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**Confucian Public Administration and Innovation Policy:
A Conceptual Perspective - Mencius, Max Weber and the
Mandate of Heaven**

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**Confucian Public Administration and Innovation Policy:
A Conceptual Perspective**

Mencius, Max Weber and the Mandate of Heaven

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Abstract: We offer a tentative explanation to the ‘Confucian Paradox’, i.e. that a particularly hierarchical, retrospective and seemingly non-innovative Public Administration (PA) system appears to support innovation-based economic performance and development. We argue that the support of private sector innovation requires specific *legitimacy* and *capacities* from the government to invest into high-risk innovation activities as well as to pursue public sector innovation, if needed for support of the private sector innovation. We suggest that the ‘Confucian Paradox’ emerges from the Western perceptions of how such legitimacy and capacities can be generated. Instead, we propose that the structural-institutional model of Confucian PA together with the philosophical-cultural concept of the Mandate of Heaven, i.e. that legitimacy comes through *overall*, rather than some specific-indicator driven, performance, can be seen as potentially providing the East and Southeast Asian ideational and structural context in which civil servants are endowed with both the legitimacy and ‘capacities’ to support innovation – and the obligation to do so as well.

Keywords: Confucian Public Administration; Public Sector Innovation; Evolutionary Economics; Confucian Paradox; Mandate of Heaven; Confucianism; Performance Indicators; Max Weber; Mencius.

'Is Confucianism ever related to the rise of East Asian economics?'
(Yao 2011, 286; discussion question for students)

'The West Still Underestimates Beijing's Ancient Social Contract with "Heaven".'
(W. Zhang 2017, subtitle)

Introduction

Driven by global-Western-dominated research, 'innovation'¹ has become one of the catchwords regarding the role of the state in economy and society. It is by now recognized, or at least normatively expected, that the state and public policies can influence the speed and direction of innovation *in markets* (through traditional innovation policy), *within government* policies, services, institutions and organizations (through policy and public-sector innovation, PSI), and *in society* in general (through supporting and participating in social innovation) (Fagerberg et al. 2013; Mazzucato 2013; de Vries et al. 2015). From these streams of research, an integrative, even holistic approach to the role of the state in innovation can be derived: to manage the uncertainties of innovation and to tackle complex societal challenges or wicked issues, governments may need both *to support innovation in markets and society* through the effective implementation of innovation policies and *to pursue innovations within government* policies, services, institutions and organizations.

Further, as innovation is inherently linked to Knightian 'uncertainty' (as technological and socio-economic development pathways cannot be specified *ex ante*; e.g. Mazzucato 2013), the state needs to have specific *legitimacy* and *capacities* to both support innovations in markets (as public investments go into high-risk activities) and within governments (as policy and governance failures are likely). Especially the legitimacy question of government actions is paramount, as uncertainty contradicts the prevalent historical-comparative lesson-drawing-based as well as 'rational' traditions of policy making (in terms of planning, implementation and evaluation/measurement). In other words, counter-intuitively, policy-makers need to anchor their innovation-related activities in sources of legitimacy other than

¹ In economics, from where the concept comes, innovation is understood, along classic Schumpeterian lines, as 'the implementation of a new or significantly improved product (good or service) or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations' (OECD 2005). In public-sector research, innovation generally means 'generation, acceptance, and implementation of new ideas, processes, products or services' (Thompson 1965, 2), but see also Kattel (2015) who argues that PSI are changes that affect dynamics of power, trust and legitimacy in the public sector and vis-à-vis society. Thus, 'innovation' covers in practice at least two crucial processes: search for novelty and implementation or diffusion of novelty in specific contexts.

historical and comparative best practices (which they seek to transform through innovations) and rational strategic plans, performance goals and indicators, which are often extrapolated from the present and past. Some of the most pressing research questions in the global-Western discourse are exactly related to questions of where such legitimacy emerges from and how these capacities can be developed, and there seem to be no conclusive answers (Karo and Kattel 2016a, b; also Zysman and Breznitz 2012).

It is probably fair to say that for many economists and policy analysts, just as much as for an interested public, it has been a puzzle that some of the most innovative countries – both in the sense of supporting market and carrying out government innovations (e.g. significant and sustainable shifts in political regimes or policy paradigms) – especially from East and Southeast Asia have been characterized by cultures, state structures, institutions and governance reforms that seem to be exactly the opposite of or counter-cyclical to what is considered to be ‘good’ governance according to the World Bank, OECD, EU and other highly visible governance, innovation and competitiveness scoreboards. While in late 1980s and 1990s, many East and Southeast Asian economies sought to jump on the Western good governance bandwagon (after a period of strong state-guided development efforts), after the Asian Financial Crisis and GFC, we seem to be witnessing, next to the persistence of some good governance instruments (PDCA cycles, performance indicators), a return of the statist/developmentalist notions regarding the broader role of the state in economy and society, e.g. national happiness and quality of life as fundamental goals of economic and innovation policies.² These are mostly framed as Buddhist today (Drechsler 2017), but as we will see *infra*, they are also the goal of Confucian PA (which additionally entails in Neo-Confucianism significant Buddhist aspects, especially as regards ‘larger’ goals). In this context, market-based innovation and PSI that seem to be treated as holistic co-evolutionary notions: tackling societal challenges requires both PSI as well as incorporation of private innovation capabilities, and the latter could find much-needed new markets in solving these societal challenges (see Dent 2012; Kim and Thurbon 2015; Stenberg and Nakano 2009; Hong 2011; Lee 2011a).

Based on such developments, we are witnessing increasing criticism of the prevalent neoclassical and neo-institutional ‘endowment’ perspectives – that is, trying to put in place globally proven ‘best-practice’ institutions as ‘the’ strategy for development and innovation. Alternative approaches from Neo-Schumpeterian evolutionary economics (Nelson and Winter 1982; Nelson and Nelson 2002) to neo-classical and Neo-Schumpeterian syntheses (e.g. Hausmann and Rodrik 2003; Rodrik 2007) take a more ‘processes-based’ view of

² In its logic, this is rather similar to the evolution of the Western Neo-Weberian state model that merges traditional the Weberian administrative traditions and some well-functioning new public management instruments (see Drechsler 2005)

development and innovation by analyzing what the time- and context-specific constraints to innovation are, and what the time- and context-specific processes of searching for solutions may look like. The main lesson – and this can also be extrapolated to the broader context of governance – is that significant institutional and related socio-economic changes happen more often than not in unexpected ways and that it is highly difficult to see universally applicable models, trajectories and indicators as the basis of these changes. This implies that processes of innovation and the role of the state in them cannot be predicted and modelled *ex ante*, nor, therefore, measured and managed based on ‘rational’ policy-making processes and tools.

