

Protectionism and Free Trade: From the Perspective of Duality of Information¹

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I Introduction

The 2019 G20 Osaka summit was held on 28–29 June, 2019, at the International Exhibition Center in Osaka. The Osaka Leaders' Declaration states as follows regarding trade and investment: We welcome the G20 Ministerial Statement on Trade and Digital Economy in Tsukuba. We strive to realize a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, and to keep our markets open.

But the US-China trade war continues, and new Japan-Korea trade friction is intensifying.

In this study, we will approach the essence of liberalism proposed by Adam Smith from the perspective of duality of information, and examine the possibility of a solution to trade friction.

The structure of this paper is as follows. In the next section, we will address the Adam Smith-problem. And in section III discuss the duality of information. In section IV we will take up Bergson's philosophy, and in the final section we will state the conclusion of this paper.

¹ This paper is a revised version of the presentation report at the 9th East Asia Forum held at Tong-A University in Korea in November of 2019. After the forum, we went on an excursion to Geojedo POW Camp Archeological Park, which housed up to 170,000 POWs during the Korean War. Under the ideological conflict between liberalism and socialism, the Korean Peninsula, which has become a Go-board for world-wide politics, has become a place of slaughter between fellow Koreans. Discrete families are still separated by the 38th parallel. The United States has begun another new hegemonic conflict in the Middle East in the name of democracy, so should Asians blindly follow U.S. hegemony under the alliance cause or should we say No?

II Adam Smith—Problem (Duality of Human Nature)

Adam Smith, the father of economics, pursued the essence of human sociality from the Aristotelian perspective that “humans are political animals.”

In *The Theory of Moral Sentiments* (1759), he argued that humans are not isolated beings but social beings who sympathize with each other, and developed a rational economic analysis by division of labor. In other words, Smith presented a “tree” of economics that considered people who acted reasonably in a free market after presenting a “forest” of anthropology overlooking human society.

It is a model in which individuals as social beings maximize their economic interests under the constraint of approving a “fair observer in the chest”, the base of the model is the sympathy between humans.

Smith argued that patriotism by sympathy would lead to the security and economic prosperity of the homeland, but at the same time pointed out that it included selfishness that would create prejudice toward other countries. And he insisted that deepening exchanges among the nations through trade will strengthen the economic interdependence of the nations, relieve national prejudice, and form fair observers among the nations. At the same time, Smith pointed out that trade can often be a means of a nation’s survival strategy or power expansion strategy, and in that case, trade can also be a source of discord and hostility.

In *The Wealth of Nations* (1776), he wrote that “it is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their interest.”, and insisted that pursuing self-interest is more efficient and increases social total interest. In his discussion of the division of labor, Smith argues that the propensity to truck, barter, and exchange is part of human nature, and opposes closed mercantilism and recommends open free trade.

How do we understand the difference between the theory of *The Wealth of Nations* (selfishness) and the theory of *Moral Sentiments* (altruism)? This is today called the Adam Smith-problem. To answer this question, we will consider the duality of information, taking FuXi’s divination as an example.

III FuXi's Divination and Duality of Information

In the first place, humanity did not have letters, mathematics and religion from the beginning. Villages and cities were formed after people gathered in large river basins and began to engage in agriculture. Information exchange tools were necessary for the operation of such organizations.

Fu Xi, the representative ancestor of the Yellow River civilization, expressed the movement of nature and its circulation law as a vary pattern of two elements of Yin and Yang. The villagers received a message from Fu Xi that it would rain tomorrow when they saw the sign ☱ carved on the large tree in front of Fu Xi's house. In other words, based on tacit knowledge received from natural signals, Fu Xi used the symbol "☱" to convey the semantic information that "it will rain tomorrow" to the villagers.

A message has no value to only the sender alone. When the user is present, the information finally begins to make sense.

In order for the sender and the user to communicate with each other, some kind of common recognition tool is required. And in order to eliminate ambiguity, the tool had to take the form of formal logic (Law of identity, Law of contradiction, Law of excluded middle).

In other words, in order to convey the semantic information received from nature, Fu Xi formalized the semantic information using binary logical symbols such as divination and shared the information as formal information.

In this way, semantic information is formalized in the form of characters and symbols, which are fixed in the form of a manual or a computer program. Therefore, semantic information finally becomes formal information with generality apart from individuality and specificity.

In other words, the information we use in common sense is formal information, which is essentially compressed semantic information shared using logic tools.

