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Abstract

The history of economic thought has discussed issues related to trade and religion predominantly from a Western perspective. In order to fill this gap in the literature, we investigate the historical roots of Asian views on trade and globalization. We discuss the positions of traders, merchants, and their commercial activities across the five major philosophies of life (religions and schools of thought) in ancient Asia. The paper follows history’s timeline starting with the ideas about trade in the Vedic religion (ancient Brahmanism and Hinduism), Buddhism, Confucianism, Chinese Legalism, and Islam. We find significant dissimilarities in the appreciation and perception of international economic activities both across ancient Asian philosophies of life as well as with Western economic thought. While Islam and Buddhism were trade-friendly, Confucianism looked down on commerce, Hinduism tried to exploit traders as low esteem servants, and Legalism saw international trade essentially as a threat. These ideas embedded in ancient religions and philosophies of life have shaped societies and attitudes towards trade and globalization and we review their impacts in today’s world. We conclude that the history of ancient Asian thinking on trade and traders is important for understanding international economic relationships in a world of growing multi-dimensional integration.

Keywords: International trade, Globalization, Spirituality, Religion, Philosophy, Brahmanism, Hinduism, Buddhism, Confucianism, Chinese Legalism, Islam.

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Winds from the East: Ancient Asian views on international trade

...in ancient China, the home of the oldest literary culture of which we know... no piece of reasoning on strictly economic topics has come down to us that can be called scientific (Schumpeter, 1954, p. 53).

1 Introduction

International trade is governed by many factors. Economists for long focused on absolute and comparative advantages (that ultimately are based on the relative abundance of the factors of production and their respective qualities), on trade distorting or enhancing factors (such as tariffs and other barriers, WTO membership, regional and bilateral trade agreements) and on first nature economic geography elements such as distance to foreign markets, access to sea, climate, and natural resources. Increasingly, however, attention has been drawn by so-called 'soft' determinants such as language, culture, institutions (including the political organization of society) and – the topic of this paper – religion, spirituality and philosophy of life.

The ideas that similar moral backgrounds facilitate trade between individuals, and that religions can be detrimental to free trade was already recognized by Adam Smith, who specifically argued that the Roman church promoted anticommercial attitudes and barriers to international trade (Anderson, 1988). Discussing mercantilist policy before Smith, Viner (1937, p.26) observed that 'pre-economic' doctrines did not so much depend on economic reasoning but rather derived 'much of their vitality from moral and religious principle…' Indeed, in his first Wabash lecture ‘Early attitudes toward trade and the merchant’, Viner (1959) uncovers some of the ancient Greek, Roman and early Christian roots of modern conceptions of trade. The dominant view of the Classical World is perhaps best illustrated by the fact that Hermes/Mercurius was the god of thieves, travelers and merchants reflecting the low esteem in which trade and traders stood in Graeco-Roman times. Early Christianity likewise saw trade as a fraudulent and exploitative activity. Interestingly, Viner also spots an undercurrent that recognized the potential benefits of international exchange based on the God-given heterogeneity of climate, natural resources and production conditions. However, it would take the Reformation to break out of the Catholic doctrines and arrive at a more positive view in Europe on the role of the merchant and the benefits of free trade.

1 An earlier version was presented at the 48th Annual Conference of the History of Economics Society (online, December 09-12, 2021) and has been accepted for presentation at the European Trade Study Group’s annual meeting in Groningen (September 2022). Comments by participants, by Douglas Irwin, Ruben Gowricharn and Matthijs van Dijk are gratefully acknowledged.
In the 1990s, however, the literature’s verdict on the importance of religion, spirituality and philosophy of trade was negative, especially regarding their relationship with economic attitudes (Iannaccone, 1998, p. 1447), but since a good decade interest is increasing again. Helble (2006, 2007) in a seminal paper argues that religion and philosophy of life are important for the explanation of bilateral trade flows both because trade between people with similar backgrounds is easier due to higher levels of trust, and because attitudes towards international trade may be related to the particular religion or philosophy of life to which one adheres.2 Empirical research confirms the importance of religion for international merchandise trade (e.g., De Groot et al., 2004), services (e.g., Lee, 2013; Lee and Park 2016), tourism (Fourie et al., 2015), trade networks (Lewer and van den Berg, 2007a,b) and foreign direct investment (e.g., Hergueux, 2011).3 Noteworthily, religion is nowadays often included as one of the standard controlling variables in gravity modelling as it is provided by one of the leading data sources for applied gravity modelling CEPII.4

Despite the increasing recognition that religion is an important determinant of trade and economic performance, its role in the history of economic thought has been studied predominantly through the lens of capitalism, Christianity, and Western civilization. Scholarships on the history of economic thought such as Schumpeter (1954) and, more recently, on international trade such as Irwin (1998) tend to focus on writing originated from the Occident, especially regarding the ancient period. The lack of attention is a relevant gap in the history of economic thought, not only because of the increasing role of China in the world economy, but also due to the importance of ancient Asian philosophy underlying China’s institutions and policies (e.g., Morris, 2018).5 Moreover, the western views appear to have been influenced by the biased view of Weberian sociology as some Asian authors argue. For example, Madjd-Sadjadi (2014, p. 294) points out that arguments in Weber (1951) suggest that “that Confucianism and Taoism, while not antithetical to wealth accumulation, lacked the work ethic and the drive to innovate of Protestantism”, which is to be considered an anti-Eastern bias since “China had the most advanced economy on the planet prior to the Industrial Revolution.” Chandrasekaran (2014, p. 324) argues that the warning from Dasgupta about discarding “the distorting mirror of Weberian sociology” is ignored by mainstream analysis interpreting Indian economic thought. This is a broader phenomenon that extends to all aspects of the study of international relations: Acharya and Buzan (2017) argue that there are many historical gaps in the current stream of research and that non-Western theories need more attention to avoid the Western bias and build a more balanced, global

