Confucian ethics and commerce: a debate revisited

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Weber's question

The debate about religion and capitalism in China began with Max Weber. After his study of the Protestant ethic, Weber published *Konfuzianismus und Taoismus* in 1915, revised in 1920 and translated into English in 1951 as *The Religion of China*.[1] He asked why modern capitalism had arisen in the Protestant West and failed to develop in China, although China had enjoyed long periods of peace, population growth and a mobile market in land.

Weber found the explanation in religion and social structure. In his view Confucianism taught adjustment to the world, whereas Puritanism demanded its transformation. The extended kinship group, reinforced by ancestor worship, bound individuals to their villages and hindered the formation of an urban bourgeoisie. The Confucian literati sought office and cultivated status, since for the "superior man" a position counted for more than profit.[2] Weber acknowledged that the Chinese valued wealth and practised self-control, while arguing that their ethic lacked the inner tension that drove the Puritan to methodical accumulation.

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Weber's thesis has been criticised from many directions. The sociologist C.K. Yang objected that Weber viewed Chinese culture through the categories of Western Christianity.[3] Historians have shown that Chinese merchants in the late imperial period developed sophisticated commercial institutions, from partnerships and account books to native banks and remittance networks. The overseas Chinese of Southeast Asia provide perhaps the strongest counter-example. Living outside the imperial state, many of them far from their lineages, they became the most successful commercial communities of the region.

The Asian values debate

In the late twentieth century the question returned in a different form. The rapid growth of Japan, South Korea, Taiwan, Hong Kong and Singapore led some observers to argue that Confucian values such as thrift, discipline, respect for education and loyalty to family and community had favoured economic development. Singapore's political leaders took part in this debate in the 1990s, presenting "Asian values" as a foundation of the city-state's success.[4] The Asian financial crisis of 1997, examined in Part D, took some of the force out of the argument, since the same networks of family and relationship that had been praised were now blamed for "crony capitalism".

Neither Weber's pessimism nor the later optimism explains much on its own. Values influence behaviour only through institutions that reward some conduct and punish other conduct. The more fruitful question is therefore institutional: which organisations and practices allowed Chinese merchants to trust one another and to enforce their agreements? Recent scholarship on the "ritual economy" of Chinese market society points in this direction, emphasising the role of ritual, associations and reputation in commercial life.[5]

A parallel with Calvinism

The comparison with Geneva is instructive in both directions. Calvin's Geneva and the Chinese communities of Singapore both combined an ethic of discipline with dense networks of mutual obligation. In Geneva, the consistory supervised the

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conduct of the faithful and the Reformed community extended credit to its members across Europe. In Singapore, the associations and brotherhoods supervised their members and extended credit within the community. Both systems generated trust by making reputation visible and default costly.

The differences are equally significant. The Reformed ethic was universal in principle and was codified in doctrine, catechism and church discipline. The Chinese ethic of trust was particular: it applied most strongly within the family, the lineage and the dialect group, and more weakly beyond them. This particularism was a source of strength, because it allowed dense trust within groups, and a source of weakness, because it limited the circle within which trust could extend. The history of Chinese banking in Singapore, examined in Part B, can be read as the gradual extension of trust from the particular to the general.

Notes

1. Wikipedia, "The Religion of China" (accessed September 2026): published in German as *Konfuzianismus und Taoismus* in 1915, revised in 1920; English translation by Hans H. Gerth in 1951. ↩
2. Wikipedia, "The Religion of China" (accessed September 2026), summarising Weber's argument on Confucian "adjustment to the world", the strength of kinship groups and ancestor worship, and the literati for whom the superior man coveted "a position, not a profit". ↩
3. Wikipedia, "The Religion of China" (accessed September 2026), on C.K. Yang's criticism that Weber viewed "Chinese culture from the Christian world". ↩
4. On the "Asian values" debate of the 1990s and the contribution of Singapore's leaders, including Lee Kuan Yew's interview with Fareed Zakaria, "Culture is Destiny", *Foreign Affairs*, vol. 73, no. 2, March/April 1994, see the literature cited there. ↩
5. See, for example, the essay "Beyond Confucianism: An Essay on Max Weber, the Religion of China and the Ritual Economy of Chinese Market Society",

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and Gary G. Hamilton, *Commerce and Capitalism in Chinese Societies*, London, Routledge, 2006. ↩

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