

Relationships between Confucianism and the Economic Development of Contemporary Chinese Societies

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Introduction

There has been a lot of arguments on the relationships between traditional Chinese culture represented by Confucianism and the economic development of contemporary Chinese societies, including those of contemporary New Confucian scholars (当代新儒家学者), since the 1970s. In this paper, I will analyse the background of the discourse on the relationships between Confucianism and the economic development of contemporary East Asia, the factors behind the rapid economic development of contemporary Chinese societies (e.g. Hong Kong, Taiwan, Singapore and Mainland China), as well as to what extent the economic development is related to Confucianism.

1. The Discourse on the Relationships between Confucianism and the Economic Development of contemporary East Asia

First of all, we should understand the historical background behind New Confucian scholars' arguments on the relationships between Confucianism and the development of contemporary East Asian economies and enterprises.

Japan's economy took off in the 1950s and 1960s. Following the substantial increase in world oil price after the 1973 oil crisis caused by the oil embargo imposed by the members of the Organization of Petroleum Exporting Countries (OPEC), Japan further increased its trade surpluses by exporting large quantities of cheap and oil saving automobiles to the United States. In the 1980s, Japan further increased its trade surpluses by exporting computers, semi-conductors and automobiles to the US. Although the exchange rate of Japanese yen to U.S. dollar was substantially appreciated in the Plaza Accord (Plaza Agreement) in 1985 to increase Japanese import price, Japanese trade surpluses with the US continued to grow, while Japanese companies had acquired many famous properties and companies in the US in the late 1980s.¹

The economies of the 'Asian Four Little Dragons' (亚洲四小龍, i.e. Taiwan, Hong Kong, South Korea and Singapore) also took off in the 1970s and 1980s.

¹ Examples included Mitsubishi Real Estate's (三菱不動産) acquisition of Rockefeller Tower and Sony's acquisition of Columbia Picture in 1989.

Hong Kong's economy developed in the 1950s and 60s by exporting textiles, garments and plastic flowers, as well as took off in the 1970s by exporting electronics components, watches and toys. Hong Kong's economy continued to take off in the 1980s when its manufacturing industries moved the factories to the newly opened special economic zones (经济特区) in the Guangdong Province to reduce production costs and maintain their competitiveness, while Hong Kong developed into an international financial centre. Taiwan's economy took off in the 1970s and 80s by exporting high-tech (e.g. computers and semiconductor) components, which was aided by the development of Hsinchu science and industrial park (新竹科學工業園) and the launching of the Ten Major Construction Projects (十大建設) during this period. Singapore's economy took off in the 1970s and 80s by developing into the international trading and financial centre of Southeast Asia. South Korea's economy also took off in this period by developing heavy industries (e.g. steel and shipbuilding). Even the economy of Mainland China started to develop in the late 1970s after the Chinese government adopted the 'reform and opening up policy' (改革開放政策) in 1978.

The rapid economic development and industrialisation of East Asia in the late 20th Century, as well as the competitiveness of East Asian business enterprises in the international market shocked Western scholars. Since East Asian areas shared some common cultural characteristics influenced by Confucianism, many Western scholars wanted to find out the cultural factors behind the economic development of East Asia, as well as the relationships between Confucianism, modern capitalism, business activities and development.

Since the early 1920s, New Confucian scholars have been trying to highlight and assert the uniqueness and strength of traditional Chinese culture centred on Confucianism by comparing it with modern Western culture, suggesting that traditional Chinese culture can supplement the insufficiency and weaknesses of modern Western culture, while synthesizing traditional Chinese culture with modern Western culture can contribute to the modern world, realizing the modern revival and revitalisation of traditional Chinese culture.²

Therefore, when the economies of the East Asian areas influenced by Confucianism were rapidly developing in the late 20th Century, New Confucian scholars who were active in the Western academic circle at that time (e.g. Du

² In his book 'East-West Culture and Philosophy 東西文化及其哲學' (1921), first generation New Confucian scholar Liang Shuming (梁漱銘) compared Chinese and Western culture, suggesting that modern Western culture represents the conquest of nature as a means of satisfying basic desires, while traditional Chinese culture focuses on developing ethics and morality to attain the harmony between human and human, as well as between human and nature in order to achieve inner contentment. Liang suggested that the West's pursuit of material and scientific development led to poor spiritual life and substantial spiritual sufferings to its people, while Chinese culture's stress on internal life and peace of mind could solve this problem (Alitto 1979: 105, 121, 122).