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2 Interreligious conflict, moreover, may result in less bilateral trade.
3 See, however, Leroch et al. (2014) who find no strong relationship between religion and home bias. Kang and Fratianni (2006) find that country pairs that do not have a religion experience stronger trade.
5 The early modern history is better covered by the literature. See, for example, Hua (2021) and Becker et al. (2020).
view. The current Western domination of our thinking carries a high analytical cost. As the importance of Asian countries in the world economy steadily grows, Eastern thinking on globalization increasingly becomes relevant. Indeed, students of international economic relations are facing the complex puzzle of the East Asian and Chinese ‘Miracles’ that do not fit into the box of mainstream economics and the continuing wide popular support for globalization in Eastern societies\(^6\) that contrasts with the anti-globalist developments in Western market democracies (van Bergeijk, 2018, 2019). This paper aims at providing a piece of that puzzle by providing an overview of the major ancient Asian views of international trade because as argued by Irwin (1998, p. 12) “ancient attitudes toward those engaged in commercial activity also lend insight to early conceptions of trade.”

We are inspired by the long history of Eastern trade dating back thousands of years as silk strands were found with an Egyptian mummy from around 1000 BCE (Wilford, 1993). Indeed, “the phenomenon referred to today as ‘globalization’ is actually nothing new, but merely an accelerated form of patterns going back more than 3,000 years” (Foltz, 2010, p. 5). Moreover, Schumpeter (1954, p. 52) argues that “the history of economic thought starts from the records of the national theocracies of antiquity whose economies presented phenomena that were not entirely dissimilar to our own, and problems which they managed in a spirit that was, in fundamentals, not so very dissimilar either” while Dasgupta (1993, p. 3) suggests that “in ancient cultures the workings of the human mind tend to be closely linked to religion” and that “a history of economic thought must therefore take the religious factor into account.” Causality is, however, not always clear. For example, in ancient India, “the demand for Chinese silk banners was caused by both Buddhist ceremonies as well as Hindu ceremonies such as weddings” (Liu, 1988, p. 69), and it might be hard to decide whether the spread of religious ideas led to the spread of demand for silk or vice versa (Liu, 1998). The Vedic religion is deeply rooted in Indian history while Buddhism, though originating from India, spread and developed in East and Southeast Asian countries, especially in China. Meanwhile, within China itself, Confucianism and Legalism, although perhaps more a school of thought or a philosophy of life than a religion, carved and shaped Chinese society.\(^7\) Islam spread its influence all over the Persian world and even to India, China, and Southeast Asia.

\(\text{\textsuperscript{6}}\) For recent examples see Bertelsmann Stiftung, 2020 Globalization Survey and YouGov and Oxford University Globalism project 2021.

\(\text{\textsuperscript{7}}\) Another important philosophy Taoism (or Daoism) focuses on the need to balance yin and yang, the individual and the universe, and hardly delves into politics and even less so into economics. Recent studies link Taoism and Confucianism to the legal underpinning of the Belt and Road Initiative (Shan et al., 2018).
FIGURE 1
Timeline of discussed ideas and key philosophers and religious leaders
This paper aims to provide a discussion on ancient Asian thought on international trade. We discuss the views on traders, merchants, and their commercial activities across these five religions and schools of thought in order to contribute to the literature in the field of study on the dissimilarity between Western and Eastern perception on international trade. The organization of our paper follows a historical timeline (Figure 1) starting in Section 2 with the ideas about trade in the Vedic religion (Ancient Hinduism, Brahmanism). Subsequently, Section 3 discusses Buddhism, Section 4 Confucianism, Section 5 Legalism and Section 6 Islam. Section 7 synthesizes our findings with respect to the attitudes towards international traders and international economic activities.

2 The merchant in Vedic religion: a servant in low esteem

The Vedic religion is a concept that is used to refer to “a complicated yet systematic set of religious values, ideas, and practices” (Mahony, 1998, p. 1) that are found in the Veda, “a large body of literature composed in Sanskrit, a sacred language of Hinduism, revered as revelation” (Flood, 1996, p. 11). In the historical development of the Vedic religion, Brahmanism is considered as the predecessor of Hinduism. Brahmanism is usually used to refer to Vedic “religious ideas and practices prior to about 200 BCE” while Hinduism is used for the period after 200 BCE (Sullivan, 2001, p.9).

