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Deception, corruption and the Chinese ritual economy

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In this essay, I will focus on three phenomena which have had a significant impact on the Chinese economy in recent years. The first is widespread popular concern about “deception” (pian) in the course of economic transactions. Anxiety about deception informs the buying and selling of goods and services in China in a number of interesting ways. The second is widespread concern with “corruption” (fubai), an increase in which is held to have seriously complicated modern economic life, and to have helped undermine traditional values and ethics. The third is the persistence of what might be called a “ritual economy” in China – and possibly even its growth and intensification. Depending on definitions, this ritual economy may be said to encompass not only traditional patterns of gift-giving during festivals and ritual occasions, but also the reciprocal provision of financial and practical support within networks of kin and friends, and – last but not least – the handing over of direct and indirect bribes as a kind of “tribute” to the powerful. By its broadest definition the ritual economy is huge, and a significant proportion of the goods and services purchased in China today are destined for circulation and consumption within it.

What brings these three things – deception, corruption and the ritual economy – together is their link to popular ideas about the morality of exchange. For this reason, I’d like to start by drawing attention to two rather different perspectives on the moral landscape of post-Mao economic life.

One perspective is seen in the fascinating work of Mayfair Mei-hui Yang, an anthropologist who carefully examined the exchange of gifts, favours and banquets, and in particular the ways in which such exchanges – integral to the art of “cultivating guanxi” (relatedness) – help to solidify ties between persons (Yang 1989, 1994). Much of Yang’s material came from cities, but such practices are perhaps especially visible in the Chinese countryside, where families are linked together in extensive

networks of reciprocity. They help each other not only with costly life-cycle rituals such as weddings and funerals, but also with practical activities such as harvesting and house-building (Yan 1996). To participate in such exchanges is to “follow li” (suili), that is, to abide by the precepts of conventional moral etiquette. However while this may, on the surface, seem the exact opposite of acting in immoral or “corrupt” (fubai) ways, everyone knows that similar (sometimes identical) practices and idioms of gift-giving and reciprocity are used to cultivate relationships which may indeed be corrupt, including those with important people such as government officials.

In analysing the highly complex business of Chinese reciprocity, and noting in particular the apparent intensification of the explicit “art of guanxi” in the post-Mao era, Mayfair Yang avoids drawing simple conclusions. However she does suggest that the ritual economy (or “gift economy”, as she refers to it) may have the potential to be subversive of the power of the state for two interconnected reasons. First, because the cultivation of relatedness through gift-giving and other means, including the outright giving of bribes, undermines the administrative effectiveness of the state and its mechanisms of control. Second, on a more abstract level, because the popular ethics which underpin the ritual economy (and which may be said to be “relational”) are contrary to those of Chinese communism (which may be said to be “universalist”). Yang suggests that by undermining both the mechanisms and the ethics of state control, the ritual economy may even contribute to ‘the development of civil society’ in China (Yang 1994:295).

However the Chinese economist He Qinglian, in her critique of the post-Mao reform process – which was written, as I should stress, about ten years after Yang’s original article on gift-exchange and the state – puts forward a rather different hypothesis. (I rely here on the detailed review of He’s book, Zhongguo de xianjing [China’s pitfall], by Liu Binyan and Perry Link in the New York Review of Books.) To put it bluntly, she suggests that the reform process in China has been a fraud, and that it is having extremely negative social and economic consequences. The rapid rise in average incomes, she argues, has largely been the product of transfers of wealth from the public sector into the private hands of ‘power-holders and their hangers-on’ (quoted in Liu & Link 1998:19). This she calls ‘the marketization of power’ (ibid:

20), a process in which illegal ways of making money are simultaneously the most profitable. For this reason, she suggests, the process will not produce a healthy civil society, nor will it produce a market economy in the normal sense. Inequality and corruption are increasing.