In this context, the ‘Confucian Paradox’ is an important puzzle in innovation and PSI research, as both sources of pro-innovation legitimacy and processes of developing relevant policy and administrative capacities differ from the global-Western model. How can the East and Southeast Asian states with their strong Confucian institutional and cultural legacies as well as recent proclivities to return to them be so innovative if their PA is apparently not? If we assume that innovation takes place in a specific time and space characterized by historically and contextually specific institutional complementarities (see Nelson 1994; Nelson and Nelson 2002; Karo and Kattel 2016a, b), we need to understand both the legitimacy- and capacity-related questions regarding the role of the Confucian states in innovation.

In this paper, we propose that the structural-institutional model of ‘Confucian Public Administration’ (PA) together with the philosophical-cultural perspective formulated by the Confucian concept of the ‘Mandate of Heaven’ (MoH) potentially provide a specific East and Southeast Asian ideational and structural context in which civil servants are ‘endowed’ with the legitimacy, training and experience to support both innovation in markets and, if needed for the former, to pursue innovations in government to ‘deliver’ what is expected from the state in a specific time and context. In this logic, Confucian civil servants are, un-paradoxically, innovative by the nature of their status and performance – the MoH provides the legitimacy, the institutions of Confucian PA ideally the capacities to perform and this overall performance again sustains the MoH (i.e. as long as they deliver what is expected from the state) – and not because they follow specific management styles or policy logics.

Importantly, this proposition is conceptual. It offers a way of how to think about the Confucian context as conducive to innovation; it does not claim that all, or even most, of the Confucian (or, as we will see, ‘Confucian’) countries’ success in innovation is linked to Confucianism, let alone to Confucian PA. But it does suggest that there is in fact no paradox, and that thus the way to further, empirical, investigation is open.

1. Varieties of Confucian Public Administration

Confucian PA (Hood 1998, 76; Frederickson 2002) can be, *prima facie*, considered to be the PA of Confucian countries, i.e. of countries that either have a somewhat Confucian state doctrine or where (public) values etc. might be informed by Confucianism. Naturally, Confucian PA today is a classic 'ideal type' in that any PA system in the 21st century is likely to be heavily global-Westernized (see Pollitt 2015). The Confucianism referred to is also complex – it refers to

- **Confucianism** as such, enshrined in the writings by, or attributed to, Confucius (551-479 BC) and his immediate disciples, and including teachings by his predecessors;
- **Neo-Confucianism** (ca. 800-1905 AD), largely a concrete state doctrine with a distinct PA, including the famous Civil Service Exam; the time between 1000 and 1750 is the *plateau* of classical Imperial Chinese PA (the term Neo-Confucianism covers Buddhist and Taoist, but also Legalist and some other, elements and is, even though originally a purifying reform movement, an amalgam; Tan 2011; Weber-Schäfer 1983, 217-218; Drechsler 2015a); and
- **New Confucianism** (since 1905); the intellectual worldview that makes Confucianism applicable, and applies it, to Chinese individual life, society and state today; it entails a response to the West, with the idea that learning should go both ways (Tan 2008, 142; 141-153).

However, this is not all – in addition to the official (state) Confucianism, there are usually an intellectual/scholarly one and/or a popular version, which may be fully realized (Confucius worship) or implicit (living Confucian traditions without calling them that or knowing this) (see e.g. McHale 2008, 67 *et passim*; Daiber 2010). Also, Confucianism is and can be both a religion and a completely secular ideology (Murray 2009).³ And finally, while there is one Chinese historical core of Confucianism, there are several 'country versions' (Huang 2009).

This means that for the specific purpose of PA, and the same is true for governance generally, we can talk – following Yesilkagit (2010) – about a Confucian legacy both in ideas and structures, of which structures are more clearly visible and more interesting (these are overwhelmingly Neo-Confucian). But PA can also be based on Confucian beliefs or positions, or react to them in one way or another – even negatively, if some Confucian value might be perceived, for instance, as non-conducive to the interests of the state at a given time. On the other side of the spectrum, Dao (1996) has even attempted to construct a PA system directly

³ If we take Confucianism merely as a general label for 'Asian' inclination towards family and hierarchy (cf. e.g. Jingjit and Fotaki 2011), we lose the specific meaning and tradition of Confucian PA altogether.

based on Confucius, even if this turns out to be more about government than implementation.

Seen this way, Confucianism is not historical at all. Rather, there are six to nine systems today with a PA which are at least sometimes called Confucian in that they entail Confucian elements: Mainland China, Hong Kong, Taiwan, Singapore, South Korea, and Vietnam; with reservations, Japan; and occasionally Macao or North Korea (see Cheung 2010, 40-43; Painter and Peters 2010, 26; Dao 1996, 45; Cheung 2012). All are at least somewhat Confucian in this limited sense, but the respective Confucianisms are different, and they are also diverse within the individual countries. And as any idea, institution or tradition changes in context, we have varieties of Confucian PA as well.

For example, **Mainland China** gives contemporary Confucianism its global eminence, not only the historical one. After it was destroyed several times during the 20th century, the last time during the Cultural Revolution (Suleski 2008, 267-270), Confucianism is publicly embraced by the government today more than ever in the last century, with President Xi at the forefront (I. Johnson 2016b; *Economist* 2015; Daiber 2014, 106-108). And while on the PA level, there is very little left (or again) as far as institutions are concerned, and while recent comparisons of civil servants' attitudes (see e.g. van der Wal and Yang 2015; Podger and Yan 2013) even seem to indicate convergence with some Western PA, e.g. W. Zhang's recent argument (2017) that contemporary Chinese leadership both in government and PA is in fact based on Confucian meritocracy (within and through the Party) and that the selection mechanism is an adaptation of the civil service exam is not insignificant either.

Hong Kong was a haven for New Confucian thinking and never experienced the Cultural Revolution, but its scholarly PA outlook has always been decidedly global-Western (Lo 2014, 40-42). Hong Kong's administration was British-Colonial from the beginning (Lee 2011b, 240, who however confuses that with Weberianism), but it is often described as nonetheless strongly based on Confucian values and attitudes towards PA even today that are at the basis, not so much of the PA institutions themselves, as of their adaption to the local context (Burns 2011, esp. 319-320). Institutionally, it is **Taiwan** that carries the Confucian legacy of the Chinese Empire in the most direct way (although it was the Kuomintang government that originally abolished Confucianism on the Mainland), including the organization of the government in *yuan*s and a civil service exam with a functionality similar to the original one, administered by the Examination Yuan. Of course, at the same time, Taiwan also has very global-Western PA institutions (see So 2015; Jan 2010).

