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Asia Research Centre Working Paper 3

**Deception, corruption  
and the Chinese ritual economy**

**Dr Charles Stafford**

## Deception, Corruption and the Chinese Ritual Economy

‘Deception, corruption and the Chinese ritual economy’

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The recent successes and failures of the East Asian economies have generated a great deal of discussion about the relationship of culture, so-called, to economic performance in the region. Confucian ethics, to cite the apparently irresistible example, have been praised for encouraging hard work, frugality, loyalty to the group, etc., all of which are taken as constitutive of Chinese (and by extension East Asian) capitalism, and almost simultaneously damned for encouraging loyalty to the group, and by extension the corruption and cronyism which hinder, sadly one supposes, the emergence over there of genuinely ‘free’ markets. The Economist for its part has suggested that the relative calm in China, Taiwan, Hong Kong and Singapore throughout the Asian reversal of fortune might be the product of positive ‘ethnic’ (for which read ‘cultural’) traits, and has even cited approvingly Sun Yat-sen’s bitter lament that the Chinese are no more cohesive than grains of sand: ‘Just the thing’ - enthuses The Economist - ‘to make free markets work smoothly’.<sup>1</sup> (Interestingly, this culturalist analysis of the crisis elides the fact that Chinese communities also play a very large role in many of the worst affected national economies, including Thailand, where the excitement started.)

Meanwhile, Anthropologists - who used to be the only people with anything at all to say about culture, but who have now completely 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 can be seen both to enable and inhibit development, will only take us so far in understanding what has been happening with the various Chinese economies (1996:14). One good Weberian reason for this (as Anthropological research on China has repeatedly shown) is that any particular cultural characteristic - say placing a high moral value on frugality, or insisting that a youngest son should reside with his parents after marriage, or saying that a mooncake symbolises reunion - is really only a potential: never something which leads,

on its own, to any necessary conclusions, economic or otherwise.<sup>2</sup> The stuff of culture, after all, is notoriously diffuse, ambiguous and dynamic.

In what follows, I will try to illustrate this point (and to be honest, it is not a very difficult one to illustrate) by examining briefly the popular perspective on two matters - ‘corruption’ (fubai) and ‘deception’ (pian) - which have, by general consent, had a considerable impact on recent economic and political developments in China. I will suggest that the conceptualisations of these matters are much more complex than they may at first seem, not least because of the close relationship of corruption and deception to ideas about kinship, and to what I will call the Chinese ritual economy. Now depending on one’s perspective, this ritual economy, which sets the framework of reciprocity within which the moral value of most relationships, and virtually all exchanges, is ultimately evaluated, may be seen as either the best or the worst thing that could possibly have happened to would-be Chinese capitalism. As I will show, it also undoubtedly makes people just about as likely to run away from their kin and cronies, as to run towards them.

Given this inherent inconclusiveness, it may be very tempting to simply write off such cultural factors altogether in analyses of the Chinese economy. But this, I will suggest, would be mistaken on at least two grounds. First, because the ritual economy - which sometimes presents itself precisely as ‘cultural’ and ‘non-economic’ - comprises a vast arena of economic activity in its own right. It is a means through which people respond both to economic opportunities and to economic challenges, and it has a direct and significant impact on the distribution of wealth and on consumption patterns in China. In short, 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 people think. Secondly, the ritual economy deserves attention 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 exchanges. This negotiation - which obviously does not have a pre-determined outcome - only makes sense in light of economic values, which are inculcated, at all levels of Chinese society, through participation in the ritual economy.

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I want to begin by drawing attention to two recent, and very different, analyses of morality and corruption reform-era, post-Mao China. The first comes from Mayfair Mei-hui Yang, an Anthropologist who has focussed on the exchange of ‘gifts, favors and banquets’, and on the way in which such exchanges - part of the art of cultivating guanxi, or ‘relatedness’ - help to constitute, i.e.