In order to illustrate the relationship between He's thesis and that of Mayfair Yang, allow me to quote from the review article by Liu and Link:

Some have argued that in any transition from a planned to a market economy, corruption and inequality are necessary, or perhaps even useful. He Qinglian acknowledges that when a society and economy are stultified by political terror, as China's were during the late Mao years, the unofficial trading of favors can indeed have a part in loosening up the system. But she argues that this stage has long passed in China, and that the effects of the corruption of the 1980s and 1990s have badly hurt the economy (Liu and Link 1998:22).

He calculates that of the money diverted in recent years to private use, less than 25% has actually made its way back to the economy as private capital, whereas over 75% has been spent on the 'bribes, entertainment, and favors that are necessary to divert the money and to cover it up', thus leading to staggering inefficiencies (Liu and Link 1998:22).

What concerns her most, however, is the effect of this process on public ethics and morality. At a time when people in China speak of "slaughtering" each other (zai) in economic transactions, Liu and Link observe:

Probably in no other society today has economic good faith been compromised to the extent that it has in China. Contracts are not kept; debts are ignored, whether between individuals or between state enterprises; individuals, families, and sometimes whole towns have gotten rich on deceitful schemes.

He Qinglian sees the overall situation as unprecedented. "The championing of money as a value," she writes, "has never before reached the point of holding all moral rules in such contempt." She finds the collapse of ethics – not growth of the economy – to be the most dramatic change in China during the Deng Xiaoping era (ibid:22).

The arguments of Yang and He might be said – hopefully without doing too much damage to the authors’ original intentions – to move in roughly opposite directions. Yang suggests that the morality which is found among ordinary people has the capacity to “trickle up”, undermining the state, transforming China into a more rather than less ethical place, and creating the potential for a Chinese civil society. By contrast, He suggests that corruption at the highest levels has the capacity to “trickle down” to the masses, undermining the ethical foundation of all social relationships, and destroying the potential for a Chinese civil society. The possibility that both of these arguments could be right rests in part on a conundrum found at the heart of Chinese ways of conceptualising social relationships. This is, briefly, that the most moral relationships, notably those between closest kin and friends – which in some contexts are portrayed as being above economic interest – are in fact intensely economic, and often quite oppressive and exploitative as well. Meanwhile, some of the least moral relationships, specifically those which are portrayed as “corrupt” (fubai), are able to share idioms of gift-giving, commensality and reciprocity with those which are portrayed as highly moral. The ritual economy can therefore be said to encompass relations of both kinds, and this arguably means that the upward-morality-transfer suggested by Yang and the downward-immorality-transfer suggested by He are both equally plausible outcomes of the system. In any case, both arguments highlight the possible connections between everyday Chinese morality – with all of its ambiguities – and the national politics of economic reform in contemporary China.

But now let me focus on this everyday morality in a bit more detail. I want to sketch out some highly selective ethnography from two Han Chinese localities where I have conducted fieldwork in the past: the farming community of Dragon-head, in northeastern mainland China, and the fishing community of Angang, in southeastern Taiwan. The conflation of material from Taiwan and China is of course very problematic; but the ritual economies of Angang and Dragon-head operate in a reasonably similar fashion, and I hope that in this case the conflation of material will not be entirely misleading. I should also stress that my examples are drawn from the countryside. One could argue that material from villages is irrelevant to the urban-

based, large-scale, and often institutionalised corruption which, in the view of many, is undermining the process of economic reform in China. But the popular moralities which I will here describe are not simply rural, nor are they esoteric: they arguably have a deep influence at all levels of Chinese society.