In the Vedic world, merchants were in low esteem and long-distance trade was discouraged. In early Vedic texts, such as Ápastamba Dharmasútras (आपस्तम्भ धर्मसूत्र) sailing a ship on the sea was explicitly forbidden (Ray, 1994, p. 153). Merchants were to serve the upper social classes, and trade was a facility to achieve wealth in order to fulfill the political and religious aims of the upper class. Traders and merchants did not enjoy a high status in Vedic ideologies. Together with farmers and cattle breeders, traders belonged to the Vaishyas caste which ranked third in the four varnas hierarchy of ancient Vedic Indian society. The varna hierarchy is a social stratification dividing ancient Indian society into four castes which were described as originating from different body parts of Purusha, “the primeval cosmic being” which was “the source and origin not only of the physical universe but also of religion and the social order” (Klostermaier, 2007, p. 485). According to the Purusha-sukta, hymn 10.90 of the Rīg Veda (most likely was written between 1500 and 1000 BCE), the four varnas originated from Purusha’s body: “His mouth became the Brahmana; his arms were made into the Rajanya; his thighs the Vaishya, and from his feet the Shudras were born” (O’Flaherty, 1986, p.32). The body symbolizes the descending order from Brahmana to Shudra (Singh, 2008, p.202). Merchants, belonging to the Vaishya group, were thus certainly not among the powerful and valued social groups. In fact, Vaishya was consistently considered to be inferior and those born in this caste were to serve the upper classes, the Brahmana and Rajanya/Kshaytriya:

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*See Flood (1996, pp. 37-39) and Anthony (2010, p. 454)*
Though entitled to the services of the priesthood and to the initiation ceremony in Vedic times, the Vaishya is regarded as a strictly inferior member of society. Despite the increasing significance of trade in the later Vedic period, the Vaishya’s status does not improve (Darian, 1977, p. 233).

As society developed, merchants began to acquire more economic power. The Brahmana strongly opposed the rise of the Vaishya into the religious sphere. Basham (1959, p. 142) notes the belittlement imposed on farmers and merchants since they, as Vaishyas, were described as “paying tribute to another, to be lived on by another, to be oppressed at will”. Furthermore, early Brahmanic texts perceived a Vaishya as “a wretched and down-trodden cultivator or petty merchant, who is of no interest to his betters except as a source of profit” (Basham, 1959, p. 142). This showed clearly up in the Hindu laws, for example, the Manu’s Code of Law (मनुसूत्रि; 2nd or 3rd century BCE) keeps reminding the king of making sure that the two lowest varnas (Vaishya and Shudra) perform their duties and maintain their low status (Olivelle and Olivelle, 2005, p. 189). The king should “make Vaishyas pursue trade, moneylending, agriculture, and cattle herding, and make Shudras engage in the service of twice-born people” (Chapter 8, 410) and “strenuously make Vaishyas and Shudras perform the activities specific to them; for when they deviate from their specific activities, they throw this world into confusion” (Chapter 8, 418).

Furthermore, among all the occupations in the Vaishya group, traders and merchants were mistrusted. For example, the Arthashastra (अथशास्त्र), Kautilya (375–283 BCE) observes that merchants were “all thieves, in effect, if not in name; they shall be prevented from oppressing the people” (Rangarajan, 1992, p. 236) nd that they tended to “fix prices by forming cartels”, “make excessive profits”, and “deal in stolen property” (Rangarajan, 1992, p. 86). The Arthashastra even instructed “various subterfuges for separating the merchant from his money” (Darian, 1977, p. 232). For example, Kautilya (Rangarajan, 1992, p. 237) determined that the “profit margins allowed to merchants shall be: 5% for locally produced goods and 10% for imported goods.” The merchant should hand over excess profits due to buyers’ competition to the king:

*After the duty is paid, the merchant shall place himself near the customs house and declare the type, quantity and price of his goods. He shall call out for bids three times and sell to anyone who is willing to buy at the price demanded. If there is competition among buyers and a higher price is realized, the difference between the call price and the sales price along with the duty thereon shall go to the Treasury.* (Rangarajan, 1992, p. 239).

The Arthashastra (Rangarajan, 1992, p. 108), however, also recognized the importance of commercial activities as “agriculture, cattle-rearing and trade constitute economic activity” and that “they are the main sources of wealth.” The Arthashastra therefore contains advice and instructions on how the king

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9 The Arthashastra is an ancient Sanskrit book, written and redacted between the 1st century BCE and 300 CE (Olivelle, 2013, pp. 25-31), dedicated to state affairs, including economic policy, military strategy, and foreign policy (Boesche, 2002, pp. 7-8).
should promote both domestic and foreign trade. For domestic commercial trade, Kautilya (Rangarajan, 1992, p. 235) suggested that the king “shall promote trade and commerce by setting up trade routes by land and by water and market towns/ports” and that “trade routes shall be kept free of harassment by courtiers, state officials, thieves and frontier guards and from being damaged by herds of castle.”

Meanwhile, in terms of foreign trade, imported goods received a rather positive view in the *Arthasastra* as they “shall be sold in as many places as possible” (Rangarajan, 1992, p. 236) so that they could be available to both people who lived in urban areas as well as the countryside. Kautilya (Rangarajan, 1992, p. 237) even proposed quite generous incentives for imported goods and foreign merchants, such as “[l]ocal merchants who bring in foreign goods by caravans or by water routes shall enjoy exemption from taxes, so that they can make a profit;” and “foreign merchants shall not be sued in money disputes unless they are legal persons in the country; their local partners can, however, be sued.” According to Sihag (2005, p. 746) Kautilya is the ‘only economist who recommends the promotion of imports and the construction of roads to facilitate importation’.

