China’s Property Law was passed on 16th March 2007 in the Fifth Session of the Tenth National People’s Congress (NPC). Among the 2,889 representatives in attendance, 2,799 cast their votes in favor of the bill, thus putting an end to a debate that has lasted for some thirteen years. The Law provides a written recognition of the system of private property rights, and at the same time echoes the revision of Article Number Thirteen that was made during the 2004 Constitution Reform, which states that “citizens’ legally owned private property is not to be infringed.” The question remains as to whether the legislative changes signify China’s wholesale retreat from socialism and move toward the adoption of the capitalist path. It may be that China’s institutional transition has a long way to go, and in view of the numerous unresolved problems, the passing of the property bill may well intensify political conflicts and social unrest.¹

There is already a rich plurality of theses on the policies and implications of China’s economic reform that spans various academic disciplines. This essay attempts to apply the theories of the German sociologist Max Weber (1864–1920) to understand China’s experience of moving toward a market economy and capitalism. Weber’s magnum

* Reference to this article should be made as follows: Ku, Chung-hwa. 2007. “The “Spirit” of Capitalism in China: Contemporary Meanings of Weber’s Thought”.

¹ As a Taiwanese scholar researching legislative changes in China has commented, “the statement ‘Workers of the world, unite!,’ which appears on the back cover of all Chinese translated versions of The Communist Manifesto should remove the exclamation mark, replace it with a dash, and follow with the phrase ‘together we become property owners’. This might better echo the reality of the institutional reform in the Chinese economy” (Wang 2007:8). The Property Law still emphasises that at the primary stage of socialism, the country insists on a fundamental economic system that seeks development through relying principally on collective ownership, accompanied by various alternative ownership systems. It thus epitomises the deep-seated contradiction between private property and collective property that is not easy to resolve.
The Protestant Ethic and the Spirit of Capitalism is now one hundred years old, and although it still provides us with a lucid account of capitalism, is now challenged by situations that were unforeseen when it was written, one of which is China’s rapid economic growth in recent years. To understand the relationships between Weber’s theory and empirical experience, it is necessary to re-examine Weber’s perspective on what constitutes capitalism. Of particular importance is his emphasis on “economic ethic” (Wirtschaftsethik) and “spirit” (Geist), which we can use to ponder whether the Chinese economy has fully established the mechanisms of a capitalist system, both materially and spiritually. A re-interpretation of Weber’s thought will not only enable us to arrive at the truth of the so-called “rise of China,” but will also enrich our analytical perspective on the changes that are taking place in the world.

Where China’s choice of development approach is concerned, the sixty years since the founding of the People’s Republic of China in 1949 can be divided into two major periods. In the first 30 years, China was under the tremendous influence of Mao Zedong, who incessantly pursued the radical road of collectivism and even launched the Cultural Revolution with a view to attaining the ultimate ideal of communism. This dream of a “New China” was shattered with Mao’s death and the disbanding of the Gang of Four. What followed was Deng Xiaoping’s “Reform and Openness” program, which was announced in 1978, an approach that Chinese leaders have continued to follow despite the 1989 Tiananmen Incident. Indeed, they have continued to open up the market, induced a massive inflow of foreign capital, achieved rapid economic growth year after year, and made China one of the locomotives of global capitalism.

China’s pursuit of a market economy is a perplexing chapter in its history. The Chinese Communist Party (CCP) has ideologically adhered to the superiority of socialism, yet it has thoroughly implemented the market logic of capitalism, so much so that it has become more tolerant than capitalist countries (such as Taiwan) of the social inequalities induced by the widening income gap. In addition, alongside the thorough “commercialization” (Weber’s term) of economic life, the people of China seem to have become increasingly accustomed to the values of capitalism. Does this assimilation process lend support to the claims made by the modernisation theory, developed during the height of the 20th century Cold War that the entire world is converging toward the Western capitalist model? What sea change has occurred in China that