The poster boy of contemporary Confucian PA is often **Singapore**, where 'the debates over political meritocracy were revived' (Bell 2015, 3). Singapore is sometimes described as voluntarily Western and thus strong enough to take its own path, rather than obeying Western advice and fashion (Andrews 2013, 190-191), also in PA. However, institutionally,

Singaporean PA, like Hong Kong's, is based on British Colonial legacy (strongly along these lines Quah 2010, esp. 18-19; Haque 2009). There never was Chinese government in Singapore before independence, and the Chinese elite was mercantile. Nonetheless, this elite – the basis of today's – often did espouse a Confucian habitus.⁴ And while it is questionable whether the 'founding father' of Singapore, Lee Kuan Yew, was a Confucian (so Lord 2003, 101-105; Suleski 2008, 272-275) rather than someone who used Confucianism as a "communication tool",⁵ the Administrative Service's policy-making role, indeed the concept of a country run, with a long-term perspective, primarily by a meritocratic bureaucracy, and several institutional elements as well⁶ (if without a civil service exam!),⁷ make it possible to ascribe fundamental characteristics of Confucian PA to Singapore.

Confucianism was part of the state ideology in Tokugawa **Japan**; the question is whether it has had any significance since the Meiji Revolution/Restoration, or whether what seems to be Confucian is actually Weberian Meiji Prussianism (see Hiroshi 2012, 9, 362, 435; Yao 2011, 136-137) – two concepts that, according to Weber himself, look very similar but are fundamentally different, as we will see *infra*. This means that Japan may be the only place where Confucianism has more of a historical dimension – perhaps because it was imported with a purpose, rather than arising from the national context, somewhat similar to Singapore.⁸ In **Macao**, not even this seems to be the case – if anything, it might have a future of Confucian PA, but no legacy except the kind of Confucian values that one commonly attributes to a Chinese population. As a Portuguese colony (whose PA legacy is usually disparaged in a wholesale way by the standard literature; see Bolong 2011, 463-465) which was taken over by Mainland China only in the 1960s, it seems to neither have had nor have

⁴ The special room on 'The Scholar as Gentleman' in the Asian Civilizations Museum impressively illustrates this; <http://acm.org.sg/collections/galleries/scholar-in-chinese-culture>.

⁵ Interview with Siong Guan Lim, LKY's former Principal Private Secretary and former Head of the Civil Service (1999-2005), 7 March 2017.

⁶ Singapore was, for instance, able to pay its civil servants – including the elected ones – rates competitive with the private sector, something that makes eminent sense but is difficult to pull off elsewhere; however, even here this had to be strongly modified for political reasons in 2011 (Bell 2015, 121-122). This opportunity cost argument, in addition to the specific public-sector motivation one, is straight Neo-Confucian PA, coming right out of the eminent Neo-Confucian PA thinker, the Song Dynasty Chancellor Wang Anshi's 1058 *Memorandum of a Myriad Words*, according to which the salary for civil servants must be 'sufficient to make up for what they had lost in farming by being called upon for public work' (Wang 1935, 55).

⁷ Interview as in note 5 *supra*; Lim and Lim 2015, 59-143.

⁸ Interviews with senior civil servants and academics in Tokyo in March-April 2015 unanimously stressed the complete absence of any Confucianism whatsoever in Japanese PA today.

Confucian institutions of any kind (the standard section in Berman 2011, 463-560, never mentions Confucianism at all).

The Confucian legacy and indeed presence in **Vietnam** is well-documented in local scholarship but less so elsewhere (e.g. *Confucianism* 2002; Daiber 2010, 28-139; He 2016, 66. Vietnamese pre-Colonial PA and governance was Confucian (McHale 2008, 72-73); Communism overturned Confucianism but not fully, and Confucianism is officially appreciated by Party and State today (McHale 2008, 173, 182). Vietnam closely resembled the Chinese system on the level of PA, with a very similar examination and position system that operated from 1075 until 1919, i.e. even a decade and a half longer than in China (Nguyen 2008, 100-102).

South Korea is dominated by very global-Western PA academics who are quite critical towards the Confucian legacy (e.g. P.S. Kim 2012, 228, 231); however, there is also an unusually prominent 'modern' discourse on Confucian PA (see only Chung 2007; Im et al. 2013). The legacy itself is very strong (Im et al. 2013; Yao 2011, 115-125), with a very Chinese form of Confucianism as a 'state religion' during the Joseon Dynasty up to 1894 (Daiber 2010, 217-231). Korea had a completely Confucian civil service system, including the academy and the exam (Daiber 2014, 97-99) – it even has been claimed that the Confucian meritocracy worked best here (S. Kim 2014, 202 N44). It is fair to say that we know nothing about the PA of **North Korea**, let alone about putative Confucian legacies of any sort; the studies that we do have (such as Jordan and Ip 2013) are only based on the country's Constitution, which is not likely to be indicative of anything.

So, we have varieties of Confucianism and Confucian PA in many respects, but we also have both something like an ideal-type Confucian PA, and we do have some Confucian PA presence both institutionally and as regards values and social ideas.

2. Classical Confucian PA as an ideal type

If we look for the former, the Confucian PA system 'in itself', we very likely find the ideal type in the Imperial Chinese variant. And this is indeed, almost proverbially, hierarchical, retrospective and seemingly non-innovative (see Fukuyama 2011, 119) – but it has a very clear mission and focus, and the hierarchy is, crucially, not without countervailing forces. It is actually the original version of modern PA (Drechsler 2013, 2014, 2015a), and in fact the main example of Non-Western PA (Drechsler 2015b).

Fukuyama has argued that even the modern state itself started in China and not in the West (Fukuyama 2011, 18-21); that this is a state understood differently from the Western one (Jacques 2011) makes it even more interesting. And this state was enormously successful – so successful that it was not really challenged until the mid-19th century as regards

organization (Fukuyama 2011, 93) ‘It is safe to say that the Chinese invented modern bureaucracy.’ (2011, 113) This, however, goes flat against the ideas of Max Weber himself, and therefore, it is interesting to look at his very detailed view of Confucianism in economy and PA (Weber 1986, 276-535; 2005, *passim*). This is well-known but rarely studied in detail, maybe because – among Weber experts at least – it seen as somewhat flawed regarding his source basis, at least from today’s perspective (Schluchter 1983b, 41-45; Eberhard 1983, 55),⁹ and for PA-and-development scholars, he clearly seems to indicate that Confucianism is bad for the economy or at least for Capitalism (see e.g. Dao 1996, 48-49). Nonetheless, unsurprisingly, many of his considerations are quite helpful for our context, both as regards economic organization and PA.

Most importantly for Weber, *rationalization* – his key term – was missing in Confucianism, also in PA (1986, 527; Schluchter 1983b, 32, 39). Already the lack of ‘rational professionalism’, which led to reliance of advisors outside the core system (1986, 408; see also 412-413, 531-532; Weber-Schäfer 1983, 212-215), was deadly.¹⁰ Then, balancing through law and Capitalism was missing (Weber 1986, 425, 437-439). And religiously, there is no ‘salvation’ in Confucianism as there is no state of sin to be saved from (1986, 444; 2008, 53, 73; see Schluchter 1983b, 32). Hence, when Weber famously compares Confucianism and Puritanism (1986, 512-535), he highlights that the former means coming in line with the world, without a personal goal, the latter transforming the world, with a very distinct personal goal (520, 526).¹¹

What is hard to fathom even for someone with a Weberian or French-style *étatiste* background is the importance that state and PA had in Imperial China in the peoples’ mind and understanding – something that is, if in weaker form, still present in all Confucian countries today. And that even pertains to creativity in the wider sense – MacGregor, in the context of describing the creation of a Han Dynasty lacquer cup, even speaks of Chinese Imperial ‘bureaucracy as a guarantee of beauty’ (2011, 219).