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actively produce, relations between persons (Yang 1989, 1994). This process is clearly seen in the Chinese countryside, where people are tied together in extensive ritual networks, helping each other with expensive life-cycle rituals such as weddings and funerals, but also with practical activities such as house-building. Mutual assistance of this kind, which is sometimes characterised as ‘following li’ (suili), i.e. as sustaining a kind of moral etiquette, and which in different form is found almost universally in urban Chinese contexts as well is, of course, not seen to be ‘corrupt’ (fubai). On the contrary, it is by general consent a highly moral thing (you daoli). But everyone knows that similar principles of gift-giving and reciprocity are sometimes used in the cultivation of other kinds of relationships, which may well be viewed as corrupt, including those with important and useful people such as government officials.

Through analysing the whole complex business of gift-exchange and reciprocity in China, and in drawing attention to the dramatic intensification of ‘the art of guanxi’ (guanxixue) in the post-Mao era, Mayfair Yang comes to a striking conclusion. She argues that the ritual economy (which she calls the ‘gift economy’) may be subversive of the power of the Chinese state for two interconnected reasons. First, because the cultivation of relatedness through gift-giving and other means, including the outright giving of bribes, actually undermines the administrative effectiveness of the state and its mechanisms of control. And secondly, on a more abstract level, because the popular ethics which underpin the ritual economy (and which are relational) are contrary to those of Chinese communism (which are universalist). Yang suggests that by undermining both the mechanisms and the ethics of state control, the ritual economy may ultimately contribute to ‘the development of civil society’ in China (Yang 1994:295). For this reason, she suggests, the intensification of the Chinese ritual economy in the post-Mao era - in spite of its connexion to the problems of corruption and cronyism - may be seen overall as a positive political development.

But the Chinese economist He Qinglian, in her recent devastating critique of the post-Mao economic reform process - written, as I should stress, about ten years after Yang’s original article on gift-exchange and the state (Yang 1989) - has reached a very different set of conclusions. (I rely here on the careful review of He’s book, Zhongguo de xianjing [China’s pitfall], by Liu Binyan and Perry Link in the New York Review of Books.) The ritual economy, as such, is not the subject of He’s analysis; but questions of corruption - including the cultivation of official connexions, and the growth of moral corruption at the local level - are central to her concerns. To put it bluntly, He suggests that the so-called reform process in China has been a spectacular fraud, and one which will ultimately have extremely negative social and economic consequences. The rapid rise in average incomes in mainland China has largely been the product of unprecedented and unsustainable 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 exploitative and illegal ways of making money are simultaneously the most profitable. For this reason, she suggests, the process will therefore not produce a Chinese version of ‘civil society’, nor will it produce a market economy in the normal sense. For in contemporary China, according to He, ‘power determines the allocation of resources, but has no need to see to their efficient use’ (ibid:20). The result is that both inequality and corruption have dramatically increased.

In order to illustrate the direct relationship between He Qinglian’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 Qinglian 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 obviously leading to staggering inefficiencies (Liu and Link 1998:22).

What concerns He, however, is not simply this asset-stripping and the inefficiency and inequality it brings, but more importantly the devastating effects of the whole process on public ethics and morality. At a time when people in China constantly speak of ‘slaughtering’ or ‘butchering’ each other (zai), i.e. ripping each other off, 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).

Now the arguments of Mayfair Yang and He Qinglian could be said - hopefully without doing too much damage to the authors’ original intentions - to move in roughly opposite directions. Yang argues that the morality which is found among ordinary people has the capacity to ‘trickle up’,

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undermining the state, transforming China into a more rather than less ethical place, and creating the potential for a Chinese civil society. By way of contrast, He argues 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. Now the possibility that both of these arguments could be right rests in part on a conundrum which is 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 even 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 equally plausible outcomes of the system. Both arguments highlight, in any case, the intimate connection between everyday Chinese morality--the kind of thing studied by Anthropologists for years - and the national politics of economic reform in contemporary China.

