

Feature Article **【專題論文】**

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Recent Research
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韋伯觀點和近期研究**

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關鍵詞：韋伯、中國、資本主義、新儒家、可計算性、蒸氣引擎、法律

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Abstract

Max Weber (1864-1920) is extremely important for the China historian who wants to understand the history of Chinese business. Yet, he was very wrong about China. However, the point is not to argue with Weber about China but to learn from his insights. Weber taught that meaning in action has to be sought in the subjective understanding of the actor, and, therefore, the means have to be created for human beings to calculate in anticipation of the results of their actions. In the history of business institutions, during the Ming dynasty (1368–1644), China arrived at bureaucratic professionalism, partnerships, means for pooling capital (including the accounting needed) and even a variation of the national debt in the form of the salt monopoly. The means for capitalism, therefore, arose quite early in China. Nevertheless, the Chinese imperial state abolished it and turned to patronage (the prebendal state). That particular turn had major effects on the development of banking, much to the detriment of Chinese business as steam technology arrived in China in the mid-nineteenth century.

摘要

對於想了解中國商業史的歷史學家來說，馬克斯·韋伯（1864-1920）的研究非常重要，但他對於中國的看法卻極不正確。然而此處，目的不在於辯駁韋伯的觀點，而是要抉發他的洞見並加以學習。韋伯認為行動的意義必須在行動者的主觀理解中尋找，因此，人類必須要創造出能夠預期並計算行動結果的方法。在商業制度發展史上，中國在明代達到了官僚系統的專業化，並發展出合夥制，積累資本的手段（包含必要的會計操作），及透過鹽業獨占之形式而衍生的種種國債。可以說，資本主義方法在中國發生得很早。然而，朝廷卻廢除了這一切而轉向保護（俸祿）制度。這個轉折妨礙了銀行制度的發展，也使得中國商業在十九世紀中葉蒸汽科技引進時，處於相當不利的地位。

Max Weber is extremely important for an understanding of Chinese business history and yet he is so wrong about the subject. However, the object of this paper is not to argue with Weber about China but to learn from his insights for a better understanding of China. Weber was wrong about China because, tied to the scholarship of his times, he was fed the wrong information. His general conception of how society should be studied remains invaluable, and many Chinese historians fail to recognize that to their great disadvantage.

Misconceptions about China

One hardly knows where to start. Fundamentally, Weber saw in China a society in which capitalism did not develop, and concluded it could not have done so. To make this argument, he had to exaggerate the difference between China and the West. Certainly, there were divergences in plenty. Inevitably, Weber settled on a set that had over the nineteenth century been looked upon as signs of China's cultural backwardness. He rephrased some of them but did not quite emerge from the intellectual milieu in which they were conceived.

I think Weber was fundamentally mistaken to think that capitalism did not appear in China, but I shall leave that to the next section because that subject really has to be discussed in the terms that Weber laid out for capitalism in the Western context. For the present, I shall concentrate on his impressions of China and why they misled him. In the background, it is useful to recall that Western observers of China came to those views at a time when Chinese technology had certainly fallen behind the post-Industrial Revolution West, but, those views had actually evolved quite rapidly from the 1830s from a much more rosy picture of China as a model of administration and refinement. It is useful also to recall that Weber's major work on China is subtitled *Confucianism and Daoism*, and the focus on those religions transpires through the organization of the book almost as

much as the discussion. In search for the divergences of China from the West, Weber seems to have settled on religion. Capitalism did not develop because the Chinese state and Chinese society were governed in particular ways which were strongly associated with Confucianism. Daoism, the heretical creed, somehow did not introduce the change that Puritanism succeeded in introducing in the West.

Weber begins with a discussion of Chinese currency, which should rightly be placed at the heart of the argument, but he was given rather the wrong end of the stick. He was fixated with the copper coinage and paper currencies, such having been issued by the government. He knew about the influx of silver from the sixteenth century, he seems even to have referred to silver playing a greater role in the state budget along with that development, and he concluded that silver influx brought strong development of the money economy. But he left that remark with the refrain that "it did not accompany a shattering of traditionalism."¹ The statement is, of course, untrue on two fronts. On one, the employment of silver in taxation displaced corvee service and, with that, it led to the fundamental breakdown of status categories. On the other, despite the premium that was often set by reference to tradition, Ming administrators knew well that they were experimenting with new institutions. In taxation, it was the single-whip reform; in the military, it was in the employment of mercenaries and, by the sixteenth century, firearms; in administration, it came in the very broad spread of written records; in ritual, it came in the lineage. Contemporary writers often lamented the change. Ideologically, they preferred the imagined order of the past. But, they knew, and that was why they lamented, that the mid-Ming (say the sixteenth century) was different from the early Ming. Ironically, the tradition that nineteenth-century writers wrote about was the tradition from the mid-Ming,

1 Max Weber, *The Religion of China*, trans. and ed. by Hans H. Gerth (New York: The Free Press, 1951), p. 12.

which was not the tradition that the mid-Ming contemporaries regretted departing from.²

