

Is Confucianism still a hindrance for Capitalism in China?

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The aim of the paper

- To analyse to what extent Confucianism is at odds with the requirements and pressures of the increasing modernization of Chinese society
- This aim is pursued through a review of the classical text of Max Weber (The Religion of China. Confucianism and Taoism) confronted with stylized facts about the Chinese economic development in the last decades

The aim of Max Weber's book

- It is part of a series of texts (most famous *The Protestant Ethic and the Spirit of Capitalism*) that gave priority of cultural/religious factors in explaining economic development
- Together with other texts, the study of China was meant to demonstrate how culture/religion has hindered the emergence of a rational capitalism contrary to the role of the protestant Christianity (puritanism) in the West (*the Occident*)
- Confucianism) is seen as the Chinese 'religion'. Taoism is interpreted as the main heresy.
- The book was first published in German 1915. The English translation was published in 1951.

A cultural economic approach

- Evidence of the importance of culture on human behaviour is manifold
- For instance, radically different responses to similar event in different cultures. Natural disasters: the Katrina hurricane in New Orleans in 2005 versus the Tohoku earthquake and tsunami in Japan 2011





Stylized facts – the data

- An explorative research project funded by the British Council.
- The study consisted on (a) extensive desk research (literature review), (b) interviews with experts, professionals and managers in China and observation field notes from six study trips to China in 2012-16.
- The primary data is collected in big cities in Heilongjiang, Jilin, Liaoning and Shandong - and in Sichuan.
- Supplementary data from newspapers and other contemporary sources are included to counterbalance the Northern and urban bias.

Confucianism brief (a) – hierarchy and reciprocity

- Five core relationships: emperor-subject, father-son, husband-wife, elder-younger brothers and friend-friend.
- All these relationships involve a set of defined roles and mutual obligations. With the exception of the last relation, all the others are hierarchical and dominant-subservient in nature.
- Harmony is achieved if each individual conforms to his or her proper role and act properly.

Confucianism brief (b) – cultivation of individual morality

- The other side of Confucian ideology is represented by five virtues (benevolence, righteousness, propriety, wisdom and trustworthiness) which nurtures the inner character of the person and furthers his or her ethical maturation.
- Requires continuous education and reflection
- The *ideal* of the cultured man, or the Confucian gentleman

Confucianism brief (c) – conformity, character building and social harmony

- One side of Confucianism is the conformity and acceptance of social roles,
- The other side is a lifetime commitment to character building.
- It prescribes an ideal for the state, i.e. that the governor is the father to his people and looks after their basic needs (*patrimonial state*)
- These two conforming and reforming sides of Confucianism define principles for appropriate individual behaviour in relation to others in a social hierarchy.

The downfall and revival of Confucianism

- In more than two millenniums Confucianism was entrenched in Chinese society as organizational principles and behavioural guidelines officially sanctioned and supported by education.
- Lost its official recognition and privileged position in the early 20th Century
- In the Maoist era, in particular during the Cultural Revolution, vestiges of Confucianism was vilified and purged as an ideology that hindered the creating of 'the new socialist man'
- Since then, a quiet restoration. Official and explicit since 2015.

Revisiting Weber's 'The Religion of China' (a)

- According to Weber, the sociological foundation of Chinese society is conducive to the development of rational capitalism. Several factors provides China with good material conditions for development of a capitalist economy (money economy, freedom of trade, movement and establishment, peace, infrastructure, etc.)
- However, Confucianism hinder/obstruct the emergence and functioning of Capitalism.

Revisiting Weber's 'The Religion of China' (b)

- Confucianism is not disposed to methodical control and rationalization of life, due to its world accommodating nature. Instead of changing the world, adjusting oneself to it is seen as virtuous.
- Because of its veneration for traditions and respect for ancestors, Confucianism is inherently sceptical toward technical inventions which disturb established patterns of behaviour.
- Extended kinship (*sib*) groups are major units of non-capitalist or petty capitalist economic activity that restricts the space for rational capitalism. Further, they also protect its members against economic adversities and decrease the motivation for payment of debts and work discipline.

Revisiting Weber's 'The Religion of China' (c)

- Confucian ethics rejects professional specialization, expert bureaucracy and special training due to the Confucian notion of 'a cultured man'.
- Rational capitalism requires instrumental rationality through specialization, professionalization and bureaucratization. The lack of emphasis on formal law and professional specialization constitute barriers to the rise of capitalism in China.

How does Confucianism underpin the economic growth process?

- Loyalty and obedience to superior authority – acceptance of the leading role of the CCP, low inclination to dissent and rebellion
- Strong work ethic - persistence/perseverance, hard working, long hours, migrant work, acceptance of precarious working conditions
- Family self-reliance - alternative to the welfare state, mutual dependence
- Having a sense of shame – supplements positive incentives for virtuous behaviour
- Thrift - high savings rather than conspicuous consumption
- Importance of education and learning
- Group orientation - commitment, OCB, whistleblowing
- Guanxi – networking, trust, compensates for lack of legal and financial institutions, positive and negative effects

How does Confucianism hinder the economic growth process?

