

## Articles

### Minimal State Taoism

William Irwin  
King's College, Wilkes-Barre, PA

#### 1. Introduction

It is understandable why the dominant political interpretation of Taoism has been anarchistic.<sup>1</sup> After all, Taoism eschews authority and coercion in the interest of a harmonious society. But, as Frederic L. Bender argues, “While Taoism has the conception of an ideal, naturally harmonious society, its acceptance of the continued existence of a ruler as the locus of political change is hardly anarchistic in the Western sense, since it retains, albeit in improved form, ruler, rule, and the means of rule; the state.”<sup>2</sup> If Taoist political philosophy is not strictly anarchistic, what then is it? After arguing that the main text of Taoism, the *Tao Te Ching*, is not anarchistic, Alex Feldt concludes that “the best way to understand Daoist political thought is to see it as an early Chinese anticipation of the minimal, ‘nightwatchman’ state of Nozickean libertarianism.”<sup>3</sup> Feldt does not, however, develop this interpretation in detail, concluding that “there is ample room for continued expansion.”<sup>4</sup>

In fact, Feldt is not the first to note this connection. Earlier, Austrian economist Murray N. Rothbard declared that “[t]he first libertarian intellectual was Lao-tzu, the founder of Taoism.”<sup>5</sup> Rothbard’s remark was made in

---

<sup>1</sup> Representative advocates of this interpretation include Roger T. Ames, “Is Political Taoism Anarchism?” *Journal of Chinese Philosophy* 10 (1983), pp. 27-47; John P. Clark, “On Taoism and Politics,” *Journal of Chinese Philosophy* 10 (1983), pp. 65-88; and John A. Rapp, *Daoism and Anarchism: Critiques of State Autonomy in Ancient and Modern China* (London: Continuum, 2012).

<sup>2</sup> Frederic L. Bender, “Taoism and Western Anarchism,” *Journal of Chinese Philosophy* 10 (1983), p. 12.

<sup>3</sup> Alex Feldt, “Governing Through the Dao: A Non-Anarchistic Interpretation of the *Laozi*,” *Dao* 9 (2010), p. 336.

<sup>4</sup> *Ibid.*

<sup>5</sup> Murray N. Rothbard, “Concepts of the Role of Intellectuals in Social Change Toward Laissez Faire,” *Journal of Libertarian Studies* 9 (1990), p. 44.

passing, though, and was discussed only very briefly.<sup>6</sup> It is the purpose of this article, then, to develop an interpretation of Taoism in terms of the minimal state of libertarian political philosophy and Austrian economics.<sup>7</sup> The parallels are striking, most notably the parallel between the Taoist concept of wu-wei and the Austrian concept of spontaneous order. Beyond the comparison, though, is the unique synthesis that can emerge: capitalism without consumerism, the free markets of the Western entrepreneur tempered by the voluntary simplicity of the Eastern sage. To be clear, my thesis is not that the Taoist philosophers Lao-tzu and Chuang-tzu were full-fledged libertarians or only libertarians, nor is it that all libertarians should become Taoists. Rather, my thesis is that Taoism can be interpreted in accord with libertarianism in a way that sheds light on both and that results in a novel view. Taking examples from libertarian philosophy and contemporary American society, we can apply and understand Taoist wisdom.

## 2. Governing Lightly with Te

“Government is best which governs least,” according to Henry David Thoreau.<sup>8</sup> In the spirit of Thoreau’s statement, Lao-tzu warns us about the problems that result from too much government: “The more elaborate the laws, / The more they commit crimes” (sec. 57).<sup>9</sup> Some laws advertize forbidden activities and perversely make them appear desirable. Presumably, these laws are made to protect people, but paradoxically some laws harm people by turning them into criminals. The over-legislation and regulation of society means that we all break the law intentionally or unintentionally on a regular basis. In contemporary America, for example, the war on drugs turns pot smokers into criminals and drives what should arguably be legitimate commerce underground and into the black market with all of its attendant danger and criminality.

---

<sup>6</sup> Ibid., pp. 44-46. A passing reference is also made by David Boaz in his *The Libertarian Mind: A Manifesto for Freedom* (New York: Simon & Schuster, 2015), pp. 39-40.