Weber was on stronger ground when he looked for the divergence between China and the West in the city and the state. China's cities were not independent of the state; they were not communes, they developed no laws of their own, and they did not come under the control of the guilds but were really seats of the government. The state, moreover, was not only patrimonial but also prebendary. Despite a central budget, taxation was collected by quota. There was a cost, therefore, for officials to acquire their post, and, therefore, expectation of returns upon successful assumption of office.³ Down the administrative ladder, quota tax was supplemented by fees and collected by tax farmers. "Rather than weakening traditionalism, the money economy, in effect, strengthened it. This was because the money economy, associated with prebends, created special profit opportunities for the dominant stratum. Generally it reinforced their rentier mentality and rendered paramount their interest in preserving those economic conditions so decisive for their own profit from prebends."⁴ The vested interests of the prebendary state were so firmly entrenched that not even "internal capitalist interests," as might have been created by overseas trade, could shatter it.⁵

At the risk of appearing pedantic, this might be the place to introduce the problems imposed by translation. When Western travelers in China referred to the "city", they meant places that were known to the Chinese as "cheng", usually defined by the place being walled. The Chinese had other cities, known sometimes as zhen (often translated as "towns"), which were not walled and in which, especially in the Ming dynasty, officialdom might be unrepresented. Some such towns were sizable: the town of Foshan in Guangdong might have had a

2 Timothy Brook, *The Confusions of Pleasure: Commerce and Culture in Ming China* (Berkeley: University of California Press, 1998).

3 Max Weber, *The Religion of China*, p. 59.

4 *Ibid.*, p. 61.

5 *Ibid.*, p. 55.

population of 100,000 in 1800. Indeed, the towns were not communes and did not develop institutions for trade which made them distinct from the rest of society. If anything, they adopted the reverse strategy by appearing, as much as possible, to have been no more than a collection of villages. Yet, there must have been differences, and I think the major difference had to do with the right of settlement. The rights of settlement were tightly guarded in villages, as settlement implied access to common resources such as unclaimed land. In the towns, where a mobile population facilitated trade, and where population growth had already diluted what additional competition might arise with settlement, outsiders gained more ready entry. The rules for business were no different in the towns than in the villages, the governance of towns, especially the prominence that temples and temple committees played in them, was subject to the same changes over the centuries as were experienced by the villages. Yet business was rife and towns grew. Eighteenth-century China had more population in markets, towns and cities than did Western Europe.⁶

The very prosperity of China from the sixteenth to the eighteenth century would make it hard for the argument to hold that the patrimonial and prebendal state could not comfortably sit with the expansion of trade—I shall still leave aside for later the question if that trade was "capitalistic". Both the Song and the Yuan, the predecessors of the Ming dynasty, were business empires. The Ming started out in the fifteenth century in the ebb of what might appear a long cycle, when the paper currency had depreciated against all value, destruction of war had been disruptive, and, for reasons historians have not yet been able to find, commerce was hampered by a dearth of specie, be it copper or silver. It was through corvee service that the government silk and pottery workshops were re-started and the standards enforced became very much the technological edge that allowed China to benefit substantially from the export market, and, therefore, import the silver that became the currency from the sixteenth century on. That

⁶ David Faure, "What Made Foshan a Town? The Evolution of Rural-urban Identities in Ming-Qing China," *Late Imperial China*, 11, 2 (Dec., 1990), pp. 1-31. DOI: 10.1353/late.1990.0000.

was the Ming dynasty in the height of its glory, unlike the nineteenth-century Qing dynasty, when war and rebellion had reduced the dynasty's prestige and a new technology had appeared that put the foreigners in competition for prestige and power. One might argue, *prima facie*, that a patrimonial and prebendal state might work very well in a trading economy where the state was financially strong and capable of delivering services expected. The difficulties faced by the Chinese state in the nineteenth century did not arise from the existence of prebends as such, but from state bankruptcy, and, to make matters worse, it came at a time when there was not a banker to bail it out. Contrary to Weber's account, the China historian today is more likely to see in the sixteenth to the eighteenth centuries, not a stagnant society that was held down by a government seeped in vested interests, but a very vibrant economy supporting a strong and centralized state.

How that economy might complement the state's bureaucracy leads straight on to Weber's third argument about the lack of capitalism in China. He sought it in the literati and in the Confucian education and outlook with which it was associated. Never mind Confucius, although Weber goes repeatedly to the Confucian scriptures and the break between the Warring Kingdom period and the beginning of the Qin empire (221 BCE), the China historian today is much more likely to place the displacement of aristocratic families by an examination-recruited bureaucracy between the Tang and the Song, and trace the ideological change to the Neo-Confucian movement that began in the Song Dynasty and was propagated under government encouragement in the Yuan and the Ming. Through the centuries ruled by those three dynasties, the Confucian classics as defined by the Neo-Confucian scholar Zhu Xi (1130-1200), gradually merged with the imperial examinations which recruited the bureaucracy.⁷ Out of those changes, according to Weber, political ideology tended to stand aloof of intervention in the

⁷ Denis Twitchett (ed.), *The Cambridge History of China, vol. 3, Sui and T'ang China, 583-906, Part 1* (Cambridge: Cambridge University Press, 1979), pp. 7-11; Benjamin A. Elman, *A Cultural History of Civil Examinations in Late Imperial China* (Berkeley: University of California Press, 2000), pp. 2-65.

economy ("It had no 'commercial policy' in the modern sense.")⁸ Moreover, the bureaucrat aspired to a non-professional "gentlemanly" ideal. Of particular significance, he (it was never a woman) being adverse to commercial profit, "the capitalist, as a privately interested man, was not to become an official."⁹ The separation of profit (except as "corruption") from the ideals of public office was very much the expressed ideology of the Chinese people who claimed adherence to Zhu Xi's teachings. The same ideals were written about by Western writers in China. Weber seems to have accepted the whole description. How wrong he was!