At the core of the Confucian PA system is the Imperial civil service – as the Qianlong Emperor used to say, and as we now again mostly realize, ‘There is no governing by laws; there is only

⁹ Especially for PA, one of the main problems is that Weber, by focusing on ancient Chinese history and on his own time, i.e. the very last, highly troubled years of the Qing Dynasty, misses exactly the centuries when Imperial Chinese PA was working best – indeed, he misses most of Neo-Confucianism (Schluchter 1983b, 41-42; Eberhard 1983, 55-57).

¹⁰ There was also an inner-Chinese debate on this, exemplified e.g. by Wang Anshi’s reform proposals; Wang Anshi 1935, 58-59; Drechsler 2015, 355-356.

¹¹ In the later *Wirtschaft und Gesellschaft* (2008), Confucianism is more depicted as superior in this respect in a ‘kitchen-Weberian’ sense, i.e. regarding the dominance of the bureaucracy over other governance institutions (53; also 105).

governing by people' (Elliott 2009, 152). This is a Confucian point: 'In Confucian political philosophy, it is more important to have virtuous people in government than to have a good system of laws' (Tan 2011, 470; see *passim*; Frederickson 2002; Dao 1996, 59). The civil service as we know it was created by means of the famous Civil Service Exam, already frequently referred to *supra*, the longest-continuing PA exam or probably educational institution generally in the history of humankind and the first large-scale competence-based test at all, which was abolished in 1904/1905, after altogether 13 centuries, 'in the name of "Westernization"' (Elman 2000, xxxv; see Miyazaki 1981, 125) – ironically just when in the West, such exams came to be *en vogue* (Bell 2015, 83). Although older than Confucianism (S. Kim 2014, 191-192, but most Confucian institutions are, and consciously so), the exam was and is so central for Confucian PA that even for Confucianism as such, it forms a definitional pillar (Murray 2009, 373) so that uniquely, a philosophy or religion would be defined via a PA institution. As Max Weber said, naming the protagonists of world religions, 'then for Confucianism, this is the world-ordering bureaucrat' (2008, 77).

The Imperial Civil Service Exam, radically narrowing the group in different stages, entailed the formal discussion of the great Confucian classics canon, the *Four Books*; it remained largely stable over the centuries and is thus often seen as too formal and abstract (on the exam, see briefly and accessibly Miyazaki 1981; Xiao and Li 2013, 340-348; Bell 2015, 81-89; Weber 1986, 403-415, 333-334, 394-395; Weber-Schäfer 1983). Nonetheless, 'the examination system mainly did fulfil the function which the Emperor had meant it to' (Weber 1986, 406; see Weber-Schäfer 1983, 208-209).

How important the Civil Service Exam was in China is to be seen from the high esteem in which it, and success in it, was held in Chinese life. This is because becoming a civil servant was simply the highest position one could aspire to – 'the one and only career that mattered in imperial China' (Elliott 2009, 4), one that granted prestige and wealth both to the individual and to his family, even to his place of origin. The examination was done with the personal involvement of the Emperor himself, who personally graded the final top essays (see Miyazaki 1981, 81-83), unthinkable in the West.

As regards economic policy, Weber emphasizes that the 'ethical religions' succeeded in breaking the dominance of blood ties (522; 2008, 121), while Confucianism would lack trust based on ethical individual qualities of the business partner, and worshipping wealth more than Puritanism. Confucius' economic theory is compared to the Cameralists (533), which is not a negative thing as such (Reinert and Rössner 2016), but Weber means this pejoratively. There was, according to Weber, some considerable economic policy, but the three-year rotation within the Imperial Civil Service (see Drechsler 2013, 357) perhaps the one, power-limiting feature that Confucian PA theory shares with its Marxist counterpart (Mandel 1976), made in his opinion an impact of the bureaucracy on the economy only haphazard (1986,

422; see 425).¹² 'But via economic *policy*, one does not create a capitalist economic *mindset*' (*Aber mit Wirtschaftspolitik schafft man keine kapitalistische Wirtschaftsgesinnung*, Weber 1986, 533). 'There was no link between Confucianism ... to a *bourgeois* life *method*. But *this* is what matters. This is what Puritanism created, if against its will' (533; 2008, 155). Capitalism never emerged in Confucianism (1986, 528-529). 'It was missing the central, internally motivated, religiously caused rational life method of classical Puritanism, for which economic success was not telos and purpose in itself, but a means of probation' (529). It is important that Weber attributes this to Confucianism as such, not to 'Chinese characteristics' – in fact, somehow presciently, Weber deems the Chinese more suited and qualified for Capitalism than even the Japanese (534).

In sum, ideal-type, classical Confucian PA seems, from a mainstream global-Western perspective, inflexible, career-based, hierarchical, state-focused, Imperial (of course) and general. In addition, Confucian economic policy stayed weak where it existed, and because Confucianism saw wealth-creation not as a means of atonement, but just as getting richer, Modern Capitalism in the Weberian sense, with all that came with it, including presumably Schumpeterian Innovation, never appeared in Confucian countries. In short, it is seemingly not innovative at all.

3. The 'Confucian Paradox'

In screaming contrast to this apparition, all the countries or systems listed here as Confucian, and with at least some Confucian PA to various degrees, have been since the end of the WWII and within respective development stages (from catching-up based development to the current innovation-based growth phase) among the most successful ones in the world, both in PSI as well in supporting traditional innovation. All, or several of them, are among the top ten in many performance rankings, from most-happy-plus-effective schools to business-innovation indicators.¹³ For example:

Japan, China, Hong Kong, Taiwan, South Korea and Singapore belong to the select group of what Kunal Sen (2013) has labelled as 'success stories of sustained high

¹² This is an example for a homology which makes the tracing of legacies none the easier: Three-year rotation in a country that is both Marxist and Confucian – a combination otherwise only possible via cognitive dissonance – could come from either.

¹³ One has to be cautious in interpreting international indices as they mostly follow the mainstream endowment approach and assume that there is a 'best practice' of governance (i.e. the global-Western neo-institutional-economics-driven interpretations of governance – see Nelson and Nelson 2002), often discriminating against other types of institutional complementarities (see also van de Walle 2006).

growth' (based on Commission of Growth and Development definition of annual GDP growth of more than 7% for the a period of at least 25 years or more).¹⁴ It is also *communis opinio* that their post-war catching-up and development strategies were predominantly state-led and oriented towards technology-driven exports and upgrading (as opposed to natural resource based growth), at least until the pressures for democratization and globalization took hold in late 1980s and 1990s (W. Zhang and Whitley 2013) and again so more recently.