<sup>7</sup> On the libertarian parallels with Confucianism, see Roderick T. Long, *Rituals of Freedom: Libertarian Themes in Early Confucianism* (Auburn, AL: The Molinari Institute, 2016).

<sup>8</sup> Henry David Thoreau endorses this as a motto in his “Civil Disobedience,” accessed online at: <http://thoreau.eserver.org/civill.html>.

<sup>9</sup> Lao-tzu, *Tao Te Ching*, trans. Stephen Addiss and Stanley Lombardo (Indianapolis, IN: Hackett, 1993). The numbers given for citations refer to section numbers rather than page numbers, and shall be cited parenthetically in the text. The section numbers are the same in nearly all translations of the text. For the sake of uniformity, all quotations (unless otherwise noted) are from Addis and Lombardo’s translation.

Lao-tzu quips, “Trying to control the world? / I see you won’t succeed” (sec. 29). The key to ruling successfully is to leave people alone. As he says, “When people are not in awe of power, / Power becomes great. / Do not intrude into their homes. / Do not make their lives weary. / If you do not weary them, / They will not become weary of you” (sec. 72). The point is that people can govern and regulate themselves. When the hand of government is heavy, people become resentful and become less likely to respect political authority.

Still, we might think that people like government doing things for them. Perhaps they do like the idea of it, at least at first, but ultimately they prefer to do things for themselves. Taoist philosopher Chuang-tzu tells us, “The swamp pheasant has to walk ten paces for one peck and a hundred paces for one drink, but it doesn’t want to be kept in a cage. Though you treat it like a king, its spirit won’t be content.”<sup>10</sup> People want to be free to succeed on their own; they do not want to be caged and cared for. Chuang-tzu gives us the following exchange:

“What was Chung Shih telling you the other day?”

Chien Wu said, “He told me that the ruler of men should devise his own principles, standards, ceremonies, and regulations, and then there will be no one who will fail to obey him and be transformed by them.”

The madman Chieh Yu said, “This is bogus virtue! To try to govern the world like this is like trying to walk the ocean, to drill through a river, or to make a mosquito shoulder a mountain! When the sage governs, does he govern what is on the *outside*? He makes sure of himself first, and then he acts. He makes absolutely certain that things can do what they are supposed to do, that is all. The bird flies high in the sky where it can escape the danger of stringed arrows. The field mouse burrows deep down under the sacred hill where it won’t have to worry about men digging and smoking it out. Have you got less sense than these two little creatures?”<sup>11</sup>

The Sage thus leads by example, modeling what is best, governing through his charismatic moral integrity, his *Te*, such that he appears hardly to act at all.<sup>12</sup> The Sage does not rule by trying to change people, but rather by

---

<sup>10</sup> Chuang-tzu, *Chuang Tzu: Basic Writings*, trans. Burton Watson (New York: Columbia University Press, 1996), p. 48.

<sup>11</sup> *Ibid.*, p. 90.

<sup>12</sup> *Te* is a notoriously difficult term to translate and has different meanings in different contexts. Like the term *Tao*, *Te* is often left untranslated. Possible translations include integrity and personality. In the context of political leadership, I interpret *Te* as involving charisma stemming from moral authority. For discussion of this issue, see Victor H. Mair’s translation and commentary, *Tao Te Ching* (New York: Bantam

seeing what is best in people.<sup>13</sup> Lao-tzu says, “Taoist rulers of old / Did not enlighten people / But left them dull. / People are difficult to govern / Because they are clever. / Therefore, / Ruling through cleverness leads to rebellion. / Not ruling through cleverness. / Brings good fortune” (sec. 65).<sup>14</sup> I take this to mean that trying to change people is cynical and produces cleverness in the form of scheming and cynicism. Ironically, people who are made clever in this way turn on those who made them that way. By contrast, leaving people in their natural state, “dull” like an unpolished gem or uncarved block, leaves them happier, less clever, and thus easier to govern.