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In order to look at this issue in more detail, I now want to provide you with some highly selective Ethnography from the two Han Chinese localities in which I have conducted long-term fieldwork: the farming community of Dragon-head, in northeastern mainland China (Dongbei), and the fishing community of Angang, in southeastern Taiwan. The conflation of material from Taiwan and China, something which I am about to do, is of course highly 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, and so by default present the non-urban perspective on the matters I discuss. One could argue that material from these places is largely irrelevant to the urban-based, large-scale, institutionalised corruption which is, in the view of many, undermining the process of economic reform in China. But the popular moralities which I will go on to describe are not simply rural, nor are they esoteric: they arguably have a deep influence at all levels of Chinese society, i.e. they are very widely distributed.

Here I will begin with the notion of deception. In Angang, and even more so in Dragon-head, one of the notably frequent topics of conversation in recent years has been the possibility of being ‘deceived’ or ‘swindled’, pian, by others, and especially by strangers. The term pian covers a lot of

ground, and may include, e.g., the selling of faulty or counterfeit goods (e.g. 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!’--here meaning ‘fraud!’ In both Angang and Dragon-head, many people express the view that increasing numbers of ‘deceitful operators’ (pianzi) are about these days--due to a general decline in public morality--and that one should therefore constantly be on one’s guard, or be ‘little-hearted’ (xiaoxin). This latter point is crucial, because a person who falls victim to a fraud, or who is in some way 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 swindled (pian) is thus to ‘lose face’ (diu mianzi).

Significantly, the risk of this happening is seen to be especially great when one’s counterparts in a transaction are unfamiliar, bu shuxi, literally ‘not cooked’, i.e. those with whom loyalty (zhong) cannot be assumed. Let me give one brief example of this. In both China and Taiwan there is now a very large trade in traditional Chinese medicines (zhongyao), as well as strengthening tonics and various over-the-counter medicinal remedies (buyao). Because such treatments are often 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. Now it happens that people in Angang (the Taiwanese fishing community) raise deer (meihualu) from which they produce two popular traditional remedies. These are ‘deer antler wine’ (lurongjiu), and chopped ‘deer penis’ (lubian), both of which are ‘hot’ (re) and thus help to ‘strengthen the body-person’ (bushen) against the effects of cold and illness. But 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 they were not falsified (jia) - 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 cronyism - a system in which one does business with relatives, friends and acquaintances due to a culturally-conceived mistrust of strangers - but things are unfortunately not so simple. First, I should mention that among the common Chinese translations for the English term ‘crony capitalism’ is qinxin zibenzhuyi: literally ‘trust capitalism’, or ‘trusted-



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confidante capitalism'. Note that the first character in this expression, qin, which can simply mean 'close' or 'intimate', is most often used to indicate a kinship connection. Another of the translations for 'crony capitalism', qundai zhuyi, makes this more explicit: qundai, '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. This is partly of interest because it is well known that affinal, or 'apron-string', connections are 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 and 'trusted' acquaintances in order to avoid deception (pian)? Perhaps. But it is striking that in Angang most of the local shop-keepers are in fact 'outsiders', people who have moved to the community from elsewhere, often from far away. Although they have, in every case, friends and acquaintances (shuren) among their fellow-villagers, what they normally do not have is many relatives. It was explained to me by one shop-keeper that kinship ties, and even ties of friendship, would make selling things very difficult. With too many relatives (qinqi) and friends (pengyoumen) walking through the door of his shop, he would feel obliged to give everything away (dou song gei tamen). Now this observation is somewhat misleading, because people in Angang do sell things to relatives and friends, but the idea that it is somehow problematic to do so is without question widely held. Or to put this differently, if it is true that buyers desire familiarity, as a form of protection against deceit, it is equally true that sellers desire anonymity, as a form of protection against kinship.

