

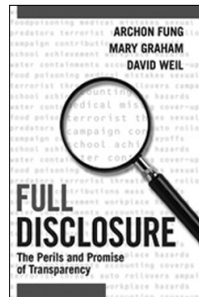
the purists. But although the informal framework has drawbacks, it also has benefits, most notably its provision for informal hypotheses about where the new fashion for transparency might beneficially be taken. Unfortunately, the authors don't venture very far, if at all, beyond the precedents set by the case studies.

I've argued for a more systematic approach to transparency policy, and proposed policies that might help facilitate the emergence of better information about the quality of service offered by—for instance—hospitals, schools, investment advisors, and even real estate agents. As the Los Angeles restaurant hygiene regulation illustrates, a healthier information flow can often set market forces loose, greatly improving on the results of 'command and control' regulation. Why don't we require that firms' premiums for workers' compensation be provided to prospective employees to enable them to judge those firms' occupational health and safety records? We could go even further by trying to set up a standard against which firms could report the results of the job satisfaction surveys most conduct in their workplaces.<sup>1</sup>

The main reason the book does not consider these kinds of proposals is that they've not been implemented. Well, not yet, anyway, and not in America. But since we're at the beginning of this process, I would have liked to see at least a few chapters where the authors spread their wings to explore ways

that 'targeted transparency' could improve our policy armoury, not least by lessening the need for the more prescriptive and intrusive regulation we have now.

Even if the market doesn't fully inform its customers, in principle the best performers should have an interest in accurately reporting their own performance. At this point we run into something well known from the literature on the 'economics of information,' even if it appeared more compellingly as Gresham's Law centuries before Hayek or even Adam Smith got going.



Bad money drives out good, or, as Akerlof has put it, the presence of hard-to-detect 'lemons' can ruin what would otherwise be perfectly good markets. To provide useful comparisons, information must be standardised. Standards

are a public good. But firms that perform relatively poorly have an interest in actively frustrating standardisation. If they report at all, they need not lie—though some might—they need only cherry-pick the information they disclose, omitting what is unflattering.

While the emergence of a standard requires collective action, it need not necessarily be the result of government regulation. Governments and other social leaders might agitate for the best firms to develop an auditable standard against which to voluntarily report. That would often place pressure on other firms to report similarly, helping nurture the adoption of the standard and driving the kind of product improvements that occurred in Los Angeles' restaurants.

Like much writing on such matters, this book focuses on 'targeted transparency' as the sovereign act of some regulating authority—typically

a government. It would be wiser to see such action as a subset of the many ways markets can become better informed. Suasion and collective action by market leaders might have received more attention here, alongside government regulation. Such action might enable us to learn more lessons like those in this book, but with more experimentation and reference to market needs and possibilities along the way, and with less risk of government failure.

**Reviewed by  
Nicholas Gruen**

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*Confucian Political Ethics*  
edited by Daniel A. Bell  
Princeton University Press  
Princeton, 2008  
\$41.95, 273pp  
ISBN 9780691130057

For much of the twentieth century, Confucianism was considered 'out of date,' irrelevant to the modern political realities facing the Chinese nation-state or the world at large. Through Mao Zedong's Cultural Revolution, every attempt was made to delete any memory of the Confucian philosophy from mainstream intellectual and everyday life. The Confucian tradition was condemned as elitist, backward, and feudalistic. Most importantly, East and West alike saw it as antithetical to modernity.

In recent years, the emerging economic and political dominance of East Asian nations that hold a shared Confucian heritage has largely reversed this attitude. The economic success of countries such as Japan, South Korea, and Taiwan has been largely attributed to the value that the Confucian tradition places on self-improvement, family loyalty, education, and the social good.

<sup>1</sup> Nicholas Gruen, 'Economic Reform—Renovating the Agenda: With an Example from the Market for Information,' *Australian Journal of Public Administration* 61:2 (June 2002), 90–105.