Again, we can begin by putting some history back into the argument and we can begin, once again, with the replacement of corvee service by taxation in silver.¹⁰ An excellent account of the changes to local government to follow can be found in Watt. When taxes were collected in silver, whether or not it was collected by a tax farmer, the district magistrate began to have a disposable income. Rather than relying on arbitrary demands made on the provision of corvee, the magistrate hired his staff.¹¹ That development sparked a controversy that lasted from the sixteenth century until the early twentieth, arrested only when the official examination was abolished in 1905. It arose because while the magistrate himself and others like him who had obtained official recognition through the examination had office conferred on them by imperial authority, the staff that the magistrate was to employ bore only his authority and so were, therefore, considered to be of less prestige than bearers of the examination degree. Local administration took place on two tracks, so to speak. Tax collection, the provision of public service (bridge building, famine relief, burial of the unclaimed dead) could have been provided by people holding a degree as much as one who did not, but it was said, especially by the ones holding the

8 Max Weber, *The Religion of China*, p. 136.

9 Ibid., p. 159.

10 Liang Fang-chung 梁方仲, *The Single-whip Method (I-t'iao-pien fa) of Taxation in China*, trans. by Wang Yu-ch'uan (Cambridge: Chinese Economic and Political Studies, Harvard University, 1956).

11 John R. Watt, *The District Magistrate in Late Imperial China* (New York: Columbia University Press, 1972).

degree, that the other lot were less honest, respectable and, certainly, educated. Nor was the social division between degree- and non-degree holders always that clear; it took years for many to obtain the degree and many successful degree-holding officials would have started career as secretaries and clerks. The matter came to a head in the mid nineteenth century when the degree-holders of the wealthy province of Jiangsu argued that they should be solely responsible for tax collection, a demand that was countered by the provincial governor strengthening his control on the non-degree holding magistracy recruits. The difference was finally settled when the examination was abolished, thereby removing the distinction between degree- and non-degree holding.¹² Readers of Fei Xiaotong (費孝通, 1910-2005) who wrote in the 1930s might have noticed that degree-holding was not at all a factor in the people he called the "gentry" (translation for shen 紳, designation in the nineteenth century and earlier for degree-holders living in the village). By then, they were all "gentry".

A vast scholarship on administrative skills grew up in the midst of the division between the degree- and non-degree-holder in local administration even though such skills were not a part of the imperial examination. It is simply untrue that because of the gentlemanly ideal, the degree-holding bureaucrat adhered to amateurism. Local administration under the silver regime was a highly specialized service. Much of that scholarship was produced by people who did not hold a degree, that is to say, who went into private service for officials. Typically, the official had secretarial support for two lines of service: judicial and taxation. In the very literate tradition that was entwined with Chinese imperial administration, as one would expect, those secretaries kept private written manuals of administrative procedures, manuscript copies of some of which are extant. Nevertheless, not all of that literature was restrictive, for a long tradition

12 James Polachek, "Gentry Hegemony: Soochow in the T'ung-chih Restoration," in Frederic Wakeman and Carolyn Grant (eds.), *Conflict and Control in Late Imperial China* (Berkeley: University of California Press, 1975), pp. 211-256, and Min Tu-ki, *National Polity and Local Power: The Transformation of Late Imperial China*, Philip A. Kuhn and Timothy Brook (eds.) (Cambridge, Mass.: Council on East Asian Studies, Harvard University, 1989).

had also survived of textual "admonitions" which were openly published. The most well-known of those, indeed, were published after presentation to the emperor, published, so to speak, with imprimatur. The titles of the most famous of these texts give some indication of the ideology behind: Sima Guang (司馬光, 1019-1086), *Comprehensive Mirror to Aid in Government* (資治通鑒); Zhen Dexiu (真德秀, 1178-1235), *Supplement to the Great Learning* (大學衍義); Qiu Jun (丘濬, 1421-1495), *Supplement to the Supplement to the Great Learning* (大學衍義補). Characteristically, those texts drew upon history as lessons for government, presenting not only events (which included contemporary comments), but also generous citations from the Neo-Confucian traditions. Sima Guang would have counted among the founders of the tradition, while Zhen Dexiu and Qiu Jun were advocates in one way or another of Zhu Xi's voluminous writings.¹³

On the strength of those books alone, one would not argue that the Neo-Confucians were not interested in affairs of state, but that interest went very much further from the late Ming on. Again, the use of writing in administration would have suggested that outcome: literati officials from ancient times had commented on public policies, and the court memorial system, made routine from the Tang dynasty, provided an abundant source of administrative essays not only on matters of administrative principle but also on the nitty-gritty of administration. By the sixteenth century, book printing had become so widespread that it was common for the writers themselves, or their descendants, to collect such official writings together with poetry and other essays (including typically biographies and obituaries) for publication. Relevant also was the thriving publishing industry from the time, serving not only the examination, but reaching into technical manuals, entertainment, religion and more. Against this