Lao-tzu says, “A great nation desires nothing more / Than to unite and protect people. / A small nation desires nothing more / Than to enter the service of people. / When both get what they wish / The great one should be low” (sec. 61). Uniting, protecting, and serving do not require the proliferation of laws and regulations. Quite the opposite. To be effective in uniting, protecting, and serving, a government must be “low” as Lao-tzu says, must be minimal, must be nearly invisible. Such a government is unlike a hovering nanny. As Chuang-tzu says, “The government of the enlightened king? His achievements blanket the world but appear not to be his own doing. His transforming influence touches the ten thousand things but the people do not depend on him.”<sup>15</sup>

Taoism calls for governing seemingly without governing: “If kings and lords could possess it [Tao], / All beings would become their guests. / Heaven and earth together / Would drip sweet dew / Equally on all people / Without regulation” (sec. 32). Possessing Tao, being a ruler with Te, means not interfering, or steering without touching the wheel: “Therefore the Sage / Squares without cutting, / Corners without dividing, / Straightens without extending, / Shines without dazzling” (sec. 58). Lao-tzu says, “The most effective leader takes the lowest place” (sec. 68). This is leading without leading, or leading from behind. Rather than seizing control, the Sage humbles himself and the people look to him in his humility: “Give birth and cultivate. /

---

Books, 1990), pp. 133-35. Mair prefers to translate Te as “integrity,” but he includes “charisma” among the possible translations.

<sup>13</sup> The Sage need not be perfect and need not be a philosopher-king, but the Sage should live in accord with the Tao. Lao-tzu idealizes the “rulers of old” as having been Sages in this way.

<sup>14</sup> Some interpreters, such as Ch’eng I, accuse Lao-tzu of advocating tricks, tactics, and deceit in keeping the people ignorant. As Wing-tsit Chan argues, however, this is an uncharitable interpretation of *Tao Te Ching*, sec. 65. In context it is clear that this passage rejects deceit and manipulation. See Wing-tsit Chan, “Chu Hsi’s Appraisal of Lao Tzu,” *Philosophy East and West* 25 (1975), p. 135.

<sup>15</sup> Chuang-tzu, *Chuang Tzu: Basic Writings*, pp. 91-92.

Give birth and do not possess. / Act without dependence. / Excel but do not rule. / This is called dark Te” (sec. 10).

Lao-tzu’s most overtly libertarian and quintessentially Taoist statement is: “When rulers tax grain / People are hungry. . . . When rulers are meddling / People are rebellious” (sec. 75).<sup>16</sup> Actively imposing one’s will, paradoxically has the opposite of the intended effect. Thus, actively imposing taxes does not lead to prosperity but to hunger. Lao-tzu adds elsewhere that “[t]he more prohibitions and rules, the poorer people become” (sec. 57). The Tao of ruling is not to rule actively, but simply to model Te. Active ruling does not subdue the people but riles them up, makes them rebellious. The Tao of economic policy is not to have or impose an economic policy, but simply to let economic activity occur.

### 3. Wu-wei and Spontaneous Order

The spontaneous order and laissez-faire of Austrian economics share a kinship with Taoist wu-wei, or non-action. Lao-tzu is not calling for anarchy (that is, the complete absence of government), but rather for the unobtrusive government of a Sage. When the Sage models Te and things are allowed to happen naturally, we see spontaneous order emerge. As Lao-tzu says, “With Tao under heaven / Stray horses fertilize the fields” (sec. 46). We still need rule of law and protection of property rights. Consider this in contemporary terms. In many places in the world property rights are not well-defined, making it inadvisable for someone to make the investments of time and capital necessary to innovate or start a business. When governments are corrupt or unstable, rule of law cannot be counted on, again making it inadvisable for someone to make the investments of time and capital necessary to innovate or start a business. Lao-tzu may not have had the Western concepts of rule of law and property rights, but he would have appreciated their necessary simplicity.