As for exports, Kautilya took a more cautious approach. Exports were under the supervision of the Chief Controller of State Trading who had to make sure that “trade with such foreign countries as will generate a profit; he shall avoid unprofitable areas” and when there seemed to be no profit the Chief Controller of State Trading might still carry on trading if there could be “economic, political or strategic advantages in exporting to or importing from a particular country” (Rangarajan, 1992, pp. 237-8). Besides the general rules of imports and exports, the *Arthasastra* also specified types of goods that were prohibited from foreign trade – an early form of national security-based trade policy. Prohibited exports were specifically listed including “weapons and armor of all kinds including coats of mail; metals; chariots; jewels and precious stones; grains and cattle” while prohibited imports were mentioned briefly and quite general as “those harmful to the country and those that are useless” (Rangarajan, 1992, p. 239).

To sum up, early Vedic thinking looks down on merchants and barely mentions any benefits of foreign trade, or trade in general, except to serve the upper class; while in the later period, the *Arthasastra* recognizes the importance of trade and foreign affairs, but is still not in favor of free trade. Kautilya, while admitting that trade could bring significant benefits for the country, strongly promoted policies and measures to control imports and exports in a way that he thought to benefit his country the most. Kautilya also mistrusted merchants and encouraged rules that keep merchants’ profit at a low level. Repeatedly across the *Arthasastra*, registration of goods and merchants upon entering a city was brought up, which suggests that Kautilya believed that goods and merchants should not be able to travel freely. In conclusion, Vedic writings show distrust of merchants (and trade) that have the position of a servant that supposed to work under direct control in order to serve the upper class and the country as a whole.
3 Trade and Buddhism: a mutually reinforcing relation

Buddhism, like the Vedic religion, originated in ancient Asia, but had a much more positive attitude towards trade and traders. Indeed, Buddhism and cross-border trade, especially the trade along the Silk Road, had a mutually reinforcing relationship. It is generally acknowledged that Buddhism was able to spread across Asia thanks to the major trade routes of the time (Lewis, 1993; Hartman, 2004; Bumbacher, 2007). Buddhism did not only follow the trade routes as a pathway for its geographical expansion; when monks set foot in new countries, they also created demand for foreign goods. For example, Foltz (2010, p. 10) argues that “the expansion of Buddhism brought an increased demand for silk, which was used in Buddhist ceremonies, thereby further stimulating the long-distance trading activity that had facilitated the spread of Buddhism in the first place.” It might be that together with the spread of Buddhism, its positive attitude towards trade was also introduced into the new territories, hence, the new followers could as well have positive view on trade and foreign goods, such as silk, which they would not hesitate to use in ceremonies and daily life.

Buddhism’s attitude towards trading activities and traders was from the start more favorable than Brahmanism had been (Ray, 1994, p. 126) It is telling that the first lay persons received by the Buddha after he attained enlightenment were merchants:

After the Buddha had attained enlightenment, he remained under the bodhi-tree and entered a deep state of meditative concentration (samādhi) that lasted for seven days. When he emerged from his meditation, he went and sat under another tree to contemplate the bliss that had resulted from his enlightenment. While he was sitting under this second tree, two merchants, Trapusa and Bhallika, saw the Buddha, offered him cakes sweetened with honey, and thus became the first lay Buddhists (Hirakawa, 1990, p.30).

Figure 2 depicts this scene and shows the Buddha in the center surrounded by Bodhisattvas on the upper part and mortal donors on the lower part of the fresco in the Bezeklik Thousand Buddha Caves in the Taklamakan Desert, China. In the fresco, there are three mortal donors, one at the bottom left corner and two at the bottom right corner. They wear silk robes with different embroidery patterns and different hats. They also have different hair colors: black, gray, and red. These features suggest that the donors come from different regions. Moreover, the man at the bottom left corner is accompanied by a horse.

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10 The Silk Road later also facilitated the spread of Islam (Xinru, 2011); see also Section 6 below. The point that religions and philosophies spread along the trade routes is a general observation in the literature (see, e.g., Becker et al., 2020; Iyer, 2016)
and a camel and both are carrying merchandise, which suggests that he is a merchant travelling with a caravan.¹¹

**FIGURE 2**
Buddha and donors, fresco in the Bezeklik Thousand Buddha Caves

![Buddha and donors, fresco in the Bezeklik Thousand Buddha Caves](image)

*Source:* Praṇidhi scene No. 6, Temple No. 9, dated to the 9th century, Bezeklik Thousand Buddha Caves, near Turpan, Xinjiang, China. This and many other paintings were removed by Albert von Le Coq from the Bezeklik caves. They were destroyed in the Allied bombing of Berlin during the Second World War.