Weiming 杜维明), in response to Western scholars' questions on the cultural factors behind the economic development of East Asia as well as the relationships between Confucianism and economic development, argued that Confucianism was a driving force behind the rapid economic development of East Asia.³ They tried to draw a parallel with Max Weber's argument that Protestant ethics was a driving force behind the emergence of modern capitalism in the Western European areas influenced by Calvinism (Du 1984: 67-74, Du 1992: 126-8).

2. Factors Behind the Economic Development and Take-off of Contemporary East Asian Chinese societies in the Late 20th Century

Before analysing the relationships between Confucianism and the economic development of East Asian Chinese societies, I would like to highlight the historical background as well as the various political, economic and international factors behind the economic development and take-off of East Asian Chinese societies in the late 20th Century.

Hong Kong was only one of the trading ports on the coast of China before 1949. Nevertheless, the influx of large numbers of Shanghai capitalists providing entrepreneurship, capital, skills and technologies, as well as large number of refugees from Guangdong providing cheap labours, before and after the communist takeover of China in 1949 had created a favourable condition for the development of labour intensive industries. Aided by the economic growth of Western developed countries in the 1950s and 60s, Hong Kong's economy grew in the 1950s and 60s by exporting textiles, garments and plastic flowers, as well as took off in the 1970s by exporting electronics components, watches and toys. Hong Kong's economic development between 1950s and 70s was further aided by functioning as the major intermediary of trade, finance and shipping between China and the West when China was closed from the West.

When the production costs of Hong Kong (e.g. wages and rents) rose substantially in the late 1970s and early 1980s, Hong Kong's manufacturing industries were able to maintain their competitiveness by moving their factories

³ New Confucian scholars like Du Weiming tried to make creative and transforming interpretation of Confucianism by responding to the issues raised in the Western academic circle (e.g. religion, human rights, democracy, feminism and environmental protection) as Confucianism's Third epoch of development (儒學第三期發展). Their discourse on the relationships between Confucianism and the economic development of contemporary East Asia was their attempt to make Confucianism respond to the issue of capitalism raised by modern Western scholars (Du 1996a: 420, 433).

to the newly opened special economic zones in the Guangdong Province. As China's economy developed and its trade grew in the 1980s while its infrastructure and port facilities still lagged behind, Hong Kong continued to benefit economically by functioning as the intermediary of trade, finance and shipping between China and the world. Hong Kong also benefitted in the 1980s by serving as the intermediary of introducing foreign capital, technologies and human resources to China. Moreover, Hong Kong had developed into an international financial centre in the 1980s while Hong Kong people's speculative mentality and their urge to pursue short term quick profit had contributed to the flourishing of financial industries. The economic take-off of Hong Kong in the 1970s and 80s had also created a property boom during this period due to the substantial increase in property prices, contributing to the rise of property giants like the Cheung Kong group (長江集團) of Li Ka-shing (李嘉誠).

Finally, the British colonial administration had also contributed to the economic development and take-off of Hong Kong from the 1950s to 80s by providing a stable political and social environment, free, open and fair economic system, as well as good legal system and infrastructure.

Taiwan had already attained a certain level of economic development, with good infrastructure and high education level, as well as absorbed modern technologies and developed industries during the Japanese colonial period from 1895 to 1945⁴, which laid a good foundation for its economic development since the 1950s. After the nationalist government relocated to Taiwan in 1949, it carried out land reform and developed an export oriented economy in the 1950s by developing labour intensive industries. In the 1960s, the Taiwan economy was replaced by light industry as small and medium enterprises developed. America's economic and military aid to Taiwan had also contributed to Taiwan's economic development in the 1950s and 60s.⁵