- Lack of initiative and creativity
- Reliance on networks and authority rather than legal rules and formal contracts
- ‘Ruling by man’ rather than ‘ruling by law’
- Stress on morality and loyalty rather than professional skills
- Loyalty to guanxi networks higher than loyalty to work place
- Guanxi → corruption and nepotism
- Reciprocity costly
- Too much respect for tradition

'Confucian dynamism' (Hofstede)

- Hofstede & Bode (1988) measures the characteristics of Confucianism in relation to five dimensions: *power distance* high, *collectivism* high, *long term orientation* high, *masculinity* insignificant, *uncertainty avoidance* insignificant. Others also measure *masculinity* and *uncertainty avoidance* as high.
- Confucianism is seen as a combination of values oriented toward the future (persistence/perseverance, ordering relationships by status and respecting this order, thrift, having a sense of shame) and values oriented toward the past (personal steadiness, protecting your face, respect for tradition, reciprocity of greetings, favours and gifts).
- Confucian dynamism is associated with the relative importance of the Confucian values oriented toward the future and the relative unimportance of values oriented toward the past

Confucian dynamism?

- Confucian dynamics has facilitated or at least not hindered the stellar performance of Chinese economies but what about the future?
- The facilitating factors remain (perhaps apart from thrift)
- Some of the hindering factors are becoming weaker (anti-corruption, strengthening of regulation, professional skills, attitudinal changes)
- Law and formal contracts?
- The development is linked to broader issues of modernization

Modernity

The ensemble of particular socio-cultural norms, attitudes and practices linked to a modern society:

- the individual becomes increasingly important, eventually replacing the family or community as the fundamental unit of society
- questioning or rejection of [tradition](#); the prioritization of [freedom](#) and [formal equality](#); faith in inevitable social, scientific and technological [progress](#) and human perfectibility; [rationalization](#) and [professionalization](#); a movement toward profit orientation, [capitalism](#), and the market economy; [industrialization](#), [urbanization](#) and [secularization](#); the development of the [nation-state](#) and its constituent institutions (e.g. [representative democracy](#), [public education](#), modern [bureaucracy](#)) and forms of [surveillance](#); sexual freedom and increased role of women in all spheres of life.

Confucianism and modernity

- Confucianism is *modern* in some respects and distinctly unmodern in others
- There is a pressure for change in relation to all the dimensions of modernity
- Some of these pressures are being suppressed or modified

Modernity pressures in Contemporary China

- Individualism (Western cultural influence, consumer behaviour) – but role of family socially and culturally entrenched
- Less subservient (broader outlook, more inclination for open dissent, demand for influence and self-determination)
- Skepticism toward inherited forms of group orientation/guanxi
- Attitudinal differences young versus old
- Effects of the one child policy among urban professionals
- New middle class norms, new aspirations linked to quality of life

New middle class norms - example

- *“As all our friends we would move abroad if possible, preferably Japan and alternatively Canada, Australia or the USA”. Why?”. “Because quality of life is so poor in China. The pollution, especially air quality, is intolerable; the low food security is a major concern; welfare is poor with insecure pensions and malfunctioning health system that requires access through personal network to get proper treatment, money is not enough; life is stressful, not the least for school children and parents”*

Interview with young female professional (married to a middle ranked party official)

Freewheeling modernity - crony capitalism, exploitation and immoral profit seeking

- Confucianism has the potential of providing a mental framework for an indigenous Chinese form of corporate social responsibility. However, manifold recent business scandals show widespread disregard of corporate social responsibility and evidence of immoral profit seeking.
- Product safety issues (tainted pet food, toxic toothpaste, toxic toys, defective tyres, fake medicine) as a result of cutting corners in the face of weak regulation and guanxi corruption
- Labour conditions (exploitation of migrant workers, forced labour and human trafficking, widespread negligence of formal labour rights, deaths in the coal mines)
- Pollution (worsened by 'business friendly' deals and disregard of violations)

Emerging protests and conflicts

- Protests against pollution
- Access to education
- Pension rights
- Labour disputes (2007: 23; 2012: 209)
- Rural protests over land grab/low compensation (anger, protests, campaigns, petitions (2010: 180.000))
- Rural riots (Fuyou, Wukan)

Problems caused by too little Confucianism

- Immoral profit seeking is a result of too much unrestrained modernity and too little Confucianism (the perpetrators are no 'gentlemen')
- Corruption, exploitation of labour and land grab are caused by violations of the Confucian requirements of mutual obligations, reciprocity and paternalism

More Confucianism as the solution?

- CCP has recently restored Confucianism as a moral foundation seeking a fresh source of legitimacy by reinventing the party as inheritor and saviour of a 5,000-year-old civilization
- A means to counter the spread of Western political ideals of individual freedom and democracy in perhaps a long-term cultural contest of values and ideology
- Since 2014, the party has publicly ordered its officials nationwide to attend lectures on Confucius and other classical Chinese thinkers
- Confucianism reintroduced in the education system; revision of curriculum, schoolbooks and university entry exams, even 'traditional' civil servant exams; teacher retraining; while limiting use and access to Western textbooks and cultural products

The revival of Confucianism – what does it mean?

- CCP seeking legitimacy?
- Complements the anti-corruption campaign?
- Against democracy?
- Counteracting the immoral traits of modernity?