In the 2015 Global Innovation Index¹⁵, the Confucian economies that have reached the level of 'industrialized countries' are well represented among the Western industrialized economies: Singapore ranks 7th, Hong Kong 11th, South Korea 14th, Japan 19th, China 29th (Vietnam's position is 52¹⁶).

The OECD Science, Technology & Industry Scoreboard (2015¹⁷) as well as USPTO data¹⁸ show that in terms of patenting intensity (patent applications and patents granted by the USPTO; this is considered as the most acceptable, although still flawed, indicator of highest innovation and technological capabilities), Japan, Taiwan and South Korea are able to compete much better with the U.S. than the European economies in overall performance (number of patents, patents per capita) and also in disruptive technology sectors such as advanced materials and in the generation of new ICT-related technologies (where also China seems more competitive than the European economies).

These few indicators illustrate our conjecture that the model that at least partially derives from a Confucian context seems to be at least one of the alternative models of institutional complementarities that routinely deliver innovation and economic development (see also Schneider and Paunescu 2012). And this leads to the 'Confucian Paradox': At least today (history is complex in this regard), what we have here is a set of countries with an established history of state-guided economic development and of a PA system and theory that seem massively, consciously and purposefully non-innovative (and that we call

¹⁴ Other countries in this group are Indonesia, Malaysia, Thailand, Botswana, Brazil, Oman and Malta.

¹⁵ <https://www.globalinnovationindex.org/content/page/GII-Home>.

¹⁶ While Vietnam seems to be an outlier for our argument, it has had the shortest post-war development period. Since 1990, its average annual GDP growth has been 6.1%, and while it only ranks 52nd on the Global Innovation Index, it still surpasses most of the non-Confucian 'success stories of sustained high growth' (Indonesia, Thailand, Botswana, Brazil, Oman) as listed by Sen (2013).

¹⁷ <http://www.oecd.org/sti/scoreboard.htm>.

¹⁸ https://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_utl.htm

‘Confucian’). As far as the private sector and overall economic development are concerned, their performance and the putative link with Confucianism and specifically Confucian PA, as noted already twenty years ago by Dao (1996, even if he linked it to a Confucian adaptation of Western market mechanisms, resulting in a ‘Third Way’, 60-63), seem obvious. But as regards innovation specifically, not only are they especially innovative, but in fact in many respects the trailblazers of global innovation and development. This should, according to received wisdom, not be the case, unless Confucianism was completely discarded, which is highly unlikely. If we disregard for the moment the empirics as to how Confucian these countries really are, in PA and otherwise, and if we also stylize them as very business-innovative, is there a theory by which we could solve this paradox?¹⁹

In academic debates on the economic development and innovation capacities of Asian economies, two views on the role of the state have dominated. First, while not referring to Confucian PA, but *assuming* that the most successful Asian economic development bureaucracies were Weberian, Western research on East Asian Tigers (especially South Korea, Taiwan and Singapore) and Japan established the ‘developmental state’ narrative claiming that certain elements of Weberian PA – most notably merit-based recruitment and life-time employment – are crucially conducive to economic development. These elements make bureaucracies rational, long-term-oriented and relatively independent of political and vested interest and allow bureaucrats to make necessary infrastructure investments and/or provide stable environments for private-sector innovation. (See Evans and Rauch 1999; Nistotskaya and Cingolani 2014)

Second, the more recent critique of this narrative (for an overview, see Karo and Kattel 2016b) argues that the empirical evidence of the existence of Weberian PA elements within these bureaucracies is inconclusive. For example, in South Korea and Taiwan (as well as

¹⁹ Japan represents a specific case here. It has had a huge influence not only on South Korean and Taiwanese development models, but during the 1960s-1980s, it was globally considered to be the most effective development bureaucracy worthy of emulation, even by the likes of the U.S. and U.K. (C. Johnson 1982; Freeman 1987). Even though Japan can hardly be considered Confucian and although its post-Meiji Restoration PA is Weberian (see *supra*), its highly intricate system of PA and policy-making, especially regarding economic development and industrial and innovation policies seem to make the system rather different from normal Western assumptions of Weberian PA and at least a unique non-Western Weberian model. Further, from the mid-2000s onwards, there have been increasing tendencies of top political leaders (even on the level of prime minister) to be involved in selecting innovators and scholars to be financed by the government funds. For example, in 2009, when the government introduced a new ‘high risk high return’ innovation policy measure, which was questioned by many, Prime Minister Taro Aso responded, ‘I will make final decisions myself when it comes to choosing the central researchers and core research themes’ (as noted in Stenberg and Nakano 2009: 84).

Japan), politicization of economic bureaucracies may have been more prevalent than assumed and bureaucratic structures perhaps less regulated and standardized. Indeed, one could argue that the main national political goal was development and catch-up and institution-building was of secondary importance. Thus, also consciously (if sometimes only apparently) non-Weberian elements (higher than standardized salaries for key organizations, development agencies with autonomy and insulation, public-private hybrid organizations for implementing STI policies etc) were designed and used (Cheng et al. 1998; Moon 2011; Green 2008).²⁰

Further, given the increasing globalization of production and value chains, it has more recently been argued that governments are anyway less able to support and steer private innovation processes. If governments are interested in reaping more socio-economic benefits from the new fields of science and technology where uncertainties are more prevalent than in the 'catching-up' phase in which Japan and the Asian Tigers excelled, bureaucracies would need to adjust their policies and internal organizations with its specific developmentalist legacies (e.g. in addition to technological challenges, biotech innovations require solving ethical, health, food and environmental policy dilemmas and re-drawing policy-making processes as well). Thus, innovation within government may be needed for such a structural shift, for which 'Asian' governance and PA systems arguably may not be prepared for (see Wong 2011).

Relying on the benefit of hindsight, the developmental state narratives over-concentrated on the structural-institutional elements and provided the logic of pro-innovation capacity building within PA for a specific time and context (catching-up stage driven by infrastructure development, imitation and incremental innovation based on Western technological inputs). It further *assumed* that the 'legitimacy' (or autonomy and policy space) of the bureaucracy to take an active role in supporting innovation stems from rather similar politico-economic sources and interaction patterns between politicians, bureaucrats and interest groups as in the West. I.e. the 'embedded autonomy' concept of Evans (1995) is based on the logic that the autonomy of the bureaucracy stems from Weberian rationality and that embeddedness of the state with the society is organized through political selectivity (in the case of East Asia, reducing the power of agrarian or land-owning elites and labor while increasing that of the industrial elites), sustained by catching-up, and export-oriented growth narratives (first growth and catch-up, then wellbeing).

²⁰ See also Rothstein (2015) who argues, based on the case of China (that has at least some similarities to the Kuomintang-led Taiwanese model), that in the case of apparent politicization and corruption in the bureaucracy, specific traits of the 'cadre organization' may still provide Weberian-like capabilities.