Taiwan's economy took off in the 1970s when Chiang Ching-kuo (蔣經國) launched the Ten Major Construction Projects (e.g. North-South Expressway 南北高速公路 and Suao Harbour 蘇澳港), which laid foundation for further economic development. The establishment of the Hsinchu science and industrial park in 1980 laid foundation for the development of Taiwan's high-tech industries

⁴ Taiwan had heavy industries like aluminium and electric generating, as well as exported sugar in great amounts to Japan during the colonial period (Woo-Cumings 2005:104)

⁵ Economic aid equalled about 6% of GNP and nearly 40% of gross investment in Taiwan during the 1950s. The United States had provided \$5.6 billion in economic and military aid to Taiwan from 1946 to 1976 (Woo-Cumings 2005:105)

in the 1980s and 90s, especially in electronic information industry. The output of Taiwan's electronic information industry ranked third in the world in the 1990s.

Singapore was an important port situated at the strategic position between South China Sea and the Malacca Strait during the colonial period (1819-1963). Singapore obtained independence and joined the Federation of Malaysia in 1963. It was expelled from the Federation of Malaysia in 1965 after the Malaysian government was alarmed by the challenge of the People's Action Party (PAP) led by Lee Kuan Yew (李光耀) to the Malay dominance during the general election of Malaysia in 1964. Consequently, Singapore lost its economic hinterland and started to industrialize in the late 1960s through import-substitution. It shifted to export-led industrialisation in the 1970s by establishing industrial zones (e.g. in Jurong) and attracting multinational corporations to achieve industrial growth. By 1975, Singapore had established a substantial industrial base, with manufacturing's share in GDP climbing to 22% from 14% in 1965.⁶ Singapore also developed into the international financial centre of Southeast Asia in the 1970s. Singapore's economy continued to take off in the 1980s through developing high-tech industries (Singapore became the world's leading producer of hard disk drives in the 1980s), as well as further attracting the investment of multinational firms and developing its financial industries. In the 1990s, the foreign exchange market of Singapore ranked number 4 in the world (Lee 2000: 80).

Mainland China had achieved substantial economic growth during the First Five Year Plan (第一个五年計畫) from 1953 to 1957 when it built up its industrial system with the aid of the capital and technology of the Soviet Union. Nevertheless, after Nikita Khrushchev criticized Stalin and his policy during the 20th Congress of the Communist Party of the Soviet Union in 1956, he undertook economic reforms in the Soviet Union, which Mao Zedong (毛澤東) considered a deviation from Marxism-Leninism and was 'revisionism' (修正主義). In order to demonstrate the superiority of orthodox socialism and directly jump into the stage of communism, as well as to 'overtake the United Kingdom and catch up the United States' (超英趕美), Mao launched the 'Great Leap Forward movement' (大躍進運動) in 1958 to boost the Chinese economy under

⁶ "An Economic History of Singapore: 1965-2065" - Keynote Address by Mr Ravi Menon, Managing Director, Monetary Authority of Singapore, at the Singapore Economic Review Conference 2015 on 5 August 2015 (<http://www.mas.gov.sg/News-and-Publications/Speeches-and-Monetary-Policy-Statements/Speeches/2015/An-Economic-History-of-Singapore.aspx>)

the 'three red flags' (三面紅旗), i.e. the general line (總路線), the Great Leap Forward (大躍進) and the people's commune (人民公社). The failure of the Great Leap Forward movement had led to economic decline and large scale starvation from 1959 to 1961. Although the Chinese economy recovered after 1962, it declined again when the economic production was interrupted by the Cultural Revolution which Mao launched in 1966 to remove and purge the 'revisionists' and bourgeois elements that had infiltrated the government and society. China's economy grew again in the early 1970s when pragmatic officials returned to power and stressed on economic production. Nevertheless, the economic growth was limited in this period due to the interference of leftists like the Gang of Four (四人幫) represented by Mao's wife Jiang Qing (江青).