I will come back to this point in a moment, but first let me insert a rather long Anthropological footnote - at first glance a rather odd one - which relates to deception, and which is intended to challenge the idea of the Chinese as fundamentally 'risk-averse'. For many years in mainland China and Taiwan, it has been widely held, not least by the nationalist and communist governments, that religious practitioners of various kinds were fraudsters (pianzi) par excellence. The argument has been that these people have peddled superstitions or 'misguided beliefs' (mixin) to the gullible masses, in order to defraud them (pianren) and take their money. Spirit mediums have come in for special, indeed relentless, criticism for this. But even ignoring official criticism, the question of authenticity, i.e. the question of the truth (zhen) or falsity (jia) of what spirit mediums say and do, is central to their profession. To some extent this question is resolved, for most worshippers, through familiarity; they effectively cultivate guanxi, relatedness, not only with local spirit mediums who speak for the gods, but also with the gods themselves - in a process which might even be called 'religious cronyism'. But the proofs of authentic possession are numerous. Chief among them, at least for mediums in Taiwan and southeastern China, is the capacity to recover quickly from self-inflicted wounds - bloody cuts to the forehead, tongue, and shoulders made with swords and other

weapons. Mediums also acquire authenticity through their ability to write divine script. Many are illiterate or at least relatively badly educated, and yet when possessed they produce a mixture of quasi-classical Chinese and the esoteric calligraphy of Daoism.<sup>3</sup>

But in my experience even the most ardent devotees of such mediums remain quite sceptical about what they observe - even given these proofs - and in light of the public denunciations of religion it is hard to see how they could feel otherwise. I would even suggest that most worshippers actually rather enjoy this sceptical stance, and that they are as intrigued and entertained by the possibility of being deceived by mediums, pian, as by the possibility of being told the truth. Indeed, this is arguably one of the key attractions of spirit medium cults, and one of the explanations for the survival of such cults - and of popular religion more generally - through a very long history of public attack. Pian, deception, is an integral part of the game. And although I won't try to prove such a thing in this paper, the fascination with deception is arguably integral to other spheres of Chinese social life as well, including the sphere of market transactions: of course nobody wants to be deceived, but the risk of deception is part of what makes business interesting (you yisi).

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Now my observations thus far - that in China familiarity in economic transactions may or may not be viewed as a good thing, while deception may or may not be viewed as a bad thing - may sound suspiciously like non-conclusions. They primarily underline, as I said at the outset, the complexity of cultural conceptualisations. And together they provide evidence against the simplistic view that Chinese people are somehow inherently paranoid about deception at the hands of strangers, and therefore inherently inclined to corruption and cronyism. But now I want to return to my comment that the desire of buyers for familiarity, as a form of protection against deceit, has to be set against the desire of sellers for anonymity, as a form of protection against kinship. In order to explain this comment, we must shift from transactions in which deception is high on the agenda (including, e.g., the notoriously risky buying of medicinal remedies or religious services from strangers) 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, bao, specifically one in which the care and support of parents for their children is ideally repaid to them in old age. Repayment comes primarily 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 ritual inclusion (i.e. ancestor worship) after

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death. 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, i.e. 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 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 come to be obligated it is partly because of the economic sacrifices which their parents have previously made on their behalf (Stafford 1995, 2000a, 2000b).

Both the support and cultivation of children by their parents (yang), and the ‘respectful support’ and cultivation of ageing parents by their children (fengyang), are significantly focussed on the provision of food and money - in what might be called both ‘real’ and ‘symbolic’ forms. By this I mean that while, for example, parents give ‘symbolic’ gifts of money (yasuiqian) to a child on lunar new year’s eve (chuxi), they also pay for the child’s housing, clothing, nourishment, education, etc. And as children get older they typically transfer not only ‘symbolic’ food and money back to their parents (e.g. gifts during calendrical festivals) but also more substantive wealth which will normally be used, in the first instance, to help fund their own wedding expenses. In many cases such contributions eventually become part of a divisible family estate.

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

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Here let me shift to Dragon-head (the farming village in rural northeastern China). In this community, as in Angang, one clearly sees the extension of the principle 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 virtually all members of the local community, but also many people from neighbouring communities, and from further afield as well. As I have already

pointed out, systems of this kind - which may be said to be constructed around cycles of laiwang, literally 'back-and-forth' - 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, a wedding in Dragon-head at the time of my most recent period of fieldwork would have cost the 'groom's side' (nanfang) about 20,000 renminbi, i.e. over £1600 (Stafford 2000a). This amount represents anything from roughly two to ten years' income for a rural family (schoolteachers, for instance, make about 2400 renminbi per year, but some wealthy farmers make much more). This means that 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 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 in this way.