13 For a sense of the administrative professionalism that accompanied discussions on the economy, see Helen Dunstan, *Conflicting Counsels to Confuse the Age: A Documentary Study of Political Economy in Qing China, 1644-1840* (Ann Arbor: Center for Chinese Studies, University of Michigan, 1996), and *State or Merchant? Political Economy and Political Process in 1740s China* (Cambridge, Mass.: Harvard University Asia Center, 2006).

background, commentaries and compilations of administrative practices appeared. Some were single-authored: Gu Yanwu's (顧炎武, 1613-1682) *Daily Notes* (日知錄) and Chen Hongmou's (陳宏謀, 1696-1771) *Admonitions for Officials* (從政遺規); were among the most well-known; but others were encyclopedic, culminating in the *Anthology of Imperial Administration* (*Huangchao jingshi wenbian* 皇清經世文編), which included separate chapters for all imaginable aspects of government, beginning, as one might expect of the Neo-Confucian tradition, with essays arguing that the official should be of pure mind and body, and leading very quickly into chapters on tax collection, household registration, famine relief, organization of the militia and much more. The term *jingshi* (literally dealing with worldly affairs) that was used in the title of that book had, since the Ming, denoted the branch of learning that was required of the official.

Was the Neo-Confucian, who was so keen to produce an ideology for imperial administration, really so distant from the capitalist (again, I leave the definition till later)? It is easy to be taken in by the rhetoric, and historians have since noted that the richest families had always produced officials. As a justification for wealth was, indeed, to provide for schooling, that in itself is of no surprise—the surprise, rather, is that in the 1960s, as capable an historian as Ho Ping-ti (Hé Bǐngdì, 何炳棣, 1917-2012) would have suggested that the bureaucracy was characterized by high social mobility. The Neo-Confucians went much further than that. Weber did not know that the Neo-Confucians from the Song to the Ming posed their ideology as a counterweight to Buddhism, arguing for a return to pre-Buddhist rituals in the life cycle, and, in the process, encountered the question of ancestral sacrifice. Buddhist cloisters had, by then—that was the Song—provided the mechanisms for dealing with the souls of the dead. They took care of the graves and offered prayers for the deceased whose names had been written on tablets and were housed within the cloisters. Neo-Confucians wanted to return to the aristocratic tradition when spirits of the dead were sacrificed to, not by monks and nuns in Buddhist cloisters, but at grave sites

by descendants, or at their "spirit tablets" in purpose-built temples (miao 廟) the style of which was regulated by imperial statute. As the aristocratic tradition had not provided for such establishments for commoners, the Neo-Confucians advocated the housing of the tablets in the "bed chamber", that is to say, a part of the house in which descendants were living. In either case, funds had to be provided for sacrifice, and so the idea was suggested that descendants might set up common properties which provided, not only for sacrifice, but also for common welfare (such as education).¹⁴ By the Ming dynasty, when wealthy families competed for building more stylish "bed chambers" leading eventually to the state ceding the right to build ancestral temples to all who could prove an aristocratic or high-official ancestry, ancestral sacrifice at the halls—a lineage group often had more than one hall to house their ancestors—became the focus of lineage organization in those parts of China which were particularly successful in the examination. That ritual revolution of the sixteenth century tied in very closely with the monetary revolution that was introduced by the influx of silver, and the two totally altered the Chinese social landscape.¹⁵

Within the new landscape, strongly supported by a money economy, and indeed, a prebendal governmental structure, teaming with clerks and secretaries who were expert in matters of administration and who dealt with them through the use of written records, as well as officials who not only believed in ritual propriety, but also that the same propriety should be directed towards family honour as much as the stability of the state, should one look upon the family

14 Patricia Buckley Ebrey, *Confucianism and Family Rituals in Imperial China: A Social History of Writing about Rites* (Princeton, NJ: Princeton University Press, 1991), and trans. and annotated, *Chu Hsi's Family Rituals: A Twelfth-century Chinese Manual for the Performance of Cappings, Weddings, Funerals, and Ancestral Rites* (Princeton NJ: Princeton University Press, 1991).

15 David Faure, *Emperor and Ancestor: State and Lineage in South China* (Stanford, Calif.: Stanford University Press, 2007), and Chang Jianhua 常建華, *Min dai zongzu yanjiu 明代宗族研究* (Shanghai: Shanghai People's Publishing House 上海人民出版社, 2005).

rituals as an indication of "fetters of the economy" and the "absence of natural law and the formal logic of legal thought"?¹⁶ I think not.