I'll start with ideas about deception. During my fieldwork in Angang (in Taiwan in the 1980s), and even more so in Dragon-head (in China in the 1990s), one of the notably frequent topics of conversation was the possibility of being “deceived” or “swindled”, pian, by others, and especially by strangers. The Mandarin term pian covers a good deal of ground, and may include, e.g., the selling of faulty goods (such as a radio which stops working after several weeks); or the selling of goods at inflated prices. It also means, more generally, to “take people for a ride”, for example by telling lies or tall tales (huangyan). If someone talks rubbish, a bystander may comment pianren! – meaning “fraud!” While living in Angang and Dragon-head, I heard many people say that increasing numbers of “deceitful operators” (pianzi) were about in those days, due to a general decline in public morality. One should therefore always be on one’s guard, or be cautious – xiaoxin, literally “little-hearted” – where money is concerned. Such warnings are significant, because a person who is cheated in a transaction is often said to have only themselves to blame. They can expect to be laughed at by others (gei ren xiao), and to be cheated (pian) is thus to “lose face” (diu mianzi).

As one might expect, the chances of this happening are seen to be especially great when one’s counterparts in a transaction are unfamiliar, bu shuxi, literally “not cooked”. Let me give one brief example of this. In China and Taiwan there is a roaring trade in traditional Chinese medicines (zhongyao), as well as “strengthening tonics” (buyao) and various over-the-counter remedies. Because such medicines tend to be expensive, and because it is difficult for non-specialists to assess the quality of what they buy, this field is seen to be especially rife with fraudsters. It happens that people in Angang (the Taiwanese fishing community) raise deer (meihualu) from which they produce two popular traditional remedies: deer antler wine (lurongjiu), and chopped deer penis (lubian). Both of these are said to be “hot” (re) and to therefore help to “strengthen the body-person” (bushen) against the effects of cold and illness. In the 1980s, the price of lurongjiu and lubian collapsed because of

oversupply and, according to my informants in Angang, because the market was flooded with fakes. However, people from outside continued to travel to Angang in order to buy supplies from their relatives, friends and “old acquaintances” (shuren) there. This was, obviously, a way of guaranteeing the “authenticity” (zhen) of the medicines they bought, and ensuring that the goods were not “fake” (ja) – in other words, a way of avoiding being “ripped off”, pian.

Not surprisingly, given anxieties about pian, the question of believability or “trust” (xinyong, qinxin, or xinren) is central to the conceptualisation in Angang, as elsewhere in Taiwan and China, of good trading relations between persons (cf. Gates 1996:31ff, DeGlopper 1995:29-55). For this reason, anonymity, exactly the thing which free markets supposedly love, at first appears deeply problematic. It might even be tempting to call this the birth of Chinese cronyism, because it encourages a mindset in which one does business with relatives, friends and acquaintances because strangers are not reliable. However, things are not so simple. At this stage, let me note that among the common Chinese translations for the English phrase “crony capitalism” is qinxin zibenzhuyi: literally “trust capitalism”, or “trusted-confidante capitalism”. However, the first character in this expression, qin, which can mean “close” or “intimate”, is most often used to indicate a kinship connection. Another of the translations for “crony capitalism”, qundai zhuyi, makes this link to kinship even more explicit. Qundai, literally “apron strings”, indicates the useful connections a man has through his wife’s relatives, i.e. through his affines, and by extension all useful connections. But this is very interesting terminology because affinal, or “apron-string”, connections have been viewed, almost by definition, with considerable ambivalence in patrilineal China. They are not necessarily a good thing.

So: do people in Angang and Dragon-head prefer to do business with their relatives, friends, acquaintances in order to avoid deception (pian)? Perhaps. But it is striking that in Angang, at least, almost all of the local shop-keepers are “outsiders” in some way, mostly people who have moved to the community from elsewhere. Although they have, in every case, quite a few friends and acquaintances among their fellow-villagers, what they normally do not have is many relatives. One shop-keeper explained to me that kinship ties, and even ties of friendship, would make selling things very difficult. With too many relatives and friends walking through the door of

his shop, he would feel obliged to “give everything away to them” (dou song gei tamen). I should point out that his observation was somewhat misleading, because people in Angang do in fact sell things to relatives and friends. But the idea that to do so is in some way problematic is very widely held.