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¹¹ The positive attitude towards merchants/caravan owner is also illustrated by a well-known metaphor for the Buddha. Nāgasena, one of the Eighteen Arhats in Mahayana Buddhism, when answering Menander I, King of Bactria, referred to the Buddha as “a caravan owner to men in that he brings them beyond the sandy desert of rebirths” (Davids, 1890, p. 274).
Buddhists, as mentioned by Chakravarti (1996, p. 112), “attached tremendous significance to the economic function and considered it to be as important as religious and political functions”. Trade was thus rated among the higher occupations along with agriculture and cattle-keeping. Unlike Hinduism, Buddhism rejected the ‘superiority on the grounds of birth’, hence, in Buddhism, anyone could choose to “become a monk, or remain a lay follower and enjoy certain religious status in return for relatively modest financial responsibilities” (Darian, 1977, p. 235).

Buddhist literature acknowledged the importance of trade, especially foreign trade, in spreading Buddhist teaching to faraway lands. Buddhist monks and nuns were encouraged to go out in different directions and preach. Rejecting an (even foreign) invitation to preach was not allowed. How could monks afford traveling, which was very costly and difficult at the time? Their traveling was facilitated by the merchants who wanted them to preach during the trip: Ray (1994, p. 132) points out a passage in the Milindapañha:

The venerable Nāgasena once wanted to travel to Pataliputra and was apprehensive about how and where he would obtain alms and food on the way. Just then he met a caravan on its way to Pataliputra and the merchant leader requested him to join the caravan and to preach the Dhamma to him on the way.

The encouragement to travel with the caravan became so popular that even the Buddha himself was sometimes “portrayed in Buddhist art and literature as a merchant caravaneer” (Elverskog, 2011, p. 18).

Importantly, Buddhism also provided spiritual support for those undertaking long commercial trips. Buddhism offered the ideal of a Bodhisattva, “a protector who could be called upon in distress either by merchants travelling in caravans or by seafarers” (Ray, 1994, p. 153). There are many different stories and tales of how a Bodhisattva saved merchants and seafarers from monsters, demons, and perils at sea or on islands. The savior could be called upon by “meditating on the Buddha” and appeared as the Buddha himself, as a monk or in the form of an animal, such as a horse (Ray, 1994, p. 153).

Buddhism’s view of private wealth was also quite positive on the proceeds from (international) trade. For example, the collection of the Long Discourses of the Buddha, a translation of the Dīgha Nikāya (ii, 86) lists wealth as one of the five advantages for practicing good morality and this was explicitly linked to wealth accumulation:

In the first place, through careful attention to his affairs he gains much wealth. In the second place, he gets a good reputation for morality and good conduct. In the third place, whatever assembly he approaches, whether of Khattiyas, Brāhmīnas, householders or ascetics, he does so with confidence and assurance. In the fourth place, he dies unconfused. In the fifth place, after death, at the breaking-up of the body, he arises in a good place, a heavenly world. These are the five advantages to one of good morality, and of success in morality (Walshe, 1995, p. 237).
The ancient Buddhist texts thus show acceptance of and even appreciation for merchants and their wealth accumulation (provided conduct is moral), a point often missed in recent Western interpretations. An example is the critique of main stream economics Small is Beautiful that Ernst Friedrich Schumacher published in the 1970s. Schumacher perceives the Buddhist point of view of wealth as a way to achieve sustainability because the ultimate goal of Buddhists is liberation and that “it is not wealth that stands in the way of liberation but the attachment to wealth; not the enjoyment of pleasurable things but the craving for them” (Schumacher, 2011, p. 41). Hence, Buddhism urges people to obtain wealth honestly like “the bee gathers honey” and use it uprightly by devoting it to “his people’s good”. This way of life handsomely matches with the principle “Small is beautiful” from Schumacher’s teacher Leopold Kohr. In contrast to Buddhist encouragement of international trade, Schumacher’s ‘Buddhist Economics’ tends to be more in favor of self-sufficiency than international exchange citing Buddhist teaching to be pursuing a non-violent lifestyle reasoning that “people who live in highly self-sufficient local communities are less likely to get involved in large-scale violence than people whose existence depends on worldwide systems of trade” (Schumacher, 2011, p. 43). In this sense, Buddhism may offer an alternative to the Liberal Peace paradigm (the idea that international trade strengthens democracy and reduces international conflicts), that underpins much of the architecture of the international institutions. Buddhist economics a la Schumacher provides a philosophical alternative by stressing that simplicity and low use in consumption allow for highly self-sufficient local communities that have no incentives to get involved in large-scale conflicts (van Bergeijk 2021, pp. 132-3). However, as we have seen, Buddhist teaching is mainly about not doing evil and trying to do good. People could practice this teaching through economic and cultural exchanges so that they might understand their foreign peers better and improve their bonds by sharing trading benefits, not by secluding themselves and avoiding cross-community interactions.

4 Trade in Confucianism: at the bottom of the list of occupations

Buddha’s contemporary Confucius arrived at the opposite spectrum as a – perhaps unintended – side-effect of his emphasis on the importance of education. As Confucianism developed, his followers popularized a philosophy that segmented a civilized society into four groups of occupations, ranked in order of their perceived societal contribution. A philosophy that deliberately aimed at promoting the status of scholars in ancient Chinese society: “At the top, of course, were the scholars, who, because of their superior learning, had a responsibility to guide everyone else. Thereafter followed, in descending order,

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12 See Opdebeeck (2011) for a discussion.
13 Confucians focused on the societies touched by Confucianism and considered others as barbarians although still recognized that others had their own cultural developments.
farmers, artisans, and merchants” (Schuman, 2015, p. 165). In the idealized four-fold hierarchy of Confucian society, not counting the slaves, merchants thus stand at the bottom (Chang, 1987). Merchants and their business activities aimed at making money were widely looked down upon, and regarded as undignified, even in books that were meant for the education of children. An example of the latter is the *Thousand Character Classic* \(^{14}\) (千字文), the very first book that young children would use to learn to read and write in the days of imperial China (Rainey, 2010, p. 196).