Although Hua Guofeng (華國鋒), the successor of Mao after his death in 1976, advocated the 'Four Modernisation' (四個現代化) of China, Hua upheld the 'Two whatever' (兩個凡是) principle (i.e. 'Whatever decision made by Chairman Mao, we firmly support; Whatever are Chairman Mao's instructions, we always follow') as his means of legitimising his authority. The Chinese economy really started to develop after the Eleventh Central Committee of the Third Plenary Session (十一屆三中全會) of the Chinese Communist Party in December 1978 when the CCP under Deng Xiaoping (鄧小平) shifted its focus to economic construction and adopted the 'reform and opening up policy. China's economy developed in the 1980s through undertaking rural reforms, i.e. by adopting the household responsibility system (包產到戶制) and contract responsibility system (承包生產責任制) in the rural areas to promote substantial increase in agricultural production and peasants' income, as well as by attracting foreign capital, technology, management and investment through establishing special economic zones in the coastal areas.

China's economy took off in the 1990s after Deng Xiaoping's southern tour in early 1992, which he reaffirmed the success of the reform and opening policy as well as pushed for further and deeper economic reforms (e.g. by reforming the state enterprises and making them operate according to market mechanism, as well as allowing the establishment of private enterprises). The economic take-off of China in the 1990s was benefitted by the mass migration of rural population to the cities as migrant workers (農民工), which provided huge number of cheap and hardworking labours for the factories to support the export led economic growth of China during this period. China's exports and trade surpluses further

increased after joining the WTO in 2001 while it became the second largest economy of the world in 2011.

The above analysis of the history of the economic development of Chinese societies in the second half of the 20th Century indicates that there are many non-cultural (e.g. political, economic and international) factors behind the economic development and take-off of the Chinese societies in that period.

3. Cultural Orientation and Characteristics Favourable to the Development of Commerce in Chinese society

Chinese people already had cultural orientation and characteristics favourable to the development of commerce in the pre-modern era. Such cultural orientation and characteristics existed before Confucianism became the official ideology of China in the Han Period (漢代).

Liang Shuming (梁漱溟) have pointed out the humanisation of Chinese culture after the Duke of Zhou (周公) established rites in the early Zhou period (周代) to reinforce the political and social order of China. Liang thought rites became non-religious after the Duke of Zhou humanised and transformed ancient religious rituals into human rite and music (禮樂). The cults of ancestor and Heaven were also transformed into a part of the non-religious Zhou rites (周禮) (Liang 1987: 87, 95-97). Maurice Freedman points out that religion did not exist in China as something separable but was an intrinsic part of a hierarchical society which was deeply linked with Chinese social relations and social order (Freedman 1974: 20-21). Tang Junyi (唐君毅) also points out that Zhou rites synthesised the spirit of family, society, politics, ethics and religion as the means of establishing order, while 'religion was embodied in humanity' (宗教融攝于人文) in Chinese culture (Tang 1955a: 83-88, Tang 1955b: 4).

Moreover, Chinese people's belief in and worship of a supreme personal deity '*di*' (帝) or '*shangdi*' (上帝) in the Shang Period (商代) was replaced by the belief in '*tian*' (Heaven 天) as an impersonal cosmic moral power since the Zhou Period (e.g. Mencius understood *tian* as the way which prevails in both the natural and human world) (Fu 1984: 9, 12-3, 22, 152, 154-5)

The humanisation of Chinese culture since the Zhou Period has led to the cultural characteristics of this-worldly and human orientation, focus on this world,

life in this world and human beings, as well as lack of concern for transcendence, religion and afterlife among Chinese people.⁷

Due to Chinese people's this-worldly and human orientation, focus on this world and life in this world, as well as lack of concern for transcendence and afterlife since the ancient period, Chinese people already stressed on pursuing worldly benefits in the pre-modern period, which was a favourable factor for the development of commerce. Max Weber has observed and pointed out that in no other civilized country has material well-being ever been so emphatically represented as an ultimate goal as it has been in China (Whimster 2003: 40-44).

We can find evidences in history which indicate that commercial activities were already quite developed in pre-modern China.