To put all of this differently: if it is true that buyers sometimes desire familiarity, as a form of protection against deceit, it is equally true that sellers sometimes desire anonymity, as a form of protection against kinship. But in order to explain why this should be so, we must shift from transactions in which deception is high on the agenda (including, e.g., the notoriously risky buying of medicinal remedies) to transactions in which trust is normally taken for granted, starting inside of families.

As is well known, in China the moral logic of the relationship between parents and their children is redundantly addressed through the Confucian idiom of xiao, “filial obedience”. Xiao implies a reciprocal relationship, one in which the care and support of parents for their children must be repaid to them in old age. Repayment normally comes through the provision of grandchildren (i.e. through continuation of the family line), through the provision of financial and emotional support in old age, and through the provision of ongoing ritual inclusion after death by means of ancestor worship. The extent to which any or all of this repayment, and the support which compels it in the first place, should be characterised as “economic” is rather hard to assess. On the one hand, Confucian ideology condemns those who simply “care for” (yang) their elderly parents in the way that one might “care for” (yang) a pig or a horse – that is, in the absence of warm sentiments and respect. But on the other hand, the folk model of parent-child reciprocity – something which I have characterised elsewhere as “the cycle of yang” – is very clear about its strictly economic dimensions and normally does not seek to deny or devalue them. It costs a great deal of money to raise a child, and if children have obligations it is due in large part to the economic sacrifices which their parents have made (Stafford 1995, 2000a, 2000b).

Both the support and cultivation of children by their parents (yang), and the “respectful support” of ageing parents by their children (fengyang), are significantly focused on the provision of food and money, in what might be called both “real” and “symbolic” forms. For example, while parents give “symbolic” gifts of actual money (yasuiqian) to a child on lunar new year’s eve (chuxi), they also provide the child with “real” housing, clothing, food, education, money etc. As children get older, not only do they transfer “symbolic” food and money back to their parents (e.g. by means of gifts of actual food and money during calendrical festivals), they also normally transfer significant amounts of “real” wealth – in many cases, a high proportion of their total income, and sometimes all of it. Such contributions may give old-age security to parents, but they also typically underwrite the establishment of independent households (as children marry), and eventually become part of a divisible family estate.

All of this is perfectly well known, but I want to underline the important point that parent-child reciprocity in China is not simply a matter of symbols and sentiments; it simultaneously organises a vast amount of economic activity, including the accumulation and distribution of wealth within families. And to the extent to which virtually all wealth in China is conceived of in familial rather than individual terms, the Chinese economy takes the economy of family units as its starting point. In any case, the moral logic of parent-child reciprocity – found in the cycle of yang – is at the core of the Chinese ritual economy, i.e. it is the model from which all other types of reciprocity flow.

What other types of reciprocity? Here let me focus on Dragon-head, the farming village in rural northeastern China. In this community, as in Angang, one clearly sees the extension of the principal of parent-child reciprocity, and more generally of family-based reciprocity, out towards expanding networks of social relations. In other words, the ritual economy, which starts within household units around the “cycle of yang”, expands out from them to encompass not only members of the local community, but also many people from neighbouring communities, and from further afield as well. Systems of this kind - which may be said to be constructed around “cycles of laiwang” (an expression which literally describes the “back-and-forth” movements between visiting neighbours) – are very familiar from

the ethnographic literature on China, and are perhaps most obviously and publicly seen in the provision of mutual ritual support.

For example, in the mid 1990s a wedding in Dragon-head cost the “groom’s side” (nanfang) about 20,000 renminbi, over £1600 (Stafford 2000a). This represented anything from roughly two to ten years’ income for a rural family (schoolteachers, for instance, made about 2400 renminbi per year at that time, but some wealthy farmers made much more). For all families, regardless of their wealth, the marriage of sons is a very expensive undertaking. The expense relates not only to ritual, per se, but also to the setting up of the bride and groom in a “new room” (xinfang), or even a new house, preferably one filled with new furniture, new appliances, and so on. As the groom on one occasion explained to me, in order to attract a bride to the countryside these days even ‘a poor groom’s side still has to spend a lot of money – and if they’re rich they must spend even more!’ Part of this crippling cost is however offset by the contributions of relatives and friends. Everyone who attends a wedding banquet in Dragon-head arrives with a gift of cash which is duly registered in a wedding book. In some cases, the amounts given will be quite small, but the groom’s father’s closest patrilineal relatives, for example, will often dig very deeply into their pockets to ensure that this entire marriage transaction – and not just the wedding banquet which marks it – is not a collective embarrassment. Every family in Dragon-head spends a great deal of money, year in, year out, underwriting the collective ritual expenses of the community.