Such linkages between traditional Confucian values and the sudden economic rise of the East Asian nations has inspired increased interest in Confucianism generally, its potential influence within the international political system, and in particular its future role within Chinese society.

The contributors to *Confucian Political Ethics* attempt to demonstrate that classical Confucianism is not divorced from the modern world, as some in the West argue, as did earlier generations within Asian society itself. The authors illustrate the valuable contribution that Confucianism can make to current debates on contemporary issues ranging from international relations, civil society, government, and warfare to gender equality and human rights.

Although books of this nature can be frustrating, with authors repeating the same messages and utilising the same quotations from the classics, each essay is well-presented and supported by rigorous research. The book flows reasonably well, and incorporates dialogue between the authors, with many commenting on the statements and claims of the others. *Confucian Political Ethics* provides a significant contribution to the debate on modern political ethics.

Broadly, the book aims to demonstrate the ongoing relevance of Confucianism to contemporary politics, and its potential to be used by modern statesmen as a means of moving towards greater peace and prosperity around the world. The introduction even courageously raises the question of whether Confucianism may not only be revived in its homeland, China, but also see its core principles adopted by the West.

The book also contrasts Confucian thinking with that of modern

feminism, finding a surprising number of commonalities between what are generally perceived to be opposing viewpoints. The authors claim that the subjugation of females in traditional Confucian societies has been unfairly attributed in whole to the Confucian philosophy. Rather, they argue that the poor status of women in traditional Chinese society can be more closely linked to earlier cultural practices, and later adaptations of the Confucian philosophy that incorporated other cultural traditions such as the Daoist concepts of yin and yang.

More broadly, the two authors of the 'Contemporary Feminism' section, Sin Yee Chan and Chenyang Li, argue that feminism and Confucianism can benefit from interacting with each other without compromising each of their basic principles and core values. Chan argues that the pure philosophical base of Confucianism, represented by Confucius' original teachings, should not represent a direct obstacle to gender equality in contemporary society, while Li examines the similarities between feminist care ethics and Confucian values.

In the last section of the book, 'War and Peace,' Ni Lexiong and Daniel A. Bell delve into how and if Confucianism has relevance in today's international political environment. Ni compares the period in which Confucius lived, the Warring States Period, with the modern-day international multi-state system. In addition, he compares the Confucian concept of a higher authority—the 'son of God' or emperor—with that of the modern day United Nations.

Ni comes to the conclusion that the two political systems, although separated by some two and a half thousand years, are not dissimilar in nature. Both systems, he argues, are ruled by the 'law of the jungle,' where

the balance of power is constantly in motion, alliances are sought and broken, and there is a constant battle between good and evil. He argues that Confucius, although opposed to warfare—generally seeing it as unnecessary in a political system ruled by 'good values'—understood the chaotic and anarchic nature of the political system faced by most rulers. On these grounds, he accepted that there were situations where the only genuine option left to a benevolent ruler surrounded by non-benevolent states was to fight.

The 'War and Peace' section, and the book, concludes with an essay by Daniel A. Bell on Mencius's theory of morally justified war. Bell explores the conditions Mencius provides for justifying war, and draws comparisons with modern-day conflict situations. For example, Bell argues that the two main reasons Mencius gives for just war—psychological and philosophical—could justify a modern Confucian state's involvement in a war on humanitarian or self-defence grounds.

It could be said that Confucianism's reputation has been tainted by unscrupulous rulers who have used it to legitimise their leadership and justify their actions. A modern example of this can be seen in ASEAN's justification for rejecting the UN's Universal Declaration of Human Rights. The book demonstrates that the values held within classical Confucianism are not completely incompatible with Western liberal thinking, as some claim, and that each of the two traditions can make valuable contributions to the other. *Confucian Political Ethics* is a comprehensive and enlightening dialogue on the Confucian political tradition, and a convincing argument for its continued relevance.

**Reviewed by Georgina Tait**