

# CULTURAL FACTORS AND ECONOMIC PERFORMANCE IN EAST ASIA AND LATIN AMERICA

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At least until the current financial crisis, East Asia had achieved legendary success in development. Back in 1960, each citizen in Japan, the richest place in Asia, had only one-eighth the dollar income of each American. South Korea was no richer than Sudan; Taiwan was about as poor as Zaire.<sup>1</sup> This picture changed very rapidly, however. As a World Bank booklet pointed out in 1993, no other group of developing countries in the world has done as well as in fostering growth, reducing poverty, integrating with world markets, or raising standards of living. According to this World Bank publication, per capita incomes in the region almost quadrupled over the past 25 years. On average, absolute poverty fell by about two-thirds, while population growth rates declined rapidly, and health and education improved significantly. The first set of success stories of the Asian “tigers” has led to a second generation of rapidly industrializing, fast-growing economies; and now China has started a new engine of regional growth.<sup>2</sup>

On the other side of the Pacific, the picture seemed different. By 1955, Brazil and Mexico were already entering a second dynamic phase of import substitution, well before South Korea and Taiwan started their real industrialization process. By the end of the 1970s, however, Latin America’s economic “golden age” ended, and started to walk into the so-called “lost decade” of the 1980s. Latin America seems to be a prime candidate for comparison with East Asia.

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<sup>1</sup> Jim Rohwer: *Asia Rising*, Simon & Schuster, 1995, p. 28.

<sup>2</sup> Danny M. Leipziger and Vinod Thomas: *The Lessons of East Asia: An Overview of Country Experience*, World Bank, 1993, p. 1.

In explaining why East Asia and Latin America had different economic performances during the past several decades, scholars around the world have applied several approaches, one of which is cultural. This paper attempts to answer how important the cultural factors are in the economic performances of the two regions. By taking up the cultural approach, it will first review the notion of culture and the relationship between culture and development. Then, it will explore the nature of both East Asian and Latin American cultures and try to see whether cultural factors can explain the different economic performances in East Asia and Latin America during the past decades. Despite the author's endeavors, this paper will merely revive the old issues rather than present final answers to them.

### **I. The Notion of Culture and the Relationship between Culture and Development: An Overview**

What is culture? Its notion can be varied from different aspects and according to different understandings. A. L. Kroeber and Clyde Kluckhohn listed 164 definitions that appeared between the years of 1871-1951,<sup>3</sup> and Ian Jamieson surveyed 160 definitions of culture that were in use by anthropologists, sociologists, psychologists and others.<sup>4</sup> Needless to say, there should be more explanations in recent times.

According to some scholars, from its earliest usage the word "culture" has always designated the cultivation or tending of something like "agri-culture." During and after the 16<sup>th</sup> century, the tendency was gradually extended in elite usage to include the cultivation of prestigious human qualities: mind, manners, spirit, sensibility, and taste. By the 18<sup>th</sup> century elite Europeans used the word to distinguish between the highly refined civil cultivation achieved by privileged western Europeans, and what was perceived as the relatively primitive development of such human qualities both in non-Europeans and the poor. Toward the end of the 18<sup>th</sup> century, the German historian Herder, introduced

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<sup>3</sup> A. L. Kroeber and C. Kluckhohn: *Culture: A Critical Review of Concepts and Definitions*, Cambridge, Papers of the Peabody Museum of American Archeology and Ethnology, Harvard University, Vol., XLVII - No. 1, 1952, pp. 41-79.

<sup>4</sup> Ian Jamieson: *Capitalism and Culture: A Comparative Analysis of British and American Manufacturing Organizations*, Gower, 1980, p. 9.

perhaps the first usage of “culture” as a substantive noun, suggesting that all peoples “had” a culture.<sup>5</sup>

The notion of culture has witnessed changes from time to time. More than one hundred years ago, E. B. Tylor defined culture in the classical book *Primitive Culture* (1871) as “that complex whole which includes knowledge, beliefs, art, morals, law, customs, and any other capabilities and habits acquired by man as a member of society.”<sup>6</sup> In the middle of this century, A.L. Kroeber (1948) described culture in his *Anthropology* (1948) as consisting of speech, knowledge, beliefs, customs, art, and technologies, ideals and rules; what is learned from other man, from elders, and what is added to it. In their *Culture: A Critical Review of Concepts and Definitions* (1952), A. L. Kroeber and Clyde Kluckhohn added new dimensions to the notion of culture. They stated that culture consists of patterns, both explicit and implicit, of and for behavior, acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artifacts. They said that the essence of culture consists of traditional, i.e., historically derived and selected, ideas and their attached values; a cultural system may, on the one hand, be considered as a product of action and, on the other, as a conditioning element of further action. In short, culture is the total social heritage acquired by man as a member of the society.<sup>7</sup> This definition argues that culture is shared and has distinctive forms or patterns, that it shapes human behavior, and its essence is the values embodied in the beliefs of the people. According to K. C. Alexander and P. P. Kumaran, this makes value orientation patterns the essential feature of culture. Surrounding this core are other aspects of culture, such as empirical knowledge, technologies, religious beliefs, ideologies, and related skills and artifacts.<sup>8</sup>