Relatedly, a famous story tells how Mencius’ mother moved their home three times in order to give her son the best environment for his development clearly portrayed the perceptions of society at that time about different occupations including trading.\(^ {15}\) This story starts when Mencius’ literate and kind mother, who wanted her son to be well-educated, realized that her son enjoyed fistfights and making troubles (including fake crying in a funeral for money) with illiterate children in the neighborhood of their first home, which was located in a suburb with a large graveyard. Hence, she decided that their family would move inside the city, near a marketplace where she again found the milieu to be uncouth because her clever son began to learn all the merchants’ tricks in the bazaar, he learned to haggle, to cheat, and to deceive. Hence, they moved again to a neighborhood near the Palace of Education, where intellectuals gathered and discussed earnest issues with rites and politeness. The young Mencius quickly learned to behave with virtuousness and paid serious attention to studying. His mother was pleased, and they settled in the third place. This story has been one of the most popular and influential tales from Confucianism classics which are still being widely told nowadays. The story describes first, the mother’s sublime love for her son; second, the serious effects of the environment on a child’s development; and, finally, the importance of education. From this story, we can also see that merchants/retailers were associated with swindle and fraudulence. Obviously, trade, in this Confucian world, was not a decent and respectable occupation.

Despite ranking merchants at the bottom of the list of occupations, Confucius himself stressed that everyone deserves an education and he never refused to teach anyone. His disciples were from various backgrounds including merchants and sons of criminals. In fact, Zigong, one of Confucius’ three outstanding disciples, “had once been a merchant and would, from time to time, still think and talk like a merchant” (A. Chin commented on The Analects\(^ {16}\), 9.13). Besides, Confucius did not always condemn the accumulation of private wealth as long as individuals maintain their trust in the moral path: “When the moral way prevails in a state, being poor and lowly is a cause for shame. When the moral way does not prevail in the world, having wealth and position is a cause for shame.”

\(^{14}\) The *Thousand Character Classic* is “China’s oldest primer” which was “written between 507 and 521 A.D. by Chou Hsing-szu” (Paar and Lui, 1963, p. 3).

\(^{15}\) Mencius (372-289 BCE) is considered as the “second sage” of Confucianism. Mencius’ influence in Confucianism is only second to Confucius himself (Van Norden, 2019).

\(^{16}\) The *Analects* (*Lun Yu* - 諫語) is a collection of Confucius’ sayings collected and put together, after his death in 479 BCE, by his student (Rainey, 2010, p. 10).
for shame” (The Analects, 8.13). So, it is not about being rich or poor, it is about living uprightly17.

Although not being seen as an esteemed occupation in the Confucian tradition, trade was not totally an evil livelihood either. An honest merchant might be considered as someone who is making wealth in a less honorable way. Confucian teaching emphasizes the importance of education and the equality of opportunity to acquire education. For Confucius, studying is the proper way to make wealth: “It is hard to find a person who, after three years of studying, has not yet turned his thoughts to earning a salary” (The Analects, 8.12). In the Analects, he kept reminding that everyone should be treated equally in education: “In educating others, let go all preconceptions of class and categories” (15.39) and that education would transform everyone to become more civilized, even for ‘barbarian tribes’. Keeping the equality spirit in mind, Confucian classics did not really disparage merchants but rather might feel pity for them as they had made choice to pursue a less moral, less righteous, less virtuous way of life: “People are similar by nature; they become distinct through practice” (The Analects, 17.2). So, in Confucianism, commerce might not be the best occupation but also not a terribly vulgar one that people should avoid.

5 Trade in Chinese Legalism: a threat

Next to Confucianism, Chinese Legalism (Fajia - 法家) also greatly influenced ancient Chinese society, especially in building the government and making laws. Legalism gained acceptance around the end of the Zhou (周) dynasty18 and became significant, even dominant, after the successful reform of the Qin (秦) state which later allowed it to conquer the other six of the Seven Warring States and eventually put an end to the then powerless Zhou dynasty. Even after the fall of the Qin dynasty, Legalism managed to remain its influence alongside Confucianism as “Legalism seems to have steadily infiltrated Confucianism over a long period” (Creel, 1956, p. 218) and that “both Confucianism and Legalism have had their proper sphere of application. The proper sphere for Confucianism is that of social organization, spiritual and moral culture, and learned scholarship. And the proper sphere for Legalism is that of the principles and techniques of practical government” (Fung, 1997, p. 215). Hence, when taking into account how ancient China perceived trade and merchants, the legacy of Legalism may be as important as the Confucians.

