age manager (a bit like Plato’s Old Age Philosopher-King) arranges things to “assure that all employees are *assigned* [my emphasis] to do what they do best, in the interest of all.” Is it possible that the bottom line might dictate that some are assigned to do things they don’t do best? Is it possible that the company needs their help in producing something that isn’t “in the interest of all?” If Autry’s Taoist manager actually tried to “assure” anything other than what serves corporate goals, that perennial optimist would soon be assuring him or herself that, as Autry puts it, getting fired may sometimes be “one of the greatest gifts” one can receive.

So, let’s face it, Autry’s managers will control—by controlling. But ironically, there is a grain of truth in his idea of the manager who is “not in control.” Enlightened managers should indeed consider themselves to lack such control, but not primarily because it discourages obnoxious managerial styles and evokes better compliance, as Autry says between the lines. It is rather because something else really is in ultimate control. In the typical business enterprise what ultimately controls are the structural constraints of operating in a competitive, corporate-dominated market economy, and the imperious necessity to maximize profit and economic efficiency.

This points out the biggest problem with market Taoism: its complete failure to confront the issue of means and ends. It is pervaded by bad faith and self-deception. Unless we want to lapse into some sort of ideological dream world, we must ask a question that Autry and the market Taoists scrupulously avoid: what ends are served by the “real power” of managers? Let’s be realistic about this: the goal is to offer to consumers precisely those objects of desire that captivate their imaginations and win their hearts, to produce those very “rare treasures” that underlie the social hierarchy, economic status and prestige and which Lao Tzu condemns so scathingly.

This is what the Tao of the Bottom Line demands.

## Zen and the Art of Union-Busting

We eagerly await Autry’s forthcoming work on this topic, but he has already given us some pointers. He optimistically informs his New Age managerial readers that “[u]nions form not primarily to increase pay and benefits; they arise in situations where employees feel denigrated.” It’s an old story: “Workers of the world unite! You have nothing to lose but your wounded pride!” He suggests that horrifying disasters such as unionization can be avoided if employees such as “mail sorters” are not given the outrageously mistaken impression they are mere “little people” in the corporation, since this would “distort [sic] organizational hierarchy into a social class system within companies.” Since class for Autry is all in the mind, the idea that a hierarchy of power, status and wealth within an organization might actually be a social class system is entirely incomprehensible to him.

Autry criticizes such dismal corporate tendencies as downsizing and outsourcing, and optimistically concludes that they are not really in the company’s long-term interest. He fails to consider the not obviously impossible case in which a company manages to benefit economically from doing both, or the even more troubling instance in which a company shuts down a plant completely and moves to a location with cheaper labor, no annoying unions and a conveniently authoritarian state. His most relevant bit of advice to managers for such an occasion is to express the enormous, heartfelt respect that the corporation has for the laid-off employees (perhaps a perverse variation on the ancient tribal custom of expressing gratitude to an animal before killing and eating it).

For Autry, the role of the “wise leader” is to assure that the employees “understand how their individual jobs connect with the greater purpose of the business. But what such a noble leader must systematically ignore is how

that purpose connects to, or fails to connect to, the “greater purposes” of the Tao: how it might trample on the way of each person, devastate the way of the community, and lay waste to the way of nature.

## Will The Real Lao Tzu Please Stand Up?

True, Lao Tzu says that “the Tao is vague.” But that doesn’t mean that it’s no more than putty in one’s ideological hands.

The deeply revolutionary message of the *Tao te Ching* is perhaps best expressed in the “three treasures” that Lao Tzu advises us to “guard and keep”: compassion, simplicity and humility. The Old Sage would never recommend that these treasures be tacked onto a job description and ignored in the larger picture of our lives, society and nature. He would be appalled at the idea of managing in an amiable, frugal and self-effacing way an irresponsible, destructive enterprise that promotes material accumulation, waste and pollution, social inequality and status-seeking.

Lao Tzu remarks in a crucial passage that “the Way of Heaven reduces whatever is excessive and supplements whatever is insufficient. The way of man is different. It reduces the insufficient to offer to the excessive.” This early diagnosis of civilization is an apt assessment of the social and ecological consequences of the contemporary globalized market economy.

Elsewhere, Lao Tzu states the related harsh truth that Heaven and earth are not humane. They regard all things as straw dogs.” Straw dogs were insignificant objects thrown into the fire in ritual celebrations. Lao Tzu warns us that in the case of reality, we can’t “have it our way” (the metaphysical Fallacy of the Whopper), though we certainly should try to find our way. If we continue to follow the distorted, destructive “way of man” (and “economic man,” in particular), we will suffer the inevitable fate of those who live a life out of balance. We’ll find out what it’s like to be a straw dog that thinks it’s top dog.

To put it another way, global capitalism looks increasingly like a very big fish spewing poisonous filth in its small and delicate pond. Alas, you would-be Managers of Tao. Your fish is cooked!

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*Tao te Ching* citations are from Wing-Tsit Chan’s translation in Chan, *A Source Book in Chinese Philosophy* (Princeton: Princeton University Press, 1963). Citations of Autry are from James A. Autry and Stephen Mitchell, *Real Power: Business Lessons from the Tao Te Ching* (New York: Riverhead Books, 1998).

Max Cafard is a pre-ancientist philosopher who inhabits the Island of New Orleans and edits *Psychic Swamp: The Surre(gion)alist Review*, a cyberjournal soon to appear at [www.psychicswamp.com](http://www.psychicswamp.com). He is active in Surrealists for Social Responsibility, the Church of the Great Green Frog, and the Post-industrial Workers of the World (Deconstruction Workers Union 666).

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