The state of Qi (齊國) on the Shandong (山東) Peninsula of China was prosperous in commercial activities and trades during the Spring and Autumn and Warring States Period (春秋战国时代). As early as the eighth century BC, the prime minister of Qi and philosopher Guan Zhong (管仲) had already mastered the basic rules of business environment and encouraged merchants to do trades in Qi by giving them tax breaks. Commercial activities were also very active during the Song Period (宋代), which was indicated in the use of Jiaozi (交子), a bill and paper currency (the first officially issued paper currency in the world) in the Sichuan (四川) Province during the Northern Song Period. In the Ming and Qing Period, Huizhou merchants (徽商) and Shanxi merchants (晋商) were very successful in commercial activities (Yu 2001). Shanxi merchants were very wealthy and almost monopolised China's remittance business at one point. Huizhou and Shanxi merchants, together with Guangdong (粵商), Zhejiang (浙商) and Jiangsu merchants (蘇商), were the 'five big merchant groups' (五大商幫) in Chinese history. As Lin Yifu (林毅夫) has pointed out, China was the largest economy of the world until early 19th Century while China had been the strongest economy of the world in the two thousand years before that (Lin 2012: 21).

⁷ As the successor of the Duke of Zhou and the culture of Zhou, Confucius has shown his focus on human being and life in this world, as well as his reluctance to talk about god, deities, spirits and afterlife in his sayings "If you cannot serve man, how can you serve the spirits?" (未能侍人，焉能侍鬼?), "If you have not known life, how do you know death?" (未知生，焉知死?) and "Revere spirits and deities but stay away from them" (敬鬼神而远之) in *Analects* (論語) (Yang 1984: 113, 61-2).

4. Further Development of Commerce in Pre-modern China Hindered by Certain Social System and Values Influenced by Confucianism

Since Chinese people have cultural characteristics and orientation conducive to commercial development while China had already attained a certain level of commercial development in the pre-modern period, why did commerce and capitalism did not develop further (e.g. the emergence of large scale commercial activities and systematic production systems associated with modern form of capitalism) in China before the modern era? It was not because of Chinese people's lack of intention and capability. As Weber points out, since the material conditions for the development of modern industrial society were about the same in Europe, India and China in the late Medieval Period, the capitalist development of Asian people was impeded only by tradition and not by lack of ability or will. Weber has suggested the link between Confucianism and the failure of the development of modern rational form of capitalism in China in the pre-modern period (Weber 1993: 266-9).

I suggest that the further development of commerce and capitalism in China in the pre-modern period was hindered by some social systems and values influenced by Confucianism.

Since civil service examination (科舉制), which the contents were based on Confucian classics, became a means of selecting government officials in China in the Tang Period (唐代), and especially after all government officials were selected through the civil service examination since the Song Period, Confucian scholar officials (士大夫) had the highest social status while merchants occupied the lowest rank of the social hierarchy in pre-modern China. That is why many Chinese people would choose the path of studying Confucian classics, passing the civil service examination and becoming officials as their means of attaining high social status, accumulating wealth and pursuing worldly benefits instead of engaging in commercial activities in pre-modern China. Merchants could only elevate their social status by buying official ranks or making their sons pass the civil service examination and become officials. The social system and values of despising merchants, commercial activities and profit making, placing merchants at the lowest rank of the society in pre-modern China was influenced by the Confucian notion of 'righteousness over profit' (重義輕利), which is indicated in Confucius' saying that "Gentleman talks about righteousness and bad person talks about profit" (君子喻於義, 小人喻於利) (Yang 1984: 39).

The above analysis has demonstrated how the further development of commerce and capitalism in pre-modern China (i.e. before its opening to modern Western powers in the mid-19th Century) was hindered by some social systems and values influenced by Confucianism.

Nevertheless, the social systems and values influenced by Confucianism, which had previously constrained the development of commerce and capitalism in Chinese societies, such as placing merchants at the bottom of the society, as well as despising and morally criticizing merchants, commercial activities and the pursuit of profit, had either disappeared or weakened by the late 20th Century, when East Asian Chinese societies developed their economies and merged with the global capitalist system. Therefore, the combination of Chinese cultural characteristics and orientation conducive to commercial development, government policies of encouraging the development of business and regarding economic growth as a major national goal, as well as ethnic Chinese people's strong urge to elevate their living standard, while regarding economic success as a major personal goal and ideal, became the strong driving forces of the rapid economic development of East Asian Chinese societies like Hong Kong, Taiwan, Singapore and Mainland China in the late 20th Century.