But just as the line between symbolic and practical assistance is blurred within the family “cycle of yang”, so it is within this broader system of collective support, the “cycle of laiwang”. This is not simply a “cultural” add-on to the economy proper, nor does the economics of reciprocity simply balance out. On the contrary, a great deal of wealth is redistributed in this way, and the networks generated and sustained through such circulations have highly significant economic effects. The anthropologist Yunxiang Yan has illustrated this beautifully in his comprehensive study of gift-giving in one village in Heilongjiang. Yan calculates that fully one-fifth of household net income is used for gift exchange (1996:77), and he stresses that the flow of gifts is directly tied to concrete mutual assistance in numerous forms, including not only support for expensive life-cycle rituals, but also agricultural

cooperation, the raising of personal finance, and help during disasters such as famines (1996:89-95ff). There is therefore little question that this kind of reciprocity is “economic” by any definition: it is a direct source of collective financing to take advantage of opportunities, and of social insurance against economic hardship.

But here we get to the crucial point: while reciprocity within expanding networks of kin, friends and neighbours is explicitly acknowledged to have an economic dimension, and in some cases to be economically beneficial, it is also meant to be non-exploitative. As I’ve noted, this is why it may be desirable to do business in contexts of familiarity, i.e. alongside those with whom one shares mutual support, as a protection against exploitation and fraud. But at the same time it is frequently acknowledged that actually providing this support to others is very demanding and places considerable burdens on many families, including the obligation to give things away rather than selling them, to underwrite the lavish life-cycle expenses of other families, and so on. These obligations are arguably themselves exploitative, albeit sometimes in indirect ways. For instance, one teacher in Dragon-head complained to me that his modest annual income would be sufficient, were it not for the burden of “rushing to the rituals”, ganli, as it is called colloquially. Every time someone has a wedding, a funeral, a house-building, a birth celebration, or an old-age celebration, there is no question but they will “grab some money” from him (naqian). But let me cite a very different illustration of the same principle. Rubie Watson has shown, in her study of a powerful lineage in the New Territories of Hong Kong, that kinship-based ideals of equality and brotherly reciprocity are often in fact the pretext for sustaining inequalities among lineage brothers (Watson 1985). In short, the economic burdens imposed by familiarity are often as irksome as the economic burdens imposed by anonymity, and this is one source of the considerable ambivalence towards kinship, and towards relatedness in general, which one constantly encounters in rural China.

Now I’ll turn to the issue of “corruption” (fubai), which by my definition falls within the sphere of the Chinese ritual economy because, as I’ve already said, when people in China “cultivate relationships” (yang guanxi) with the powerful or the useful, this is often done through familiar idioms of gift-giving and reciprocity rather than

through outright bribery. Notably, engaging in commensality – that is, sharing meals with others, an act which takes its meaning explicitly from family-based commensality – is an extremely common way of establishing relationships of a primarily utilitarian, or self-interested, kind. Not surprisingly, the cultivation of the powerful in this or other ways isn't necessarily portrayed as corrupt (fubai); it can simply be portrayed as the nurturance of useful friendships. Let's call this the attempt to make strangers familiar, or, in other words, the attempt to extend the cycle of laiwang to its outer limits, because once this is achieved the problem of corruption is partly diminished. Helping one's friends, as a sign of one's loyalty to them, is of course a highly moral thing to do (you daoli). Note, however, that just as the disinterested cultivation (yang) of ties within families is often more economic than it at first seems, the interested cultivation (yang) of ties with the powerful is often less friendly than it at first seems. As Yan illustrates, for example, the giving of gifts to superiors is often done under at least implicit coercion, and is reflective of political hierarchies and the distribution of power in Chinese society (Yan 1996:147-175).