Unlike in the Confucian view, merchants were perceived as a potential threat to the government and needed to be strictly controlled under the view of Chinese Legalism writers. The difference lies in the contrasting points of view on human nature between Confucianism and Legalism. The famous Confucian Mencius (孟子) (fourth century BCE) believes that human beings are innately good (人之

17 This argument is, to some extent, similar to how Greek mythology which positions Hermes as the god of both traders and of thieves (López-Pedraza, 2003).
18 The Zhou dynasty lasted from 1046 BCE until 256 BCE, just before the ascension of the Qin dynasty.
初，性本善) so “human nature has within it the potential to grow into goodness, just as a fruit tree has the potential to grow fruit” (Rainey, 2010, p. 90); in contrast, Xunzi (荀子) (third century BCE), also a famous Confucian scholar who was more realistic and practical, believes that human beings are innately evil (人之初，性本恶) so “the innate nature of man embraces a love of profit” (Knoblock, 1988, p. 213). Hence, in the view of Xunzi, the government needs to impose laws for individuals to behave properly (Madjd-Sadjadi, 2014).

Inheriting Xunzi’s perception of human nature, Han Feizi (also known as Han Fei Tzu - 韓非子) (around 280 – 233 BCE) developed a system of political thought that has “a remarkable resemblance in its scope and approach to modem economics, especially the public choice variety” (Choi, 1989). Han Feizi, the “greatest theorizer of the Legalist school” (Fung, 1997, p. 157), listed (undisciplined) merchants as one of ‘The Five Vermin’ that could become a threat to the state power:

*The tradesmen and craftsmen disguise worthless, broken articles as proper goods, collect useless luxuries, accumulate riches, wait for good opportunities, and exploit the farmers* (Han Fei Tzu, 1959, p. 297).

Hence, the Legalists wanted private wealth accumulating primarily by merchants to be prohibited (Lai, 2008, p. 195). Han Feizi’s analysis that human nature is to “seek only for security and profit and to avoid danger and poverty” (Han Fei Tzu, 1959, p. 295) has a close resemblance to the West’s conceptualization of ‘economic man’ but with a negative undertone pointing out that merchants would be willing to bribe the authorities to get what they want, hence

*...the enlightened king so administers his state as to diminish the number of tradesmen, craftsmen, and idlers, and to lower their names in order to incline their minds to primary callings and to lessen their interest in secondary occupations* (Han Fei Tzu, 1959, p. 296).

For Han Feizi, merchants were full of mischief and iniquity as they would seize the opportunities to exploit farmers, who alongside warriors were considered by Han Feizi as the foundation of the country. From his writing, we can see that Han Feizi disliked and mistrusted trade and traders maybe just as much as Kautilya. Nevertheless, these two political writers have very different views of the role of merchants and commerce. Han Feizi perceived merchants, not as a resource but more of a threat, and listed merchants as one of the five vermin of the state; he wished to get rid of these vermin. However, getting rid of them was impossible so he came up with a system of rules and laws to minimize them and minimize their impact. Meanwhile, Kautilya took merchants as thieves that need to be controlled strictly, but he also admitted the benefits of trade and wanted

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19 Mencius’ point of view toward human nature is, to some extent, similar to the Calvinist view on predestination.
to take advantage of trade. Because of the differences in what they thought trade could bring to the table, despite both disliking merchants, Han Feizi and Kautilya had dissimilar ways of dealing with merchants and commercial activity: the Chinese theorizer wanted to oppress tradesmen while his Indian peer wanted to profit from them.

6 Trade in Islam: the best livelihood

In Islamic thinking, traders, especially silk traders, are highly respected, and trade was perceived as the best occupation (Liu, 1998, p. 158). The Prophet praised that “[a]mong means of livelihood, trade occupies the most prominent place, the honest merchant being one of the righteous servants of Allah” (quoted in Ali, 2013, p. 292). Jahangir, Emperor of the Mughal dynasty, proclaimed that “of all the professions, only trade is respectable in the eyes of Islam” (Alam and Subrahmanyam, 2007, p. 127). This high status of traders in Islamic society is reasonable considering that the Prophet himself “was then a middle-aged merchant, a happily married forty-year-old with a full brood of children and a good reputation in the city of his birth, built up over thirty years’ experience of caravan trade” when his first revelation took place in a cave in Mecca (Rogerson, 2010, p. 88). It’s worth noticing that honesty and trustworthiness were emphasized as an essential characteristic for a trader to be honorable as the Prophet declared that “the truthful, honest merchant is with the prophets, and the truthful ones, and the martyrs” (quoted in Ali, 2013, p. 294). Moreover, Elverskog (2011, p. 30) noted that “the value of trade and the commercial spirit was so important in early Islam that much of the Shari'a (Islamic law) is devoted to supporting it.”

