

‘Not a club for ethical culture’

Early writings on the stock exchange by
Max Weber, Liang Qichao and Kang Youwei¹

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Abstract: This paper examines early discussions of stock exchanges by Max Weber, Liang Qichao, and Kang Youwei and considers their contemporaneity. Despite different contexts, the discussions shared a nineteenth-century preoccupation with global competition and Darwinian struggles for survival. All reveal the attendant anxieties of latecomer nations experiencing belated modernity. Weber, however, wrote from a position that embraced German colonialism, whereas Liang and Kang’s advocacy of stock exchanges was marked by concerns for the Chinese nation that emerged as a result of the experience of colonialism and economic imperialism.

Keywords: Club, ethical culture, stock exchanges, foreign influence

Historically, the development of the stock exchange, among core institutions of finance capitalism, posed particular problems for legitimacy because of the questionable character of financial speculation. Arguments for the legitimacy of stock exchanges have had to overcome what some have seen as the moral taint of speculation – as predatory and irrational in character, as a diversion of resources from productive enterprises and as a threat to any virtuous order that would tie reward and consumption to productive work.² The stock market offers a particu-

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² Alex Preda, *Framing Finance: The Boundaries of Markets and Modern Capitalism*, Chicago:

larly intriguing vantage point for discussion of Max Weber because the persistent irrationality of the speculative activity that it enables eludes arguments about the economic rationality of modern capitalism, not to mention the Protestant ethic that Weber connected to other instrumentalities of European capitalism. Analytic focus on understandings of the speculative character of the stock exchange also permits exploration of the ways in which ideas of ethics and culture did or did not enter into discussion of institutions of finance capitalism as they came into China. This institutional transplant took root on Chinese soil in Weber’s time, even if he did not know of or remark upon this process. Weber’s contemporaneity with early Chinese discussions and experience of stock exchanges permits further reflection on his strategic portrayals of China, culture and capitalism.

‘Not a club for ethical culture’ is a quotation from Weber’s descriptions of stock exchanges in two early essays, *Die Börse* (1894) and *Die Börsenverkehr* (1896).³

These early discussions of stock exchanges (in contrast to Weber’s more technical and voluminous reports and investigations into German security and commodity exchanges⁴) are notable for their comparative perspective, their nationalism and their dismissal of both ethical qualms and government control. Weber’s ready characterization, in these essays, of the ethical deficits of finance capitalism – even as he embraced securities and commodities exchanges as indispensable to the economy and rejected substantive government regulation – resonates poignantly with the thinking of several of Weber’s Chinese contemporaries who focused on similar questions at the turn of the twentieth century.

At the time that Weber wrote these essays he was of course thinking of Europe, not China. His thinking would not necessarily have been troubled by the fact that the establishment of much of the institutional infrastructure of finance capitalism, including the stock exchange, had been established in Shanghai by the year of his death in 1920. Most likely, he would have attributed such alien developments, had he been aware of them, to ‘foreign influence’, something he would remark upon in a later passing reference to social and economic changes that he understood to be underway in Canton in the early twentieth century.⁵ We-

University of Chicago Press 2009, 32–33, 55–66; Bryna Goodman, ‘Unvirtuous exchanges: women and the corruptions of the stock market in early republican Shanghai’, in Mechthild Leutner & Nicola Spakowski, eds., *Women in China: The Republican Period in Historical Perspective*, Münster: LIT Verlag, 2005, 351–375.

³ Max Weber, *Börsenwesen. Schriften und Reden 1893–1898*, ed. Knut Borchart with Cornelia Meyer-Stoll, *Max Weber Gesamtausgabe I/5*, Tübingen: J.C.B. Mohr 2000. Page references in my text are to Steven Lestition’s translations: ‘Stock and commodity exchanges’ and ‘Commerce on the stock and commodity exchanges’, *Theory and Society* (29)3 (June 2000): 305–338; 339–371.