As you might expect, people in China often make clear, and sometimes even absolute, distinctions between good and bad kinds of utilitarian reciprocity, i.e. they do not necessarily confuse such matters. When brothers-in-law give each other financial and practical support in the normal ways, for example, very few people would say that they are doing anything bad, whereas most people would recognise as corrupt (fubai) and rotten (huai) the taking by officials of cash in return for special favours. But distinguishing between obviously good and obviously bad reciprocity is not always such an easy task. For instance, in her analysis of gift-exchange, Mayfair Yang pointed out that a distinction is normally drawn between “the art of cultivating relationships” (guanxixue), and outright “bribery” (shou hui). But she also observes that people sometimes find it difficult to say precisely what this distinction consists in. They tend to suggest that outright bribery is less “reasonable” (heli), less subtle, more selfish, and more strategically “self-contained” than is the long-term cultivation of guanxi (Yang 1994:62-3). It is, however, easy to imagine a large number of examples which would fall somewhere between outright bribery and the more subtle cultivation of guanxi for “reasonable” purposes – thus the moral ambiguities with which people must deal.

Some of these ambiguities may be illustrated with two relatively minor, but I think informative, examples drawn from my research in China and Taiwan. When I first moved to Angang in the late 1980s, I lived for a while in the teacher's dormitory of the local middle school (zhongxue). As I befriended the young teachers there, I discovered that in order to be posted to particular locations in Taiwan teachers often had to pay bribes, in the local idiom to "give red envelopes" (song hongbao), to officials. This was reportedly most often paid to the principal of the school to which they hoped to be assigned, and the amounts of money involved were often substantial. The point was to initiate in this way what would hopefully become an ongoing friendly relationship with a potential employer. Here the receivers of red envelopes might be characterised as corrupt (fubai), but the givers of them – young teachers – were normally seen to be motivated by high ideals. Most often they simply wished, quite "reasonably" (heli), to move closer to their families, normally in order to fulfill their obligations towards ageing parents: in order to fulfill the requirements of the cycle of yang. So while it is illegal for teachers to make bribes in order to live close to their ageing parents, most people would understand perfectly well the moral logic which compels them to do so, and they would certainly understand the cultural routine through which this is achieved.

Now this sounds suspiciously close to an admission that bribery in the service of kinship is in some ways permissible. This brings me to the second example, which is from rural northeastern China. Here I met a woman who was vociferous in her complaints about a local cadre. The problem arose because the cadre's dog had attacked and bitten the woman, but he had given her only a very small amount of money for medical treatment (100 renminbi) and no additional compensation. She felt that he had used his position to unfairly protect himself from criticism, by virtue of which he was "corrupt" (fubai). But in her attempts to explain to me exactly what a bad man he was – I, for my part, thought he was the most stunning example of the "good cadre" I had ever met – the woman gave a further, and quite interesting, example. She said that the cadre had once been in a position to help one of his own kinsmen (specifically, to help the son of a relative obtain a place in school), but that he had refused to do so. As far as she was concerned, this refusal to be corrupt in the service of kinship was very huai, rotten, and was evidence of moral failure in its own right. (I should perhaps point out that the cadre, for his part, criticized this woman in

return because her aged mother-in-law, a relatively vigorous 87-year-old, was still made to go out to work.) Anyway, my point with this example is to illustrate that kinship morality did not compel this particular cadre to behave corruptly, but that his “upright” behaviour meanwhile provoked condemnation on moral grounds.