If one would read Weber for what he said, he actually said quite a lot about the economic functions of the lineage (i.e. the sib). Yet, whatever economic functions he saw in the sib, they took place in the village and not in the cities. Obsessed with the argument that Western capitalism had arisen from the city, and not finding in China a similar bourgeoisie, he dismissed the lineage on trivial grounds: it was a "resolute and traditionalistic power" opposed to the "rationalism of bureaucracy" in which "a firmly cohesive stratum of village notables" opposed any change.¹⁷ As for "law", again, translation is a factor that comes to mind. By the nineteenth century, Westerners translated for "law" what the Chinese called "*fa* 法," and "ritual" what they called "*li* 禮". "*Fa*" included the penal code (if subject did x, he or she was punishable by terms specified as y), a judicial process that lacked independence, and an enforceable agency, be it the magistrate's runners, the local watchmen or troops. However, as the Japanese legal historian Shiga Shuzo (滋賀秀三, 1921-2008) points out, the Chinese magistrate did not by any means only rely on "*fa*" in his trials. He characterised the trial decision as dependent on "human considerations, reason and *fa*" (*qing* 情, *li* 禮, *fa* 法), the first item of which would have included what the Chinese called "*li*". Now, it is important to note that the terms for "*li*" were not local traditions but recorded and debated in writing. "*Li*", in fact, was not meant to be arbitrary; it emanated from the orders of the universe (perhaps not too far off to characterise that as the "natural" order) and knowledge of that fell within the preview of the literati. While the penal code spelled out the terms of punishment, therefore, what belonged to whom was often a matter of "*li*".¹⁸ If we could add to

16 Max Weber, *The Religion of China*, pp. 95-100, and 147-150.

17 *Ibid.*, p. 95.

18 Shiga Shuzo 滋賀秀三, "Qingdai susong zhidu zhi minshi fayuan de kaocha: zuo wei fayuan de xiguan," [On the Civil Law Origin of Trial Procedures in the Qing Dynasty: Custom As the Origin of Law], in Shiga Shuzo, Terada Hiroaki, Kishimoto Mio, Fuma Susumu, *Ming-Qing shiqi de minshi shenpan yu minjian qiyue* 明清時期的民事審判與民間契約, Wang Yaxin 王亞新 et al. (trans. and eds.) (Beijing: Law Press 法律出版社, 1998), pp. 19-53.

this picture one caveat, namely that the magistrate as registrar of land and people would have had specialist knowledge of those subjects rather than of trading, it would be possible to understand both why, contrary to what Weber might have believed, the Neo-Confucian impact promoted economic activities, and, at the same time, did not, as Weber correctly believed, drift towards an urban-based capitalism.

Zhu Xi in effect provided a justification for private wealth in imperial China in much the same way as Bernard Mandeville (1670-1733) did five centuries later in Britain, but with one difference. Mandeville's bees behaved as individuals, Zhu Xi's ancestor-worshippers held property in a group, in the ancestor's name. Holding property in the name of the ancestors worked better than even the Neo-Confucians could have anticipated. Ideologically, it fitted in well with the politics of the imperial state, especially from the sixteenth century when filial piety became a mainstay of state ideology. As a device for managing property, it came with its own principles of equity, derived in the first place from the principles of inheritance. Properties set up in the name of the ancestor would have been managed by descent lines, and any dividend would have been distributed to all male offspring. As rights were acquired through contribution, they could likewise have been sold from one party to another. The ancestral "trust", as it has been called, would have become an instrument for investment, as indeed it was, when its capital was invested into land, mines and markets. Weber was right that capitalism in China did not take root in the city, but he was wrong in thinking that only in the city could it take root. I must add in saying this, I refer to the capitalism that was characteristic of the sixteenth to the eighteenth century. By the nineteenth century, global industrialization had quite changed the dynamics of investment (but more of that in the next section).

There is yet the question of Daoism, "heterodoxy" to Weber, as if he was looking for a viable breakthrough from the gridlock of Confucianism on the road to capitalism. Daoism, is often construed with Buddhism and Confucianism as

one of three religions in China. Under that rubric, Western observers have brought together magic, popular cults, religious orders (not one but many) based on texts and master-to-disciple transmission, geomancy, exorcism, internal bodily exercises, medical cures ranging from spells to herbal medicines, and the state cult. Students of Daoism have moved a long way from that grouping, as evidenced in the term "popular" or "folk" religion which they now use.¹⁹ The term "popular" or "folk" Daoism concedes the utility of relating Daoism to its monastic connections but challenges the sufficiency of classifying China's religion into the three generally accepted labels. Popular religion, clearly, is not any one of them. It is not, in itself, a unified whole, but a messy conglomeration of rituals and processes, some of which are conducted by villagers themselves, and others by specialists who for a better term are often translated as "priests". In this very amorphous body of thought, it is hard to pin down exactly where Weber thinks Daoism was "essentially even more traditionalist than orthodox Confucianism,"²⁰ or why it would not "produce sufficiently strong motives for a religiously oriented life for the individual such as the Puritan method represents."²¹

Nevertheless, why must one be obsessed with the Puritan aspiration in any search for the origins of capitalism and why must it come from a heterodox creed? Chinese historians have taken Weber to task on that one by pointing out that Neo-Confucianism itself provides enough of the foundations for a capitalism of the Chinese style (as for example, with strong government direction much as was found within Western mercantilism, a view that should make a comeback in these days of the sovereign fund).²² China, after all, did not face the taboo on usury that was imposed by the Christian church.

19 Daniel Overmyer, *Folk Buddhist Religion: Dissenting Sects in Late Traditional China (East Asian)* (Cambridge, Mass.: Harvard University Press, 1976), and John Lagerwey, *China: A Religious State* (Hong Kong: Hong Kong University Press, 2010).