At the same time, recent critical assessments of the innovation capacities (both traditional and PSI related) of Asian states in the context of globalization and innovation-based development may be somewhat impatient as they seem to overlook the broader and more complex context of how governance systems evolve through punctuated and competing feedback linkages (Karo and Kattel 2016a). Further, current emphasis on societal wellbeing, happiness, sustainable development etc. indicates that the policy-making elites (from politicians to top bureaucrats) seem to believe that at least broader policy narratives along those lines (which are more linked to Confucian and Buddhist values and cultural traits than utilitarian and 'good governance' driven rational policy calculations and short-term promises) may be at least rhetorically useful and still valid for embedding the state with society and maintaining the legitimacy of its uncertain innovation efforts.

We suggest that for understanding these processes of innovation and the role of the state in delivering necessary institutional complementarities, evolutionary economics can provide a more promising theoretical lens and analytical framework. Evolutionary economics does not start its analysis of innovation and economic performance from certain pre-determined assumptions of innovation-inducing human behavior (rationality) or innovation-inducing state capacities (i.e. either strongly Weberian or new-public-management-type principles). Rather, the starting points are much more open, assuming time- and context-specific skills and capabilities (and bounded rationality) of individuals who mostly 'live' in and through organizations (firms, public-sector organizations) that are key drivers of innovation and that co-evolve with their specific social, technological and political contexts (Nelson and Winter 1982). From this perspective, both private-sector innovations and the role of the public sector in these processes (both supporting the private sector through innovation policies and seeking to innovate within government, if necessary) become time- and context-dependent, based on mutual feedback and adjustment (through cooperation and coordination and/or conflicts) between public and private spheres and within these spheres as well. There are no optimal and best-practice policies, institutional designs and governance systems, nor universally applicable indicators of governance and its quality, or innovativeness. (Karo and Kattel 2016a)

From this perspective, the role of the state in maintaining pro-innovation institutional complementarities is to an important extent counter-cyclical to private-sector dynamics, which makes bureaucracies look non-innovative or lagging behind private developments almost by definition. In 'normal' times (periods of technological maturity and clear-cut pathways of the future), PA by necessity has to be relatively stable and patient and has to focus on a long-term vision (e.g. by funding basic scientific and cultural pursuits, thinking of long-term social and environmental sustainability) and allow firms and individuals to reap the maximum benefits from their search, experimentation and innovation in markets. In times of significant changes (technological, political, cultural uncertainties, emergence of

complex societal challenges), PA may have to be also more dynamic and proactive (guiding and steering market and social processes, demonstrating the feasible ways forward to mitigate risks in society and economy) while also keeping the long-term goals in mind. And in this latter context, PA may need to be 'innovative' within itself, i.e., it may need to develop novel policies, services, institutions and organization to fulfil the dual tasks.

This dynamic perspective also relates to the general challenge of maintaining PA legitimacy in the context of innovation and transformative changes: neither referring to historical experiences and data nor emulating others (governments or business practices) may lead to the desired innovation performance, as the challenges and contexts are constantly changing. In other words, the elements of uncertainty surrounding innovation make it necessary for PA to have first the 'legitimacy' to either *not* change and maintain stability or to follow risky paths of PSI (when private actors are unwilling to take entrepreneurial risks), and second, also the context-specific 'capacities' to carry out the relevant tasks.

Further, as the concept of innovation itself is an *ex post* analytical concept with implicit comparative tenets (we tend to describe the biggest positive changes as innovative and others as less so, or only as incrementally innovative), we have an inclination to focus only on a few innovative units (that reap the most benefits, or top some rankings) either in an industry, country or among countries as a whole, while other units might have only marginally inferior capacities and performance, or marginally different styles. Further, in the current era of global value chains, platform economies etc., these small differences may be even further exacerbated by the financial flows within specific value chains and platforms.

From this perspective, the 'Confucian Paradox' is only a paradox if one assumes that the public and private sectors have to perform and indeed look the same and that (thus,) PSI is (always) a good thing. However, if we assume that it may well be that the public sector has to cover exactly those areas (and styles) that the private one does not in specific time and context, then what seems like a paradox is actually what one would *prima facie* expect.

Thus, for the East and Southeast Asian economic and governance models, the crucial understudied theoretical and empirical question is related to the 'legitimacy' of the search processes in governance: will they need to find similar legitimacy sources to PSI as in the West (e.g. to emulate private-sector rhetoric and practices or to develop participatory governance systems), or might there something specific in the Confucian system that provides such legitimacy to the bureaucracy already?

4. The Mandate of Heaven and public sector innovation

If so, there must be a further element that potentially makes Confucian PA, such as it is, or at least countries associated with it, so productive and able to maintain institutional complementarities supporting innovation. A consciously non-innovative bureaucracy alone does not create an innovative economy – usually to the contrary. At the same time, Western experience has also shown that full-out copying of private-sector management practices regardless of time- and context-specific challenges, and equating this with PSI, will also not result in a significantly more innovative government and economy (Hood and Dixon 2015; Mazzucato 2013).

We propose that the answer might lie in the concept of the Mandate of Heaven (MoH, *tianming*) – again, as a conceptual suggestion that needs ample further investigation. Its strength, however, lies in the possibility that, if we can – for some periods in time at least – argue for the business-innovativeness of places with Confucian PA systems (potentially also supported by significant changes in government policies, services, institutions and organizations), this could be a specific explanation for East and Southeast Asian success stories which, while being fully context-dependent, also would have wider ramifications.

Historically, the MoH is a concept that was used by newly arriving, successful dynasties to legitimize replacing the old ones (Yao 2011, 144-145; Mote 2003, 819; Yonglin 2011, 165-166), and it appears that this was quite successful (Zhao 2009, 419). But the idea of the MoH is that the ruler must rule, i.e. have authority and govern, and he must govern well, or deliver, i.e. procure at least peace and food for his people. It ‘endowed the emperor with the privilege and responsibility of building a prosperous and peaceful human society’ (Yonglin 2011, 175). If he did not do all of that, he did not have the MoH – not to begin with or not anymore, as the MoH was not easy to maintain once one did have it – and he could be replaced, ultimately even legitimately killed (Yao 2011, 167, 187; Weber 1986, 309-311).

Heaven here is understood as the divine realm, the supreme deity and/or fate as such (see Yao 2011, 141-142, 167-169, 196-199; Yonglin 2011, 4-5; Eno 1990) Max Weber interprets it correctly as an unusually strong abstraction from the usual agricultural fertility deities, to the point that official religion and ceremony focused on a completely impersonal deity, serving whom was the Emperor’s monopoly (1986, 299; see Schluchter 1983b, 33). And that ritual, too, was ‘intentionally sober and austere’ (Weber 1986, 433; see 2008, 105). The abstraction is very important because it allows various and very ambiguous meanings (see Eno 1990, 2-5). In fact, close to a Bultmannian Protestant God (see Drechsler 2010), Heaven is so abstract that any manifestation of ‘the welfare of the people’ might have a space here. To call it Josephine, Kantian, even a putative element of non-participatory, consensual democracy seems not too far-fetched.