The effect of these two examples is perhaps to further muddy the water by simply emphasizing the capacity of social realities to outrun cultural pre-conceptualisations. Is there a culture of loyalty in China which positively encourages corruption and fraud? Well, when teachers make bribes, i.e. participate in corruption (fubai) in order to fulfil the cycle of yang, it may be seen as a perfectly reasonable outcome of Chinese kinship, so here the answer might be yes. By contrast, even when there is considerable pressure for cadres to give special assistance to their kin and friends, they often simply decline to do so, in which case the answer might be no.

The fact is that as soon as one begins to examine folk perspectives on things like “deception” (pian) and “corruption” (fubai), they turn out to be highly complex, and sometimes downright contradictory. As I’ve been saying, this is partly because morally questionable economic practices are not entirely disconnected from the morally elevated sphere of kinship, and from the operation of the Chinese ritual economy. This ritual economy – which starts in the family, and then sets the framework within which the moral value of all exchange relationships is ultimately evaluated – comprises a social field within which “good” economic behaviour is sometimes rather like “bad” economic behaviour, and vice versa.

This complicates very seriously any attempt to draw simple causal links between “cultural values” and what has been happening recently with Chinese economic life. Nonetheless, as everyone knows, the dramatic successes and failures of the East Asian economies in recent years have generated considerable discussion precisely about the relationship of culture to economic outcomes in the region. Confucian ethics have been praised for encouraging hard work, frugality and loyalty to the group, all of which are taken as constitutive of Chinese (and by extension East Asian) capitalism, and almost simultaneously damned for encouraging, well, loyalty

to the group, and therefore the corruption and cronyism which hinder the emergence of genuinely free markets. The Economist for its part suggested that the relative calm in China, Taiwan, Hong Kong and Singapore throughout the Asian reversal of fortune in the 1990s might have been the product of positive “ethnic” (for which read “cultural”) traits, and even cited approvingly Sun Yat-sen’s bitter lament that the Chinese were no more cohesive than grains of sand: ‘Just the thing’ – enthused The Economist – ‘to make free markets work smoothly’.¹ (Interestingly, this culturalist analysis of the downturn elides the fact that Chinese communities played a pivotal role in many of the worst affected Southeast Asian economies, including Thailand. Perhaps they were more cohesive, there?)

Meanwhile, anthropologists – who used to be the only people with much to say about culture, but who have now lost control of this famously difficult concept – have been among the harshest critics of the new cultural determinism. Hill Gates, for one, has suggested that “laundry lists” of culture traits, many of which may be said both to enable and inhibit development, can only take us so far in understanding what has been happening in the various Chinese economies (1996:14). One good Weberian reason for this (as anthropological research has repeatedly shown) is that any particular cultural characteristic – say placing a high moral value on frugality, or believing that moon-cakes symbolise reunion – is really only a potential: never something which leads, on its own, to any necessary conclusions, economic or otherwise.

The thrust of most anthropological work on China has therefore been to historicize and contextualize the interrelationship between given cultural forms (e.g. patrilineal ideologies) and economic life. Basu, for instance, has argued that although one can specify characteristically “Chinese” aspects of overseas Chinese enterprises in India, their actual success or failure may depend on very different kinds of external factors, including the emergence and disappearance of market opportunities (Basu 1991). It is well known that some south China lineages have been economic powerhouses; but the legal scholar Michael Palmer has shown that one New Territories lineage, far from being an entrepreneurial unit, proved to be “an inadequate or inappropriate vehicle” for taking advantage of new development opportunities when these arose (Palmer 1991). Other work has stressed the

economically exploitative potential, in certain historical contexts, of seemingly benign Chinese kinship ideals. As noted above, Watson has shown how the ideology of equality inherent to Chinese lineages may help produce the exploitation of poorer families within them (Watson 1985). Greenhalgh has meanwhile argued that the division of labour in Chinese family firms is not an ahistorical reflection of tradition, and that the success of the firms she studied was, in practice, highly dependent on the exploitation of women's labour (Greenhalgh 1994).