20 Max Weber, *The Religion of China*, p. 205.

21 *Ibid.*, p. 206.

22 Yu Yingshi 余英時, *Zhongguo jinshi zongjiao lunli yu shangren jingshen [Religious Ethics and the Mercantile Spirit in Modern China]* 中國近世宗教倫理與商人精神 (Taipei: Linking

If we look hard enough into the many areas of beliefs and practices associated with Daoism and popular religion, and especially, if we can disregard their historicity within the two and a half millennia of their existence, we are certain to find elements (or, functions) which can be construed as having been contributory to the economy. But such an effort would not really be worth the while unless those beliefs and practices might be laid out in an intellectual genealogy which might be compared to a similar genealogy of the Western experience, and indeed, the experience of other societies. Given the very long time span, it would seem much more reasonable to expect diverging trajectories. Some Daoists, it seems, invented household registration long before the Chinese state adopted it,²³ and the alchemists might have brought about the beliefs that led to the discovery of bodily forces which culminated in acupuncture. Whether any of this had much to do with capitalism depends on the intellectual genealogy that one might wish to compile, and, if the state could be given its part in the evolution of capitalism, then the early discovery by the Chinese that imperial government must advance with knowledge of local gods would have to be given its place. My own reading of the statist side of the story is that much store need be put on the development of orthodoxy—which in China was brought about without a church, unless the imperial government itself was the church—and that evolved over centuries with the extension of writing (both functionally and geographically), the application of writing and written texts as an instrument to transform magic into ritual (undertaken by Buddhists, Daoists and Confucians), and the association of textual orthodoxy with master-to-disciple relationships. If Weber loses his case against Confucianism (and I certainly think he does), the intellectual genealogy that he constructs for the Chinese case, meant to be a test of his argument of the Western case, flies out of the window. To understand the

Publishing 聯經出版公司, 1987).

23 John Lagerwey, "Zhengyi Registers," *Journal of Chinese Studies*, Special Issue (2005), pp. 35-88.

history of capitalism, that genealogy has to be rewritten. However, to do that, we need Weber.

Business, Profit and Capitalism

If a history of Western capitalism is to be sought, Braudel is a better guide than Weber. Yet Braudel has really only built on Weber's insights. The Weber he builds on is not the Weber of the *Protestant Ethics*, it is that of *Economy and Society*.

The point of departure for *Economy and Society* should be the marginal utility theory of value. Read against the labour theory of value that it replaced, marginal utility suggested that economic behaviour could be explained not with reference to the intrinsic value of a commodity but from a subjective assessment of its utility. Menger realised that his discovery could broaden to the explanation of social behaviour in all fields, not only in economics. Weber's *Economy and Society* began very much from that supposition. Sociological explanations rest neither in the functions of human action to society as a whole, nor in the historicist time trends, but in the perceived calculability of the outcome of human behaviour as embedded in institutional expectations.

Weber's treatment of the calculability of human action demonstrates his departure from contract theory. Menger, in fact, dealt with that long before Weber when he showed that institutions should be understood in terms of the unintended consequences of individual actions.²⁴ In Weber, the individual might only calculate insofar as the means are available to enable calculation. Without money, for example, it would not be possible to put a numerical value to a commodity, and calculation would have to be that much less exact. The use of accounts would

²⁴ Carl Menger, *Investigations into the Method of the Social Sciences with Special Reference to Economics* (New York: New York University Press, 1985), pp. 139-159.

be another step towards sharper calculation, and the use of double-entry would allow the thought experiment that compares likely capital gains from different strategies of investment, making maximisation not only an aspiration, but a reality. No historicist development from one to the other is intended, nor has it to be supposed that the means must necessarily have been expressed as an institutional objective. Rather, because human beings calculate using the means available for calculation, it is possible to document what those means are and to suppose that the consequences of their calculation can themselves be calculated provided those means are known.²⁵

Because Weber puts capital accounting in a central position of his understanding of capitalism, *Economy and Society* presents the history of capitalism as part of his sociology of economic action before it goes into other forms of calculability, such as legitimate domination (that is, the power hierarchy), organized groups and religion. Almost hidden in his discussion of the "disintegration of the household," which he associates with "the rise of the calculative spirit and of the modern capitalist enterprise"²⁶ is his summary of what he thought was crucial in the development of Western capitalism:

What is crucial is the separation of household and business for accounting and legal purposes, and the development of a suitable body of laws, such as the commercial register, elimination of dependence of the association and the firm upon the family, separate property of the private firm or limited partnership, and appropriate laws on bankruptcy.²⁷

25 Many institutions are unintended, as Menger argues. For an interesting one in connection with accounting, see James Aho, *Confession and Bookkeeping: The Religious, Moral, and Rhetorical Roots of Modern Accounting* (Albany: State University of New York Press, 2005).

26 Max Weber, *Economy and Society: An Outline of Interpretive Sociology*, Guenther Roth and Claus Wittich (eds.), trans. by Ephraim Fischhoff et al. (Berkeley: University of California Press, 1978), p. 375.

27 *Ibid.*, p. 379.