Lao-tzu says, “The more prohibitions and rules, the poorer people become” (sec. 57). Though people need to know what to expect, too many laws stunt spontaneous activity. Consider all of the bars to entry in starting a new business in contemporary America; consider the way that regulation cripples business, especially small business. Prohibitions, rules, and regulations may have the good intent of protecting people, but they end up impoverishing people. Along these lines, Lao-tzu says, “If government is muted and muffled / People are simple and honest. / If government investigates and intrudes, / People are worn down and hopeless” (sec. 58).<sup>17</sup> We need government, but an intrusive and overly active government hurts the people, kills their spirit, and diminishes their creativity and their Te. We need a “muted and muffled” government, a limited and laissez-faire government

---

<sup>16</sup> Translation modified using Derek Lin’s translation, *Tao Te Ching: Annotated and Illuminated* (Woodstock, VT: SkyLight Paths Publishing, 2006).

<sup>17</sup> Translation modified using Lin’s translation.

that inconspicuously provides rule of law and protects property rights. Nothing more. And indeed, such basic and minimal rights can become internalized to such an extent that they are experienced as completely natural and unobtrusive.<sup>18</sup>

Rothbard champions the idea of spontaneous order in the economic realm, meaning that efficient economies arise and can be maintained without central planning. Attempts at centrally planning or managing an economy paradoxically have negative effects in the form of economic inefficiencies. This occurs because, as Friedrich A. Hayek argues, the price mechanism conveys a vast amount of information that no individual or government committee could ever gather and synthesize. Knowledge, as Hayek argues, is widely dispersed.<sup>19</sup> Information in a market economy is not only local but immediate, requiring the kind of quick action that is impossible if a government is going to intervene in a timely fashion.<sup>20</sup> Making a government planning committee that is as efficient as the free market of individual actors would require a complexity akin to making a map of a territory as big and detailed as the territory itself. In other words, what would be required would be absurd, if not impossible, and certainly counterproductive.

Lao-tzu, who is wary of knowledge claims, would surely agree that there is more information communicated by the impersonal agency of the whole than could be found by a willful scholar analyzing the parts.<sup>21</sup> He asks, “Can you love people / And govern the country / Without knowledge?” (sec. 10). The implied answer here is yes, that is the only effective way to do it. The Sage is suspicious of knowledge claims, recognizes what he does not know, acknowledges his own limitations and ignorance, does not try to impose order, and allows order to emerge spontaneously. Lao-tzu probably did not understand the price mechanism, but he did understand wu-wei.<sup>22</sup> Aligning oneself with the Tao requires non-action. This points to the superiority of the natural way, free from government interference, though not free from government. Lao-tzu advises us to “[u]se the expected to govern the country, / Use surprise to wage war, / Use non-action to win the world” (sec. 57). The

---

<sup>18</sup> On rights being experienced as natural, see John Hasnas, “Toward a Theory of Empirical Natural Rights,” *Social Philosophy and Policy* 22 (2005), pp. 111-47.

<sup>19</sup> Friedrich A. Hayek, “The Uses of Knowledge in Society,” *American Economic Review* 35 (1945), pp. 519-30. On the Confucian parallels, see Long, *Rituals of Freedom*, p. 24.

<sup>20</sup> See Mark Spitznagel, *The Dao of Capital: Austrian Investing in a Distorted World* (Hoboken, NJ: Wiley, 2013).

<sup>21</sup> On Lao-tzu’s wariness about knowledge claims, see *Tao Te Ching*, sec. 71.

<sup>22</sup> Sima Qian, a Confucian, may have understood the price system. See Long, *Rituals of Freedom*, p. 23.

stability of “the expected,” rule of law, is important for domestic tranquility. People need to be able to know what to expect, what they can count on.

“Govern big countries / Like you cook little fish” (sec. 60), Lao-tzu cryptically implores. Presumably, this means that you mostly leave them alone. Little fish are delicate, and if you keep flipping them or fussing with them they fall apart. In cooking, they just need to be seasoned properly and then left alone. One needs to be mindful of the law of unintended consequences in governing and in instituting economic policy. The system is much more vast and chaotic than one might think, and so unintended consequences of actions and policies are inevitable. The Sage avoids creating new problems through the unintended consequences that result from trying to solve old problems. Acceptance is key. Do not attempt actively to fix problems. Rather, allow solutions to problems to emerge spontaneously: “Therefore the Sage says: / I do nothing / And people transform themselves. / I enjoy serenity / And people govern themselves. / I cultivate emptiness / And people become prosperous. / I have no desires / And people simplify themselves” (sec. 57). Here we see the Taoist combination of prosperity and simplicity. The Sage leads by example, by the power of his Te. The Sage does not meddle in the lives of people by enacting complex laws; the people govern themselves without the need for complex legal codes.