The MoH is at the very core of Confucianism, even if it is older – it comes from the early Zhou, and it is often ascribed to ‘the Confucian sage’ (Yao 2011, 144), the Duke of Zhou himself (‘Shao Announcement’ in de Bary and Bloom 1999, 35-37), whose state theory and practice was the model for Confucius (*Analects* 7:5; see Glanville 2010). ‘Confucian discourse on government is based on its understanding of the MoH’ (Yao 2011, 165).

While on an individual level, we find the MoH in Confucius himself (*Analects* 2:4, 16:8; Bloom in de Bary and Bloom 1999, 43-45), on the state level, it is most prominently displayed – perhaps the combination is even created – in the works of Mencius (Glanville 2010, 324), the second-generation Confucian who focused more than the Master on ‘the individual’s role in society’ (Suleski 2008, 259) and thus also on governance and PA; most ‘Confucian PA’ in Confucianism itself comes from Mencius (Glanville 2010, 330; see Gardner 2007 for a handy selection). And Mencius stresses the delivery aspect first of all: ‘Mindful of the potent idea of the MoH that he believed derived from the early Zhou, Mencius maintains that Heaven oversees a kind of overarching moral order in which it is given to rulers to rule for the sake of the common people, with the object of achieving their well-being and prosperity’ (Bloom in de Bary and Bloom 1999, 115; see Glanville 2010; Eno 1990, 101-103; Frederickson 2002, 613; cf. W. Zhang 2017).

Mencius said to King Xuan of Qi: ‘Suppose that one of the King’s subjects entrusted his wife and children to his friends and journeyed to Chu. On returning he found that he had allowed his wife and children to be hungry and cold. What should he do?’

The King said: ‘Renounce him.’

‘Suppose the chief criminal judge could not control his officers. What should he do?’

The King said: ‘Get rid of him.’

‘Suppose that within the four borders of the state there is no proper government?’

The King looked left and right and spoke of other things.

(Mencius, Book 1B6, 24; see also Book 1B8, 26)

It must be emphasized that this was not a heterodox or in any way radical thought – this was the general assumption, the general faith of the Chinese Empire, and the text by Mencius was in a prominent place of the canon that served as the basis for the civil-service exam for a millennium, the abovementioned *Four Books* (cf. Yao 2011, 166). The potentially quite subversive nature of these texts towards any oppressive, irresponsible regime is very clear even to the casual reader – but it also clearly establishes something else.

As has been argued, the MoH ‘equates in its totemic quality to the Western idea of democracy’ (Wang Tao cited in MacGregor 2011, 151), and it can be said that also in contents, the monitoring problem of Imperial China (Yao 2011, 186) was somewhat solved by reviewing the MoH both ‘by members of the educated elite who felt it their responsibility to be the judge of such matters’ and by the general population (Mote 2003, 861). Wolfram

Eberhard has rightly questioned whether ‘the educated at court really believed in the Emperor’s guilt’ if some catastrophe happened (Eberhard 1983, 78), but it gave them an avenue for implanting Imperial accountability into the system.

As the MoH may seem like a ‘wonderfully self-fulfilling prophecy’ (Olson 2008, 155) in that successful rulers are legitimate, it is important to emphasize the equation of the MoH ‘with the will of the people’, especially in Confucianism (Yao 2011, 186; W. Zhang 2017).

Therefore, ‘social protest’ would not be ‘challenging the Mandate of Heaven’ (Perry 2002), but rather working towards its fulfilment (Glanville 2010, 324; Zhao 2009, 421; 2015, 54; see W. Zhang 2017). Recently published and much-discussed ‘early Chinese Bamboo-slip manuscripts’ have strongly corroborated this interpretation (I. Johnson 2016a, b).

Our argument now is that the MoH extends beyond the Emperor himself and thus forms a core element of Confucian governance and indeed PA (See Dao 1996, 50-51; Suleski 2008, 259-262). ‘The rationalism and humanism of Confucianism enables Confucian doctrines to extend the responsibility for the Way of Heaven from the ruling class to all individuals, or at least to all educated men’ (Yao 2011, 169). We would claim that the MoH works for the core class governing the Empire, the civil servants, in two ways:

- Indirectly, fulfilling the MoH obligations of the emperor and
- Directly, for themselves individually, i.e. any civil servant is obliged to deliver.

The former is easily demonstrable: The Yongle Emperor’s state theory has been summed up, ‘follow the will of heaven, find wise and able officials, and protect the people’ (Tsai 2001, 81). In Yao’s words, ‘The only legitimate government is the one based on its consonance with the virtue of Heaven. Consequently, the only righteous ruler is the one who dedicates himself to the well-being of the people, provides them with enough food ... and institutes a meritocracy by which virtuous and diligent scholars are appointed as officials’ (2011, 169). As Zhao states, ‘Because the state was expected to perform certain tasks and perform them well, the emperor also took responsibilities for faults in the actions of the government and even for the consequences of natural disasters. In historical China, we see countless cases in which an emperor blamed himself in an imperial edict (*zui ji zhao*) for failures in public administration...’ (2009, 421).

The transfer of the MoH obligation of delivery, is much more difficult to prove, and it is here that further research is truly needed. But this is where we can take recourse to Max Weber’s interpretation of the concept once again, who argues, ‘The Heaven-spirit became ... in popular belief ... an ideal place for complaints against earthly office-holders, from the Emperor down to the last civil servant’ (1986, 302). So for Weber, the MoH does apply directly to the civil servants as well; they take part in the charisma all by themselves (see also

1986, 415, 422-423), and on all levels, it works as a check on any level of power. In fact, there is a symbiotic relationship here: “Constitutionally” – this was the theory of the Confucians – the Emperor could *only* rule through graduated literati as civil servants, “classically” only through *orthodox Confucian* civil servants’ (Weber 1986, 429). And it does seem that the civil servants identified themselves like that, i.e. as responsible to public welfare, not only to the Emperor (s. even the very critical S. Kim 2014, 194). Weber-Schäfer phrases it such: ‘The Emperor is the heavenly-appointed pinnacle of a bureaucratic state’ (1983, 226 – this is a link to Singapore today – see *supra*). But the civil servants were also (therefore!) charismatically legitimized, and ‘any disruption or disturbance of a social or cosmic-meteorological kind in their parish proved that they did not have the grace of the spirits. Without asking for the reasons, they then needed to leave their office’ (Weber 1986, 312).²¹

The MoH approach, then, is an effective way to link public-service activity with *genuine* performance, i.e. with that of the *overall* quality of life of the government unit in question, not any detailed obligation or meeting performance goals. There are no micro-level performance indicators that ultimately matter, even if they might be formally included in deliberation and decision-making processes; the judgement of the civil servant’s superiors, colleagues and indeed of the people does. If he fails, and be it due to a natural disaster, he has to go. And as we see for instance very clearly in Wang Anshi, successful performance for PA means economic performance, with material well-being as a *conditio sine qua non* for human happiness (Drechsler 2013, 258; see Mencius Book 1A3, 54-55).²²