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. As I noted at the outset, 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 significant economic effects. The Anthropologist Yan Yunxiang has illustrated this beautifully in his recent 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 the flow of gifts is directly tied to mutual assistance in various 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.

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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.<sup>4</sup> As I have 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 fraud and corruption. 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, they can be counted on to ‘grab some money’ from him (naqian). To cite a very different example, as Rubie Watson has shown in her study of a powerful lineage in the New Territories of Hong Kong, kinship-based ideals of equality are often in fact the pretext for sustaining inequalities among lineage brothers. In short, the economic burdens imposed by familiarity are often as irksome and exploitative 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 China.

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Now let me turn directly to corruption (fubai), which by my definition falls within the sphere of the Chinese ritual economy. When people in China ‘cultivate relationships’ (yang guanxi) with the powerful or the useful, this is often done through very familiar idioms of gift-giving and reciprocity rather than through outright bribery. Notably, engaging in commensality - i.e. sharing meals with others, an act which takes its meaning directly and explicitly from family-based and community-based commensality - is an extremely common way of trying to establish relationships of a primarily utilitarian, or self-interested, kind. Not surprisingly, the cultivation of the powerful in this or other ways is not necessarily portrayed as corrupt (fubai); it can simply be portrayed as the nurturance of useful friendships. Let us 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 cultivation (yang) of ties within families is often more economic than it at first seems, the cultivation (yang) of ties with the powerful is often less friendly than it at first seems. As Yan Yunxiang 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).

I should also stress at this point that people often make clear, and sometimes even absolute, distinctions between good and bad kinds of utilitarian reciprocity, i.e. they do not 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 everyone 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 points out that a distinction is these days normally drawn between ‘the art of cultivating relationships’ (guanxixue), and shou hui, outright bribery. But she also notes that people sometimes find it very 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.<sup>5</sup> 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 are illustrated in three relatively minor, but I think informative, examples of corruption and deception which I have encountered during 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 educational 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 quite substantial, the point being 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, i.e. in order to fulfill the requirements of the cycle of yang. So while it is illegal for teachers to give 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.<sup>6</sup>

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 (but not from Dragon-head). Here I met a woman who was vociferous in her complaints about



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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 this cadre 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 out 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 note 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 work for the family. Anyway, my point with this example is to illustrate that kinship morality did not compel this particular cadre to behave corruptly, but also that his 'upright' behaviour provoked its own kind of condemnation.

My third example, which I cite to dispel any over-idealisation of kinship morality in China, involves deception inside a family. In this case, a farmer's three adult children - all of whom lived nearby and were still closely connected to their father's household through economic and ritual activity - were sent to sell the family's collective produce at the local market town. Although they claimed to have sold the produce at three renminbi per jin, in fact they had sold it at four, and collectively pocketed the difference. In short, they set out to deceive, pian, their own father, something which familiarity should have protected him against. This was all done rather cheerfully, and I don't think they felt they had done any great harm. The amount of money involved was very small. But their father and mother were made absolutely furious by this betrayal when it was revealed, and saw it as a collapse of filial obedience, xiao - and as such highly damaging to the father's authority and good reputation.

The effect of these three 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 give bribes, i.e. participate in corruption (fubai) in order to fulfill 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. Meanwhile, even inside the family, where loyalty and trust are meant to be implicit, filial obedience (xiao) regularly collapses,

and the very ‘culture of loyalty’ itself is called into question--children even sometimes defraud, pian, their own fathers.