When formal information and knowledge are systematized, it becomes academic, and it has the strength of universality and certainty, but it inherently has limitations to eliminate semantic information of uncertainty which has a potential for creative destruction.

Therefore, about 1500 years ago, Bodhi Dharma left us with the following Zen

words: Spiritual awakening cannot be experienced with words and letters; Spiritual enlightenment can be attained only by means of communion of mind with mind.

Formal logic such as language and symbols were developed for human interaction, ethnicity was formed based on such formal language, and nations were formed.

IV Bergson and Elan Vital (the leap of life)

Henri Bergson (1932) said there are two aspects of information: open semantic information and closed formal information. There are also two attributes of life information: a desire for a closed instinct to maintain one's survival and an open instinct for trying to interact with others.

Morality mandated by instinct for social cohesion gives rise to family-love and patriotism, but at the same time it becomes exclusive to other societies, so it is inevitably a closed society. Bergson saw that life has not only the desire for self-preservation but also the creative nature of Elan Vital (the leap of life), and that opens up the possibility of an open society.

Trade friction arises from the aspect of self-preservation desire, and free trade comes from another instinct called Elan Vital.

V BAKA no KABE (Stupid Wall) and ZEN (Bodhi Dharma)

2400 years ago Plato pointed out that humans are prisoners living in caves, and Takeshi Yoro (2003), an emeritus professor at the University of Tokyo, stated that humans live inside the stupid wall.

During the Renaissance, Raffaello Santi drew a picture of "*Scuola di Atene*," and demonstrated that Aristotle and Plato's doctrines are an inseparable relationship between knowledge (Downward: formal information) and wisdom (Upward: semantic information). Prof. Takuo Dome (2016) of Osaka University expressed his understanding of the Adam Smith-problem using the Figure 2. Through Figure 2 we can understand that selfishness and altruism are relationship of non-duality.

The US-China, Japan-Korea trade friction is an inevitable result of the unequal development of the world economy, which is natural.

Figure 1: *Scuola di Atene*



Source: http://blog.livedoor.jp/art_history/archives/49954836.html

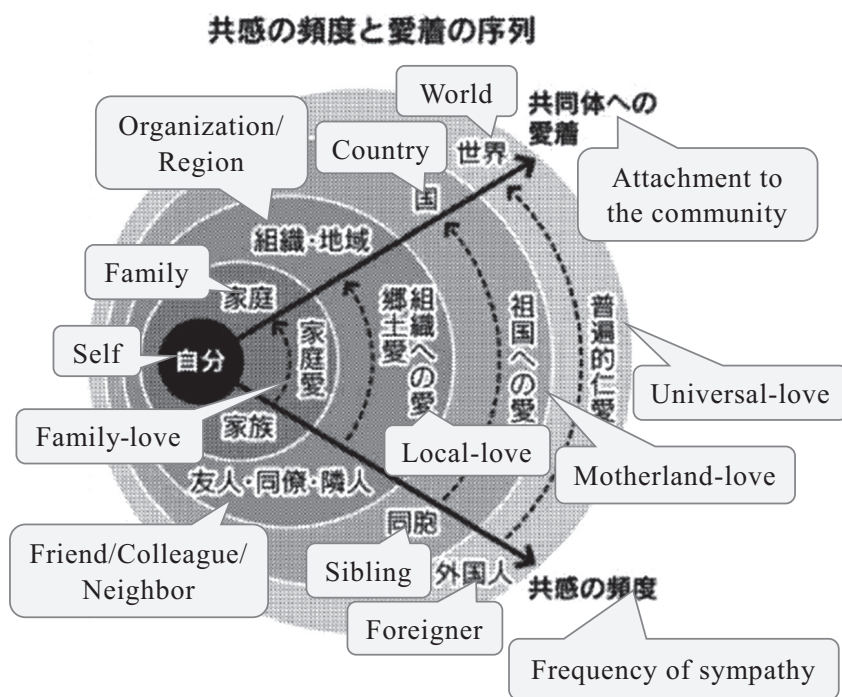
Trade friction will increase the competitiveness of private companies in both countries, and both economies will grow together.

Mercantilism and liberalism are two aspects on the front and back of the same coin, that is, the relationship of Fuji (Non-duality under Buddhist law).

The problem is that governments artificially stir up nationalism for their own political interests.

Then what should we do? The answer is simple and clear. To continue the East Asia Forum. Through dialogue we can break the stupid wall of “Dia+Logue.”

Figure 2: Frequency of sympathy and Order of attachment



Source: Nikkei morning edition. August, 10, 2016. pp.28.

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