He went on from there to a paragraph which brilliantly pointed out all the major differences in commercial practices between China and the West: the prevalence of family property and joint liability in China but the dependence on patronage rather than law in the development of Chinese business.²⁸

The discussion on groups opens the way to a very lengthy account of the emergence of modern Western law from Roman and medieval origins. Inasmuch as China comes into the argument, it has been more forcefully put by Berman.²⁹ Law (not "fa") was a Western creation, and what China had was very far from Western law. Insofar as the independence of the firm from the family, limited partnership and bankruptcy were defined in law before those concepts were introduced into China in the second half of the nineteenth century, there might be a prima facie case for arguing that what the Chinese had similar to the Western legal system did not lead to, and perhaps could not have led to, such elements of commercial law that underpinned the financing of contemporary nineteenth-century commerce and industry, but that would have left open the question of how, without having had the advantage of the background leading to that law, China could have been so commercially successful from the sixteenth to the eighteenth century.

Counter factials are always problematic for historians, and so at the risk of simplifying Weber, let me restate the argument at hand. Institutional calculability enables economic action, yet no social action is exclusively economic. The actor who takes account of the accounting devices for economic calculations also takes account of the power hierarchy, the terms and enforcement of the law, religious beliefs and more in arriving at a course of action. By the nineteenth century, some parts of the Western world had developed the accounting that allowed for maximisation, the law that provided for the separation of the firm from the

28 Ibid., pp. 726-727.

29 Harold J. Berman, *Law and Revolution: The Formation of the Western Legal Tradition* (Cambridge, Mass.: Harvard University Press, 1983).

family, and share-holding, so that share-holders might partake in the monetary profit of the firm, all amidst the religious drive to work and to save. Against that very Western description of economic intensity, China was falling behind. Its economic infrastructure was provided by a bureaucracy that depended on prebends and very largely mediated by extended households under bureaucratic patronage. Weber seized on the contrast of the West on the upswing and China on the downturn for a view of why China did not develop in capitalist ways. That begs two questions: what drove the Chinese economy in its upswing of the sixteenth to the eighteenth century before the downturn of the nineteenth, and why and if it was not possible for the Chinese economy, on its own, to develop the institutions that were needed to prevent the downturn?³⁰

I would like to think that as a China historian, I can deal with that question by saying that Weber's interest had been West-centred and that my job was to answer the question of Chinese history with only the China example in mind. Nevertheless, I do not think that is a good answer even for an understanding of Chinese history, let alone it being a poor one if our objective is a universal history that will take account of the experience of both West and East in our generalizations. I think if we reword the Weberian argument from the assumption of institutional calculability, there are some hopes of arriving at a better answer. In the global history context, part of the answer is technological, a factor that Weber did not at all take into account. Nineteenth-century economic development was very much tied up with the history of the steam engine and its applications, before that was followed by the chemical industry, steel and the consumer in manufactures (cotton cloth, and then the sewing machine, the bicycle and even the type writer). Nineteenth-century China was ill prepared for all those developments on technological as well as financial grounds. The scale of operation introduced by the steam engine was unheard of in the pre-steam age, and it can be put down as a weakness in Weber's argument that while his interest

30 David Faure, *China and Capitalism: A History of Business Enterprise in Modern China* (Hong Kong: Hong Kong University Press, 2006).

in Western capitalism was often focused on the sixteenth to the seventeenth century, his comparison of the West and China pertained to the age of steam of the nineteenth century. China might not have needed the independence of the business firm, the separation of family from the firm, or limited partnership for an economy driven by pre-steam technology, as, indeed, neither did Europe.

When the scale of operation consisted of small teams of workmen, the investment required could often be funded by people who were well acquainted with one another, and who, therefore, conducted business under a non-business guise. They would have been supported by ties established on lineage or territorial grounds, often expressed through common sacrifice, but their dealings would have consisted also of paper instruments. Those instruments were of three sorts: account books, deeds of sale almost invariably of land but occasionally of people, and genealogies. The account books tended to consist essentially of incomes and expenditures, including loans and advances and their repayment. The deeds were highly formalized, embodying numerous elements which reflected the terms of the penal code. The genealogies traced lineage connections, usually of persons involved collectively in sacrifice at the graves or halls of common ancestors. Together, the instruments were sufficient to create legal persons: it was possible to hold property in the name of an ancestor or an association, and it would have been clear enough how that was managed. It is often said the emphasis on land represented a drain of capital from industry and commerce, but that generalization quite misreads the purposes of holding land. Business partnerships were frequently expressed in the common holding of land, as, for example, in collective ownership of the market place or a mine. As registrar of land and people, the county magistrate who was also chief judge in the county, was expert in matters connected with land, but, because of his long years of education and apprenticeship in administration, not of commerce. My colleague Chiu Peng-sheng 邱澎生 has documented that in the city of Suzhou, by the eighteenth century, magistrates adjudicated on incidents of brand name violations, but the development of such specialized commercial knowledge

would have been isolated examples.³¹ Qing magistrates described the mainstay of the disputes they tried as consisting of "marriage, household and land." The investments that were made were at times substantial. In the delta areas they went into land reclamation on a large scale. Funds were collected on a contributory basis and contributors to the projects held shares—that is to say, they held no part of the estate, but only shares within the holding fund. Some such understanding allowed the shares to be bought and sold, but conditions varied a great deal. Because no law protected the funds as such, they existed through the protection of local political powers, that is to say, by political patronage.