In one of the most important discussions of the topic, Zhao (2009) has strongly emphasized the performance aspect of the MoH along the lines mentioned here; however, he sees performance-based legitimacy, and specifically China with its resurrected Confucian-MoH agenda, as latently unstable because it may lead to crisis once the state ceases to perform well. However, one can also emphasize the Mencian people-agency element of the MoH – such as S. Kim in his recent effort to bring Confucianism in line with democracy theory (2014, esp. 171, 192-193; see also He 2016). He also claims,

Most East Asians are now living in a society where the moral cosmology of Heaven and the political metaphysics of the MoH have become completely obsolete. In more or less democratic societies, the mandate to rule comes either directly or indirectly

²¹ As Weber nicely notices, however, each incident like that confirms the Confucian world view of a well-ordered universe and violations against it as the root of the catastrophe; 1986, 428.

²² Weber is very well aware of Wang’s thought and importance (see e.g. 1986, 442, 449), but he did not know the *Memorandum*, his central treatise on PA (1935), which became part of the scholarly discourse accessible to Weber only after his death (e.g. Franke 1932).

from ordinary citizens without any recourse to the MoH. ... In the post-Heaven era, there should be no ... ambiguity in the public service of political leaders and public officials (194-195).

The problem of this remark lies in the literal interpretation both of the mandate and, more importantly, of Heaven, which as a metaphor refers to concepts of human living(-together) that are neither outdated nor resolved, never mind whether the context is a democracy or not – such as the ones referring, on a relatively mundane level, to Innovation Policy.

And in any case, as W. Zhang, Deng Xiaoping's former interpreter, has most recently emphasized (2017), the MoH as a Confucian concept might actually in fact be the core of Chinese governance and legitimacy in a time that is characterized differently from S. Kim:

China's leaders today have adapted [the MoH] into a sense of mission to realize the Chinese dream of restoring the country's standing in the world and creating a more just and prosperous society for all. ... over the past thirty years the Chinese state has presided over the world's fastest economic growth and improvement of living standards in human history. Key independent surveys ... show consistently that the Chinese central authorities command a high degree of respect and support within the country. Depicting China's polity as lacking legitimacy, or even being on the verge of collapse, is out of touch with China's reality. ... However imperfect, this system is in a position to compete with the Western political model. ... The Chinese experience since 1978 shows that the ultimate test of a good political system is how well it ensures good governance as judged by the people of that country. ... China's experience may eventually usher in a paradigm shift in international political discourse from the dichotomy of the so-called democracy vs. autocracy, to that of good governance versus bad governance.

And as Rothstein (2009) has pointed out, even in classical global-Western democracies, the citizen mostly faces the state, through PA, in performance, so that performance probably will remain central and also a *conditio sine qua non* for legitimacy. Within our discussion, in the particular context of PSI, performance is naturally what matters. The specific point of the MoH is the *overall* performance.

Thus, we propose that Confucian PA and MoH may provide a unique East and Southeast Asian cultural-philosophical and structural-institutional context in which civil servants are endowed both with the legitimacy and also with the training and experience to support innovation in markets and, if needed, to pursue innovations in government to 'deliver' what is expected from the state in a specific time and context. In the context of modern societal challenges and innovation, MoH can provide a unique 'space', but also incentives/pressures

for civil servants (to maintain one's own and/or the government's MoH and one's status as civil servant) to pursue, if needed for fulfilling their tasks, uncertain and risky policies and activities. Such activities may be difficult to justify within the frameworks of 'rational' policy-making models.

The MoH's goal of overall happiness (*genuine performance*) solves a key problem of innovation policy – i.e. that policy interventions and processes cannot be modelled *ex ante* – as well as the key problem of PSI, i.e. that as with all PA, we cannot measure it, i.e. its impact, very well at all (Kattel et al. 2014). Overcoming these policy problems has been a common challenge across the Western democracies because modern political ideologies, models of democratic accountability and policy analysis make it difficult to legitimize and design pro-innovation policies within the prevalent institutional moulds. This has led most governments to search for alternative narratives (especially national-security concerns and the definition of societal challenges) to justify and legitimize uncertain and risky endeavours regarding innovation (see Karo and Lember 2016; Pollitt 2016).

Therefore, while in Western contexts, the legitimacy of government actions needs to be 'imported' from external symbols and institutions, which may also affect the structural-institutional elements of PA in unexpected ways; in the Confucian context, the MoH may provide an *endogenous* source of legitimacy for PA, thus allowing it to maintain time- and context-specific structural-institutional elements of PA. The PA to support a system geared towards innovation-based growth does not necessarily have to be innovative in itself, but it has to be (business-) innovation-friendly; and only if the delivery of the latter requires it, may PA have to pursue 'innovations' within. The MoH makes sure that the PA is (business-) innovation-friendly, because if the unit in question fails (and we assume that if it is not innovation-friendly, it will), then it is the fault of the civil servants in charge. They cannot justify that failure in any way – if there is a failure, it is their responsibility even if it was not their fault. According to this logic, Confucian civil servants are, un-paradoxically, innovative by the nature of their status and performance (i.e. as long as they deliver what is expected from the state) and not because they follow specific management styles or policy logics.

5. Conclusion

The Confucian challenge to the global-Western model is a perspective that can and may be contested easily and in many ways, theoretically, empirically, and anecdotally. But can it still be cavalierly dismissed, especially when those who do the dismissing are really no cavaliers anymore, or even more, if the age of cavaliers is coming to an end (cf. Bell 2015; Bell and Li 2013; critically S. Kim 2014; He 2016)?

What Confucian PA – if we can use this concept – creates (or at least tries to) is what Mahbubani has credited the civil service of Singapore with: it ‘has performed brilliantly ... because it has imbibed a culture which focuses the minds of civil servants on improving the livelihood of Singaporeans’ (2013; cf. Louie 2008, 13, on China). Improving the livelihood is to a very large extent an economic matter.

PSI and innovativeness of civil servants is not about adopting the newest policy and governance approaches, but it is about routine, persistent and purposeful application and refinement of state-of-the-art knowledge, ideas and procedures on how to deliver the main tasks of the state. Innovativeness of PA and civil servants is equal to their overall performance.

Calling Confucianism, and Confucian PA, non- or anti-innovative therefore misses the point completely. Rather, the ideal type of Confucian PA adds to the simple evolutionary logic of state-economy and institutional complementarities for economic growth the requirement of an overall, rather than indicator-driven, successful economic performance. Such a PA, in turn, may indeed be particularly well-suited for an innovation-based economy.

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Pure web-based information is not repeated here; all hyperlinks are valid as of 1 March 2017.

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