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This takes me back to my starting point, and the fact that cultural concepts or traits, as such, are notoriously ambiguous, and therefore not very good predictors of economic outcomes. If corruption, for example, is now endemic in China and therefore damaging the economic reforms, it is certainly not because this result is somehow predetermined by Chinese culture in general, nor by the Chinese ritual economy in particular. As I have indicated, people in China are just as likely to want to run away from their cronies - their kin and their friends - as to cooperate with them. But why, then, should students of the Chinese economy even bother to think about the ‘cultural’ phenomena outlined in this paper: gift-exchange and mutual ritual support, popular views of deception and corruption, ideas and practices related to kinship, friendship, and so on? Primarily because, as I have already suggested, through their connection to the Chinese ritual economy these phenomena have an enormous, even if unpredictable, economic impact. The mistake is in imagining that they are ‘cultural variables’ somehow external to Chinese economic life, whereas in fact, and to a remarkable extent, they are Chinese economic life.

Now there are three possible versions of this conclusion: 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 ritual undoubtedly accounts 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 symmetrical, but they are often in fact asymmetrical, and therefore redistribute wealth in significant ways.

The moderate version of the conclusion takes this 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 significantly provides both investment capital and social insurance in China. It implies much more than simply ‘rushing to the rituals’. 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



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absorbed in ‘bribes, entertainment, and favors’. If the scale of corruption is 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 of course even greater than might at first be assumed.

The strong version of the conclusion goes even one step beyond this. To the extent to which virtually all wealth in contemporary China and Taiwan is conceived of in familial or ‘collective’ terms, it could be argued that all wealth in China is ultimately located within the ritual economy, i.e. 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 arguably found, at least implicitly, in the recent work of the Anthropologist Hill Gates. In an ambitious and thought-provoking book, Gates suggests that for a thousand years, and virtually up to the present day, the motor of Chinese history has been the tension between two very different modes of production. 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 that both sides of Gates’s equation--one in which surplus rises to the top, and another in which surplus 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. But much of her evidence about Chinese petty capitalism would certainly support such an interpretation.

Obviously, these weak, moderate and strong perspectives on the status of the ritual economy will all 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--e.g. concepts 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 Chinese ritual economy. To pretend that this is not the case is to indulge in the worst kind of economic formalism, and to arrive at a complete misunderstanding of recent Chinese economic history.

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With this in mind, I want to conclude by considering very briefly the implications of what I have been saying for what is commonly described as ‘the emergence of free markets’ in China. Now it is an Anthropological truism to say that formalist perspectives on economic activity are based on the presuppositions of western political-economy, and beyond this--as Marshall Sahlins, for one, has convincingly argued (Sahlins 1996)--on the presuppositions of western religion and philosophy. From this perspective the ‘emergence of free markets’ in China has to be seen as the accommodation of the Chinese to something, which far from being neutral is in fact quite problematic, and even strange, in Chinese terms. As several writers have indeed observed, the formalist view of economics is very much a matter of public contestation and negotiation in contemporary China; in other words, creeping economic formalism is arguably the politics of the day.

Another way of saying this would be to point out that if the ritual economy is the economy of China, then the emergence of free markets should be seen in part as the attempt to dislodge the economy from its foundations in ritual. For Anthropological accounts of the Chinese and Taiwanese ‘embedded’ economies--as seen in kinship-oriented economic activity, or economically-significant ritual activity--highlight something which is, from the point of view of formal economics, a serious problem. This is the seeming ‘impurity’ of a market in which kinship, friendship and corruption play a large role, added to which is the ‘distortion’ caused by the ongoing involvement of the Chinese and Taiwanese states in many spheres of economic life (cf. Smart 1997). The state-directed reform process in the mainland, and earlier economic reforms in Taiwan, have been intended to address at least part of this problematic, to correct some of its distortions, and to produce a purer market. On one level, this has overwhelming popular support. But emerging markets may themselves generate, not least through untested economic problems - e.g. through unanticipated ‘negative externalities’ such as flooding, pollution and deforestation - appeals back to an embedded, i.e. ‘impure’, economy.

Rapid economic change predictably produces dislocations of these kinds, and in China these are often dealt with in two different, and arguably even contradictory, ways. The first is through direct appeal to the various legal and economic institutions which are now emerging and evolving in conjunction with the development of new markets. But note that this institutional transformation may itself be seen as part of the socially expensive process which actually defines and formalises economic activity in the first place - i.e. which technically ‘de-socializes’ it by managing and accounting for the social problems it produces (cf. the discussion of social conflict and the emergence of institutions in Knight 1992). By way of contrast, the second response is precisely through appeal to what could be called the socialized or embedded economy, including appeal to customary law and conventional social practice. In direct terms, this might involve attempts to resolve disputes, or even turn them to advantage, through the use of kin and non-kin ‘connections’ (guanxi), often within state institutions.