⁴ See also discussion in Guenther Roth, ‘Max Weber: family history, economic policy, and exchange reform’, *International Journal of Politics, Culture and Society* 15(3) (2002): 509–520.

⁵ Weber wrote that China failed to produce those great and methodical business conceptions which ‘are rational in nature and are presupposed by modern capitalism’ and that ‘such conceptions have remained alien to China’, except in Canton, where foreign influence ‘and the incessant advance of occidental capitalism have taught them to the Chinese’. Max Weber, *The Religion of China: Confucianism and Taoism*, trans. Hans H. Gerth, Glencoe, IL: The Free Press 1951, 242.

ber's well-known writings about China, in the decade before his death, elaborated civilizational differences from the institutional, ideological and legal frameworks of Europe that he held to be responsible for the development of modern capitalism in the former and its absence or stunted character in the latter. Considerable historical scholarship has detailed the limitations of Weber's source materials and methodology in these essays, and diminished his empirical assertions about China. Re-evaluations of Confucianism, in a variety of contexts, in concert with China's economic development in the post-Mao era, have also challenged Weber's claims that its (non-European) difference hindered the development of modern capitalism.⁶ What I hope to do here is somewhat different: I should like to consider turn of the twentieth century convergences on the question of the stock exchange that were obscure to Weber's vision, interests and methodology.

Weber's emphasis on the interconnection of nationalist imperatives and stock exchanges bears a striking resemblance to the advocacy for the establishment of Chinese stock exchanges by Chinese reformers who were Weber's contemporaries. This similarity makes it intriguing to juxtapose Weber's understanding of exchanges and that of these Chinese thinkers, notably Liang Qichao and Kang Youwei, in a retrospective frame, even if Weber was unaware of stock exchanges in contemporary Chinese thought and practice and these early Chinese economic thinkers were unaware of Weber. My point is not to suggest that China was 'like' Europe, or that Chinese thinkers thought like Weber (they did not). Rather, convergences of time and theme (if not idiom and detail) may be best understood through Wang Hui's trenchant observation that 'the problem of Chinese modernity cannot be studied only in the Chinese context, nor can analysis be pursued on a Western model that excludes the Other.'⁷ Chinese thinking about stock exchanges, and Chinese exchanges themselves, like other elements of Chinese modernity, developed – like Weber's theory – in a historical time and space of political, economic and cultural interaction. This observation suggests the utility of considering both contact and co-temporality, though Weber barely touched upon the China of his time or its points of contact with Europe.

Weber wrote his stock exchange essays after the spectacle of German financial scandals and bank failures in the early 1890s stimulated anti-capitalist sentiment and served as fodder for parliamentary battles over exchange reform.⁸ We-

⁶ See, for example, Otto B. Van der Sprenkel, 'Max Weber on China', *History and Theory* 3(3) (1964): 348–370; Andreas E. Buss, ed., *Max Weber in Asian Studies*, Leiden: Brill 1985; Timothy Brook & Gregory Blue, eds., *China and Historical Capitalism: Genealogies of Sinological Knowledge*, Cambridge, UK: Cambridge University Press 1999; Yü Ying-shi, *Cong jiazhi xitong kan Zhongguo wenhua de xiandai yiyi* (The contemporary significance of Chinese culture from the point of view of its value system), Taipei: Shibao wenhua chuban qiye 1984; Yü Ying-shi, *Zhongguo jinshi zongjiao lunli yu shangren jingshen* (The modern Chinese religious ethic and merchant spirit), Taipei: Lianjing chuban gongsi; Liu Dong, 'The Weberian view and Confucianism', trans. Gloria Davies, *East Asian History* 25/26 (June/December 2003): 191–217.

⁷ 'Weber and the question of Chinese modernity' in Wang Hui, Theodore Hutters, ed., *The Politics of Imagining Asia*, Cambridge, MA: Harvard University Press 2011: 304.

⁸ Steven Lestition, 'Historical preface to Max Weber, "Stock and Commodity Exchanges"', *Theory and Society* (29)3 (2000): 289–304.