5. Business and Economic Development in Contemporary Chinese societies Aided by Certain Social and Cultural Values Inspired by Confucianism

Nevertheless, we can also find certain traditional social and cultural values inspired by Confucianism which had contributed to the business activities, enterprise management and economic development of contemporary Chinese societies.

First of all, the values of accepting and respecting authority inspired by the Confucian notions of 'xiao 孝' (filial piety) and 'zhong 忠' (loyalty)⁸ had contributed to the management and functioning of Chinese enterprises, which was a major driving force of the economic development of contemporary Chinese societies. As Gordon Redding has suggested, the function of Confucianism in facilitating Chinese people's acceptance of authority has contributed to

⁸ As Gary Hamilton points out, 'xiao' is a doctrine that defines a series of dyadic relationships and identifies the obligations to fulfil the role of the subordinate in those relationships. *Xiao* means obedience to the subordinate's role (Hamilton 2011: 92-93). The virtue of loyalty to the masters in pre-modern East Asia (e.g. officials' loyalty to the emperor in China and samurai's loyalty to the feudal lord in Japan) was the extension of the virtue of filial piety to the parents.

legitimising authority and justifying the authority relations in modern Chinese business enterprises (Du 1996b: 263-264).

Second, some scholars have also pointed out that some values inspired by Confucianism have supported the authority of the centralised state bureaucracy and facilitated the acceptance of the leadership of a bureaucratic elite. Ambrose King has pointed out that the Chinese ruler had the traditional right and duty to intervene in the socio-economic activities of society, a duty ideologically justified by the Confucian notion of cosmically based universal kingship (Son of Heaven/天子) based on the ‘Mandate of Heaven’ (天命). Du Weiming has also pointed out the Confucian idea that government assumes full and comprehensive responsibility for the well-being of people while bureaucrats are not merely government functionaries but also leaders, intellectuals and teachers of the people remains persuasive in East Asia (Krieger 1991: 35, Du 1996b: 231).

The value of accepting the authority and leadership of bureaucratic state inspired by Confucianism has contributed to the political and social stability, the close business government relationships, as well as the acceptance of active government guidance of business activities and economic development in ethnic Chinese societies, which were positive factors in their economic development in the late 20th Century.⁹ Scholars have attributed the success of the early stage of the economic development of contemporary East Asia, including Taiwan, Singapore and Mainland China, to the existence of development dictatorship (開發独裁), i.e. authoritarian state which had successfully led and adopted policies favourable to economic development.¹⁰

Finally, some scholars have pointed out the values of emphasising social harmony, education and renewal, which are inspired by Confucian notions like ‘attaining equilibrium and harmony’ (至中和) in *Doctrine of the Mean* (Xia 1983: 24), ‘learning hard without feeling weary’ (学而不厌) in *Analects* (Yang 1984 : 66) and ‘daily renewal and renewing everyday’ (苟日新，日日新，又日新) in *Great Learning* (Xia 1983: 5), as contributing factors to the economic development of ethnic Chinese societies by promoting social stability, high education level, creativity and innovation (Du 1996b: 263-264).

⁹ As mentioned before, the Singapore government under the leadership of Lee Kuan Yew had actively guided and planned the economic development of Singapore in the 1970s and 80s. Both state and private enterprises in Mainland China have close relationships with the government, which had been guiding and pushing the economic growth of China since the 1990s through monitoring the interest rate, exchange rate, property value, supply of fund, industry structure, and direction of economic development.

¹⁰ <https://ja.wikipedia.org/wiki/開發独裁>

Conclusion

My analysis indicates that the major driving force of the rapid economic development of East Asian Chinese societies like Hong Kong, Taiwan, Singapore and Mainland China in the late 20th Century was the combination of ethnic Chinese people's cultural characteristics and orientation conducive to commercial activities, their strong urge to elevate their living standard and pursue economic success, government policies of pursuing economic growth, as well as many different political, economic and international factors during this period, which is not related to the core teachings, notions, values and ideals of Confucianism or Neo-Confucianism like 'benevolence' (仁), 'righteousness' (義), 'rite' (禮), 'self-cultivation' (修身), 'unity of Heaven and human' (天人合一), 'inwardly a saint, outwardly a monarch' (内聖外王) or 'preserving the Heavenly ways and removing human desires' (存天理, 去人欲).