Given this inherent ambiguity – that is, given that culture never appears to “cause” anything to happen in a simple way – it may be tempting to simply ignore culture altogether in our analyses of the Chinese economy. But this, I will suggest, would be mistaken on at least two grounds. First, because the “emergence of free markets” in China – or more properly the emergence of institutions which make particular kinds of economic activities viable – is in part a protracted negotiation over the morality and immorality of different kinds of exchange. This negotiation, which doesn't have a pre-determined outcome, only makes sense in light of values which are inculcated, at all levels of Chinese society, through participation in the ritual economy. Second, because even by the most restricted definition, the ritual economy comprises a vast arena of economic activity in its own right. It is not merely an exotic way Chinese people have of thinking about economic activity, to a remarkable extent it is the economic activity about which they think.

Now there are three possible versions of this second claim: weak, moderate and strong. The weak version simply notes that a significant amount of wealth in China circulates due to ritual activity, narrowly defined, e.g. in the form of wedding gifts. Here recall Yan Yunxiang's calculation that 20% of household net income in one Heilongjiang village is used for gift exchange. If this is workable as an average expenditure for gift exchange proper in all of contemporary rural China, the total amount of wealth in ritual circulation is already very substantial indeed, and this would undoubtedly account for a significant proportion of total consumption (especially of food, alcohol and household goods) in the countryside. Also bear in mind that Chinese gift exchanges, again narrowly conceived, do not simply balance out. They may be defined as reciprocal, but they are often in fact asymmetrical, and therefore redistribute wealth in significant ways.

The moderate version of the claim takes this one step further, stressing the more extended economic effects, both proper and improper, of the ritual economy. On the proper side, as Yan makes clear, the idiom of ritual reciprocity is simultaneously a kind of banking activity, one which provides both investment capital and social insurance in rural China. It implies much more than simply “rushing to the rituals” and giving people gifts. On the improper side, we might consider the implications of He Qinglian’s estimate that over 75% of the wealth taken from the state in reform-era China is actually absorbed in bribes, entertainment, and favours. If the scale of corruption is anywhere near as great as He and others have suggested, and if corruption is taken as part of the ritual economy, and if this is added to the extended economic implications of “proper” ritual reciprocity, then the total amount of wealth in ritual circulation in China is even greater than might at first be assumed.

The strongest version of the claim goes one step beyond this. To the extent to which virtually all wealth in contemporary China is conceived of in familial or “collective” terms, it could be argued that all wealth in China is ultimately located within the ritual economy – that is, within expanding cycles of yang and laiwang – and therefore always at the service of reciprocity. I should mention that a different formulation of this strong version is found, at least implicitly, in the work of the anthropologist Hill Gates. In her ambitious and thought-provoking book, Gates suggests that the motor of Chinese history has for centuries been the tension between two very different modes of production (Gates 1996). These are, on the one hand, a “tributary mode” (explicitly a ritual economy in which surplus is extracted as tribute by the state and redistributed among its officials), and a “petty capitalist mode” (in which small, usually family-based, firms produce and exchange commodities amongst themselves, preferably just of reach of state control). It is striking to me that both sides of Gates’s equation – one in which surplus rises to the top as tribute, and another in which it circulates at the bottom – may be defined as ritual economies. Gates herself does not stress this singular fact very strongly, perhaps in part because her argument rests on the discontinuities between the two modes of production. But much of her evidence about Chinese petty capitalism would support such an interpretation.

In any case, these weak, moderate and strong claims about the status of the ritual economy have implications for our understanding of economic agency in China. As actors in economic transactions, Chinese people have to come from somewhere, and of course they come from the homes and communities in which they learn concepts which they deploy in economic life – concepts, for example, of exchange, of work, of money, of reciprocity, of trust, of deception, of corruption, and so on. This means that when people buy and sell, when they take risks or fail to do so, and when they praise or damn the economic initiatives of the state, they partly enact a morality, with all its ambiguities, learnt through participation in the ritual economy. To pretend that this is not the case is to indulge in the worst kind of economic formalism, and to risk a complete misunderstanding of recent Chinese economic history.

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