The reason why the predominance of such share-holding operations did not create the investment environment for steam-based industrial and commercial development in the nineteenth century has to do with banking. The banks that were formed on the share-holding structure in existence for Ming and Qing China were tiny by Western standards in the nineteenth century. The Chinese native banks missed out in particular on two scores. Despite what China historians say about the common use of bills, commercial papers drawn on banks were poorly developed. The native banks had little to do with the financing of the lineage or temple association collective projects. Moreover, the banks offered credit on the strength of their reserves of silver or copper coins, unsupported by public debt. That was not because public debt was absent in China. I have argued that in the Ming, it characterized the entitlement to salt given to merchants by the government in recognition for the transport of grain to the northern borders. The entitlements became negotiable instruments and were speculated on. The Ming government itself respected the debt carried in the instruments despite the tremendous administrative problems they caused, but, by the seventeenth century, replaced the salt ticket bearing the entitlement with authorized merchant syndicates. In effect, it abolished the market in salt tickets and threw in its lot

31 Chiu Peng-sheng 邱澎生, *Dang falu yushang jingji: Mingqing Zhongguo de shangye falu* [When Law Meets Economics: Commercial Law in Ming Qing China] 當法律遇上經濟：明清中國的商業法律 (Taipei: Wu-Nan Book Inc. 五南圖書出版公司, 2008), pp. 197-201.

with the more prevalent form of capitalization that was made possible by political patronage.³² Political patronage, known by the nineteenth century as official-supervision and merchant-management, was the order for the provision of capital for business projects. A major change was brought about when the company law was introduced (first in Hong Kong in 1865, forty years before it became law in Qing China in 1904). That, however, must be story for another day.

Weber and Institutional History

In short, I am certain Weber is wrong about capitalism in China. My take is that capitalism arose quite early in China, at least by the fifteenth century, but maybe also before, but the Chinese imperial state abolished it and turned to patronage (the prebendal state), not the other way round. It then picked it up again by the end of the nineteenth century, falteringly at first, but from the 1980s much more effectively. I have not searched hard enough in Weber to see how much he anticipated the connection of banks and capitalist investments, or the important part that was played by commercial papers in the process. However, those are details. I have no doubt Weber changed the course of how social history should be written. I think he did that by making it part of his argument that expectations on human behaviour are derived from institutions.

The Weberian approach argues against the historicism and narrow legalistic focus that characterize much of traditional Chinese institutional history. It also goes against the economism in Marxism, or the assumption on social unity in Emile Durkheim (1857-1917). Since institutions are no more and no less than expectations of human behaviour arising from reality that is ascribed to beliefs, they have to be created and legitimised much as the steam engine itself has to be

32 Also in Puk Wing-kin, "Salt Trade in Sixteenth-seventeenth Century China," unpublished Ph. D. dissertation (University of Oxford, 2007).

invented. Institutional history, therefore, must deal with institutional inventions. The Weberian question asks what must be assumed for an institution to be invented (that is to say, what other institutions must have been in place prior to the one under discussion), and the trajectories of series of such inventions compared and contrasted account for variations in societies. That was the method that Weber was demonstrating in the two essays that make up the *Religion of China*. For the most part, it was not his method that was at fault, but he was fed the wrong facts.

I should also answer here one of the reviewers of this paper who lamented my ignorance of Weber's sociology. I accept the description willingly, and am pleased to know that Weber would, correctly—in my view—accept that capitalism could have developed in China even if China proceeded on a trajectory that was different from the West. I agree whole-heartedly that from the sixteenth century, institutions evolved in Europe that were very different from those that evolved in China at the time and that they were decisive in the economic divergence between Europe and China by the nineteenth century. I am not sure we always know what those institutions were. In my *China and Capitalism: A History of Business Enterprise in Modern China*, drawing on my understanding (no doubt, incomplete) of Weber, I argue that one set of those had to do with capital accounting, debt (especially the national debt), banking, company law and share-holding in an open finance market (such as a stock exchange), and not the patriarchalism (or Confucianism) that Weber made a great deal of. I also suggested another set that I did not draw from Weber that had to do with the technology that went into the steam engine, which was built with machine tools that were a long way from tools used by workmen in China until they were introduced from the West. I agree with the reviewer, as I indicate in this paper, that there is much the China historian has to learn from Weber, and like the reviewer, I do not think the comparison of China and the West is very much advanced by thinking that one was rational and the other not (or less so). For me, the heart of the lesson from Weber is rephrasing the rationality question

(in areas in which action might be said to be rational, i.e. where ends are matched to means): do not ask if one is rational, but ask if one were, what means were available to allow for rationality. China historians have, by tradition, learnt to think about Chinese society in terms of "control", by government, by fathers, by religion etc. Institutional Chinese history has, therefore, by tradition, been a history of how successive Chinese governments controlled or failed to control its population. Reading Weber as a humble China historian, I have been able to substitute the "control" argument with the view that institutions were only as good as the ends that might be calculated from specified means and that, even then, the historian has to be satisfied with unintended consequences. Maybe my reading is an unintended consequence of Weber's writings, but, I think, that would fall quite within his theory.♦

♦ Responsible editor: Chung-lin Wu (吳忠霖)

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