#### **4. Free Markets, Desire, and Voluntary Simplicity**

The result of people following the example set by the Sage is capitalism without consumerism. East meets West. Thanks to the free market, people prosper; thanks to the model of the Sage, people do not go to excess and overindulge in their consumption or displays of wealth. They know what is most important, namely, their own peace and serenity. As Lao-tzu says:

Don't treasure rare objects, / and no one will steal. / Don't display what people desire, / And their hearts will not be disturbed. / Therefore, / The Sage rules / By emptying hearts and filling bellies, / By weakening ambitions and strengthening bones; / Leads people / away from knowing and wanting; / Deters those who know too much / from going too far: / Practices non-action / And the natural order is not disrupted. (sec. 3)

The Sage does not create covetousness, does not provoke desire by indulging in luxury. Rather, he lives a life of simplicity, and the people are happy to follow that model.

Despite Lao-tzu's minimalist approach to government, it might still seem that he could not be advocating a free market. After all, Lao-tzu calls for a kind of voluntary simplicity that is anti-consumerist, telling us that “[k]nowing what is enough is wealth” (sec. 33) and that “[t]he Sage wears rough clothing / And carries jade inside” (sec. 70). By “consumerism” I mean the addictive drive and desire for the newest and latest goods and services for the sake of deriving self-worth and for signaling one's worth to others.

Consumerism impoverishes us, robs us of proper perspective: “There is no greater calamity / Than not knowing what is enough. / There is no greater fault / than desire for success. / Therefore, / Knowing that enough is enough / Is always / Enough” (sec. 46). Here we see a call for voluntary simplicity through examining and quelling desire. Desire run amok leads us away from natural contentment with simplicity. As Lao-tzu says, “Exotic goods ensnarl human lives” (sec. 12) and “When gold and jade fill the hall, / They cannot be guarded. / Riches and pride / Bequeath error” (sec. 9).

There is no contradiction involved in advocating capitalism without consumerism. One can be in the world but not of the world. One can enjoy the liberty and prosperity that accompany a free market without succumbing to crass consumerism. What’s more, a person of Te can inspire others to be selective consumers, thereby encouraging producers to make what is needed at a lower price and higher quality than the competition. Lao-tzu says, “If kings and lords could possess it [Tao], / All beings would transform themselves. / Transformed, they desire to create; / I quiet them through nameless simplicity. / Then there is no desire. / No desire is serenity, / And the world settles of itself” (sec. 37).

Consumerism “manufactures” desire through marketing and salesmanship, attempting to get people to buy what, in a strictly minimalist sense, they don’t need and previously didn’t even want. Lao-tzu would frown upon this, but Hayek is correct that the source of one’s desire does not automatically make it less worthy. After all, our desire for literature and the arts is not so much natural as it is manufactured by education, yet we deem the desire worthy.<sup>23</sup>

We may wonder, though, are we really responsible for our desires? The answer is yes, to the extent that we can manage them. Desires may arise outside our voluntary control, but we can work to manage them once they arise. And if we do that, they will arise less frequently.<sup>24</sup> Our environment is largely beyond our control, but how we handle our reactions is potentially within our control. Lao-tzu favors a minimalist, even primitivist environment in which consumer desires are less likely to arise. But, as a corrective to Lao-tzu, we should note that we empower ourselves when we refuse to be victims of our environment. Living in a consumer culture does not doom us to being mindless consumers filled with envy and resentment for those who have more than we do.

Lao-tzu depicts the contentment of the ideal Taoist society:

---

<sup>23</sup> Friedrich A. Hayek, “The Non Sequitur of the ‘Dependence Effect,’” *Southern Economic Journal* 27 (1961), pp. 346-47.