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But more indirectly, it involves reliance on the support mechanisms provided by extended kinship and friendship, and through the ritual economy: the system of mutual obligations which, among other things, helps people to survive social and economic disaster.

Reliance on this ritual economy, in the broadest sense, has some very complex consequences. On the one hand, it arguably undermines the first kind of response by hindering the growth of a legal and institutional machinery which could effectively control and regulate the market and its disputes. He Qinglian, as I noted, argues forcefully that the culture of corruption is so pervasive in China as to completely undermine public morality, transforming the very meaning of 'economic reform' in the process. On the other hand, reliance on the morality of personal affiliations and connections might, as Mayfair Yang has suggested, have actually contributed to the growth of 'civil society' and civil institutions in China, in part by subverting the administrative power of the Chinese state. As I have tried to suggest in this paper, the potential for either of these conclusions is certainly found within the Chinese ritual economy, which, like most cultural forms, derives much of its power from an inherent ambiguity. Far from making the ritual economy peripheral to changes in the economy proper, this ambiguity places it at the very centre of the Chinese economic stage.

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## **Footnotes**

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<sup>1</sup>The Economist, 1998, 'In praise of paranoia: survey of Taiwan', 7 November.

<sup>2</sup>The thrust of most anthropological work has been to historicize and contextualize the impact of various cultural forms (e.g. patrilineal descent groups) on economic life. What perhaps emerges most strongly from this research--not surprisingly, for anthropologists--is the extent to which the histories of kinship, of social networks, and of the economy are intertwined. 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

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opportunities (Basu 1991). It is well known that some south China lineages have been economic powerhouses; but in one case from the New Territories, the legal scholar Michael Palmer has shown that a 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. Watson, for instance, 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 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).

<sup>3</sup>Interestingly, these two traces of authenticity--spirit medium blood (from self-inflicted wounds) and spirit medium calligraphy--are both used directly in the production of charms (hu) which have magical efficacy, ling. The ultimate proof of a medium’s truthfulness is precisely this efficacy, ling, which is only made apparent retrospectively, i.e. in the proven ability of mediums to intervene effectively in the problems facing clients: childhood illnesses, marital problems, neighbourhood disputes, and so on.

<sup>4</sup>As Yan stresses, it would be wrong to overemphasize the utilitarian nature of Chinese gift-exchanges, but it seems equally wrong to obscure the openly economic dimensions of them.

<sup>5</sup>According to Yang:

One distinction they [i.e. Yang’s informants] came up with was couched in terms of motives for action. “Bribery is for selfish, individual-gain purposes, and it is not legal, ... and it is bad for the country, or for the collective.” Guanxixue, however, is often for small group purposes, for “reasonable” (heli) demands. It is the only way to accomplish something reasonable. Another distinction they drew was along the lines of the style and method of one’s approach. In bribery, one’s speech and action are somehow more obvious, so that people can immediately tell that you want something. Guanxixue is more subtle. Their third distinction pointed to the different nature of the relationship in guanxixue and bribery. In guanxi, the exchange relation cannot be separated from the ordinary and preexisting relationship between two persons, whereas in bribery, the relationship is established expressly for the purposes of bribing a person (Yang 1994:62-63).

<sup>6</sup>It is relatively easy to understand how bribe-givers might justify their actions in moral terms: they are often simply doing what is necessary to get things done, i.e. to do ‘reasonable things’, and very often bribes are attempts to advance in some way the interests of their families. A more interesting question is the attitude of bribe-takers towards their own actions. Again, Yan’s material is informative. He shows that when local cadres in Heilongjiang take gifts without returning them, they do not see this in terms of corruption, as such. The gifts are a reflection of the esteem in which they are held.