Islam might be the most commercial-friendly religion in the ancient world. Over time, “commerce and business have remained central subjects in the Islamic ethical tradition. During a limited period of Islam’s history, its spread was due to the sword, but otherwise [in the ancient world] its spread has been essentially through individual proselytization, more particularly as a result of trade and commerce” (Bassiouni, 1993, p. 118). Indeed, according to the Qur’an (القرآن - Translated by M. A. S. A. Haleem), “God has allowed trade and forbidden usury” (2:276) and “it is lawful to trade while on pilgrimage” (2:198). Furthermore, Islamic perception of the sea has been very positive and blissful. Unlike the Greek and Roman writers who were fighting around the idea about “whether location near the sea was a blessing or a curse” (Irwin, 1998, p. 11), Islamic texts claimed the sea as an arrangement of the God for his believers to seek blessings: “It is God who subjected the sea for you—ships sail on it by His command so that you can seek His bounty and give Him thanks” (The Qur’an, 45:12). In addition, the Qur’an even suggests the way merchants should perform their commercial activities, such as Muslim traders should have witnesses for their transactions: “Have witnesses present whenever you trade with one another, and let no harm be done to either scribe or witness, for if you did cause them harm, it would be a crime on your part” (2:282); or that trade should be
It is worth noticing that both Islamic and Buddhism saw trade routes and merchant caravans as the best way to spread their teaching and influence. I might be due to this positive attitude towards international trade that Buddhism and Islam were able to reach and influence so many countries all over ancient Asia.

7 Tableau de la troupe: some comparisons and conclusions

This paper started by pointing out the scarcity of studies on the history of (ancient) Asian thought on international trade. Since international trade is an activity dating back thousands of years, we argued that it is appropriate to look into ancient views on traders and trading because of the light that this may shed on the present. Based on the teachings and writings of the Vedic religion (Brahmanism and Hinduism), Buddhism, Confucianism, (Chinese) Legalism and Islam, we distilled the views on trade, both as a profession and for society. From our discussion, it is clear that ancient Asian thinking on trade and traders is heterogeneous (Figure 3 offers a schematic representation).

Among the five ancient Asian schools of thought, Islam and Buddhism had very positive attitudes toward and traders; Confucianism felt pity for merchants for choosing to live a less dignified life but was not against traders and commercial activity per se. Legalism and Vedic religion both disliked merchants,
but Legalism wanted to oppress trade as much as possible, whereas Hinduism tried to milk the benefits of trade. Islamic teaching is similar to that of Buddhism in terms of the importance attached to trade. Moreover, both see trade routes and merchant caravans appeared to be the best way to spread their teaching and influence. These two religions also share a positive view of the sea and sea traveling. Islam perceives the sea as God’s arrangement for the followers to seek blessing and in Buddhism, sea travelers are protected by the Buddha or the Bodhisattvas. It is not unlikely that, due to their positive attitude towards international trade, Buddhism and Islam were able to reach and influence so many countries all over ancient Asia.

With this tableau de la troupe in mind, it is interesting to note the ancient Greek and Roman views on trade and merchants. In ancient Greece, “it was widely believed that citizens should not participate in commerce, but that it should be left entirely to resident aliens who were deprived of political rights and kept separate from the civic life of the Greek city-state” (Irwin, 1998, p. 12). Likewise, in ancient Rome, commercial activity was considered “beneath the dignity of elite citizens, and laws even prohibited senators from participating in commerce” (Irwin, 1998, p. 12). This would locate the dominant Graeco-Roman and early Christian conceptions of merchants and international trade in the southwest corner of Figure 3 between Legalism and the Vedic religion. The ideas embedded in ancient religions and philosophies of life have shaped societies and attitudes and their impacts can be traced in today’s world.

Buddhism is empirically found to have positive effects on international trade (Lewer and van den Berg, 2007). The findings for the Hindu religion are more complex: a negative association between, on the one hand, international trade and, on the other hand, Hindu religion in cross religious dyads while international trade is positively associated with trade between similar (i.e. Hindu) trading partners (Lewer, 2005; Lewer and van den Berg, 2007). This contradicts the a priori expectation that the significant Hindu diaspora provides a network of family ties and spreading of consumer preferences that would seem to be conducive to trade (Gowricharn, 2019). This may be because people that self-identify as Hindu appear to display the most consistent tendency towards home bias in comparison to other religions (Leroch et al., 2012, p. 12), or because the caste specificity of trading activities may make it difficult for distinct religions to find suitable Hindu trade partner (Helble, 2006, p. 213).

Modern mainstream economic thinking on Confucianism for long was determined by Weber’s view that religion explained ‘Chinese backwardness’ 20. Also, Chinese legalism’s stipulated strictness of legal application as the basis of governmental control rather than governmental accountability. The impact of Chinese legalism has especially been recognized in the area of trade law and its institutions (Toohey and Picker, 2012) and in particular regarding WTO related issues such as a larger frequency of dispute settlement (Picker, 2015), as well as transparency issues (Ala‘l and Beshkardana, 2021). However, especially since the

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20 See Huang (1994) for a critical evaluation.
In ancient times, major Asian religions and philosophies took heterogeneous views on international trade described by their attitude toward international commercial activities and merchants. While Islam and Buddhism were trade-friendly, Confucianism looked down on commerce, Hinduism tried to exploit the trader as a low esteem servant, and Legalism saw trade as a threat. Contemporarily, these five major religions and philosophies are found to have heterogeneous effects on international trade as well. Hinduism tends to encourage co-religion rather than cross-religion trade, Buddhism empirically enhances international merchandise trade, whilst the effects of Islam, Confucianism, and Legalism on trade more difficult to distill. With this caveat in mind, however, it is clear that the history of ancient Asian thinking on trade and traders is important for understanding international economic relationships in a world of growing multidimensional integration.

21 A combination of high growth, human welfare improvement, and equitable income distribution (World Bank, 1993).
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