<sup>24</sup> Adapted from William Irwin, *The Free Market Existentialist: Capitalism without Consumerism* (Oxford: Wiley-Blackwell, 2015), p. 72.



Small country, few people— / hundreds of devices, But none are used. / People ponder on death / And don't travel far. / They have carriages and boats, / But no one goes on board; / Weapons and armor, but no one brandishes them. / They use knotted cords for counting. / Sweet their food, / Beautiful their clothes, / Peaceful their homes, Delightful their customs. / Neighboring countries are so close / You can hear their chickens and dogs. / People grow old and die / but do not go back and forth with one another. (sec. 80)<sup>25</sup>

In the ideal Taoist society, people have plenty, including modern conveniences, but they prefer simple ways of living. They are not envious, acquisitive, or striving. Consumer products are like alcohol. Everyone should have the right to them, but each of us needs to monitor our own consumption and be mindful of whether we are consuming or being consumed. We may worry, though, that if everyone practiced voluntary simplicity the economy would collapse. There is not much need to worry actually, because to the extent that people practice voluntary simplicity, that consideration will motivate producers to offer better or alternative products.<sup>26</sup>

Still, we might worry about whether there will be enough to go around for everyone. Lao-tzu describes a situation in which “[t]he government is divided, / Fields are overgrown, / Granaries are empty, / But the officials’ clothes are gorgeous, / Their belts show off swords, / And they are glutted with food and drink. / their wealth is excessive. / This is called thieves’ endowment, / But it is not Tao” (sec. 53).<sup>27</sup> It would be easy to misread this as a condemnation of income inequality, but the real condemnation is of corrupt desire. The ruling class greedily over-taxes the poor. It is a “thieves’ endowment.” Clearly, these officials have done nothing to earn their wealth as an entrepreneur would in the free market. The solution is not for Robin Hood to enter the picture and steal from the rich to give to the poor. The solution is to allow spontaneous order to emerge under a system with minimal taxation, property rights, and rule of law tempered by voluntary simplicity.

Those with a zero-sum mentality get things wrong. They think and act as if there is only so much pie to go around, when the truth is that we can make a bigger pie. Wealth is not some fixed, limited resource to which no one has a special claim. It is an unlimited resource, and those who create it have a claim. In this regard, wealth is like the Tao. Speaking of the Tao, Lao-tzu says, “Use it— / You will never use it up” (sec. 35); “Heaven and Earth / And all the space between / Are like a bellows: / Empty but inexhaustible, / always

---

<sup>25</sup> Translation modified using Lin’s translation, so as to capture the sense in the last line that the people do not cause trouble for one another.

<sup>26</sup> Adapted from Irwin, *The Free Market Existentialist*, p. 76.

<sup>27</sup> Translation modified using Lin’s translation.

producing more” (sec. 5). This is not to say that natural resources or material objects are unlimited, but rather that, to the extent that it relies on intellect, the creation of wealth is virtually unlimited.

None of this is a call for selfishness or a condemnation of charity. Quite the opposite: “The Human Route / Is not like this, / Depriving the poor, Offering to the rich. / Who has a surplus / And still offers it to the world? Only those with Tao” (sec. 77). The Sage leads by example, living a life of simplicity and service to others rather than manipulation of others: “The Sage is not acquisitive— / Has enough / By doing for others, / Has even more / By giving to others” (sec. 81).

## 5. Conclusion

Ultimately, we should not neglect ourselves or others. We must find the proper balance. As Chuang-tzu tells us, “Shan Pao looked after what was on the inside and the tiger ate up his outside. Chang Yi looked after what was on the outside and the sickness attacked him from the inside. Both these men failed to give a lash to the stragglers.”<sup>28</sup> The lesson to draw is that the happy medium lies between asceticism and consumerism. The minimal state of free market Taoism can help us achieve that happy medium.<sup>29</sup>

---

<sup>28</sup> Chuang-tzu, *Chuang Tzu: Basic Writings*, p. 123.

<sup>29</sup> Thanks to George Dunn, an anonymous reviewer, and the editors of this journal for very helpful feedback on an earlier draft of this article.