Nevertheless, I found that there are relationships between Confucianism and the economic development of contemporary Chinese societies. On the one hand, the rapid economic development of ethnic Chinese societies in the late 20th Century was facilitated by the disappearance or weakening of some social systems and values influenced by Confucianism, which had constrained the development of commerce and capitalism in pre-modern China. On the other hand, certain traditional Chinese social and cultural values inspired by Confucianism had become positive factors to the business activities, enterprise management and economic development of contemporary ethnic Chinese societies.

Therefore, I suggest that New Confucian scholars have exaggerated the contribution of Confucianism as the driving force of the rapid economic and business development of East Asia in the late 20th Century as their explanation of the cultural factors behind the economic miracle of contemporary East Asia posed by Western scholars. It was the continuation of the New Confucians' mission of asserting the strength of and revitalising traditional Chinese culture centred on Confucianism, which they believed can contribute to the modern world.

It also indicates the problem of their attempt to draw a parallel between their argument on Confucianism as the driving force of the economic development of East Asia in the late 20th Century and Max Weber's argument on Calvinism as the driving force behind the emergence of modern capitalism in Western Europe in the early 17th Century.

According to Weber's argument, the perception of economic success as the sign of salvation received from God influenced by Calvin's doctrine of 'predetermined predestination' and 'callings of God' had contributed to the emergence of modern capitalist spirit and production system in Western Europe by contributing to European capitalists' strong urge and motivation to become successful in economic activities, the transformation of Europeans' attitudes from other-worldly to inner-worldly asceticism, leading to the methodical rationalisation of life and systematized utilitarianism of living in the world and yet not be of it which produced rational spirit of the vocational man (i.e. the Protestant work ethic), the tremendous tension between this-worldly and other-worldly concerns which brought about the attitudes of rational calculation and manipulation within social and economic life necessary for the growth of capitalism, as well as the strong intention of rationally mastering and transforming the world which create a high degree of rationalisation that contributed to the rational industrial organisation of labour and mobilisation of resources (Weber 1992).

Compared with Weber's view that Calvinism and Protestant work ethics had directly contributed to the emergence and development of modern capitalism in Western Europe¹¹, as I have shown before, Confucianism's contribution to the economic and business development of contemporary East Asia was limited to indirect influence of certain East Asian values inspired by Confucianism (e.g. the values of accepting and respecting authority, stress on social harmony, education, renewal as well as loyalty to the superior and organisation).

Finally, my analysis and arguments in this paper can help to answer the following questions raised by contemporary scholars on the relationships between Confucianism, modern capitalism and economic development: If there are so many elements in Confucianism which are favourable to economic development as argued by the New Confucians and other scholars, why did large scale economic development and modern capitalism take place in East Asia only in the late 20th century but not before it? Why did China have so many problems in the process of modernisation and meeting the challenge of modern Western countries in the 19th Century (the late Qing Period) when China was so Confucian? Why did Weber and Chinese intellectuals in the early 20th Century like Chen Duxiu

¹¹ Weber attempts to trace the relationship between ethico-religious values and the structures which motivate various kinds of economic development. Weber was especially interested in the forms of rationalisation and rational mobilisation of resources in society that contribute to the rise of capitalism (Du 1984: 66).

(陳獨秀)¹² regard Confucian values and notions to be the stumbling blocks for modernisation and the development of a modern capitalist economy in China?

The answer is, while some social systems and values influenced by Confucianism were the stumbling blocks of modernisation and the development of a modern capitalist economy in 19th Century China, certain social and cultural values inspired by Confucianism became the positive factors to the modernisation and development of capitalism in ethnic Chinese societies in the late 20th Century.

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¹² Chen Duxiu stressed the incompatibility between Confucianism and modern political and economic systems in '*The Way of Confucius and Modern Life* 孔子之道與現代生活' (1916), pointing to its contradictions with the concepts of individualism, financial independence and independent political belief on which the modern economic and political system was based (*New Youth* vol. 2 (4)).

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