A relatively simple definition of the term culture is given by Lawrence Harrison, who says, “Culture is a set of values and attitudes that guide the actions of individuals and the interaction of people within a society.” He defines “values” as ideas or norms of

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<sup>5</sup> See Bennett M. Berger, *An Essay on Culture: Symbolic Structure and Social Structure*, University of California Press, 1995, pp. 14-15.

<sup>6</sup> Cited from K. C. Alexander and P. P. Kumaran: *Culture and Development: Cultural Patterns in Areas of Uneven Development*, Sage Publications, 1992, p. 11.

<sup>7</sup> *Ibid.*, pp. 11-12.

behavior to which a society attaches importance, and “attitudes” as ways in which people learn to respond to facts, circumstances, and issues.<sup>9</sup>

The Nobel laureate and economic historian Douglass North looks at culture in the light of institutions and institutional change. He believes, “In all societies from the most primitive to the most advanced, people impose constraints upon themselves to give a structure to their relations with others. ...Where do informal constraints come from? They come from socially transmitted information and are a part of the heritage that we call culture....Culture can be defined as the ‘transmission from one generation to the next, via teaching and imitation, of knowledge, values, and other factors that influence behavior’. Culture provides a language-based conceptual framework for encoding and interpreting the information that the senses are presenting to the brain.”<sup>10</sup>

In its report titled “The Challenge to the South,” the well-known South Commission defines culture as:

- 1) The sum of values, beliefs, attitudes, customs, and patterns of behavior in a given society. Paramount among these are religious beliefs and ethnic and national symbols and traditions, but they also include secular views about the human condition and human relations, individual and social priorities, morality, and rights and obligations.

All of these may be institutionalized in various degrees:

- 2) The activities in the society which express and enrich, while at the same transform those values, attitudes, beliefs, and customs. The activities range from grass-roots endeavors and undertakings (e.g. the production of folk art and handicrafts, the creation and performance of folk music and dance, popular festivities and other forms of collective entertainment) to specialized cultural forms (literature, music, painting, theater,

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<sup>8</sup> Ibid., p. 12.

<sup>9</sup> Lawrence Harrison: *The Pan-American Dream -- Do Latin America's Cultural Values Discourage True Partnership with the United States and Canada*, Basic books, 1997, p. 31.

<sup>10</sup> Douglass North: *Institutions, Institutional Change and Economic Performance*, Cambridge University Press, 1990, pp. 36-37.

dance, film-making, including television, etc.). The products they generate become, in turn, part of the culture of the society.<sup>11</sup>

In his *Trust: The Social Virtues and the Creation of Prosperity* (1995), Francis Fukuyama defines culture as “inherited ethical habit.” He believes that this definition, which draws on both culture and social structure, comes closer to the popularly understood meaning of the word.<sup>12</sup>

It is interesting to note that in his controversial article, *The Clash of Civilizations?*, Samuel P. Huntington mentions seven or eight major civilizations, of which two are Confucian and Latin American civilizations. According to Huntington, “A civilization is a cultural entity. Villages, regions, ethnic groups, nationalities, religious groups, all have distinct cultures at different levels of cultural heterogeneity....A civilization is thus the highest cultural grouping of people and the broadest level of cultural identity people have short of that which distinguishes humans from other species. It is defined both by common objective elements, such as language, history, religion, customs, institutions, and by the subjective self-identification of people.” Huntington believes that civilization has nothing to do with population size. Therefore, “[c]ivilization may involve a large number of people, as with China, ... or a very small number of people, such as the Anglophone Caribbean. A civilization may include several nations states, as is the case with Western, Latin American and Arab civilizations, or only one, as is the case with Japanese civilization.”<sup>13</sup>

Living in a country with 5,000 years of ancient civilization, Chinese scholars have their own understanding of the notion of culture. For instance, according to Xu Jiming, any material and spiritual civilization can be taken into the category of culture. The term “traditional culture,” in contrast to foreign cultures and modern cultures, represents the

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<sup>11</sup> *The Challenge to the South: The Report of the South Commission*, Oxford University Press, 1990, pp.131-132.

<sup>12</sup> Francis Fukuyama: *Trust: The Social Virtues and the Creation of Prosperity*, The Free Press, 1995, p. 34.

<sup>13</sup> Samuel P. Huntington: *The Clash of Civilizations?*, in *Foreign Affairs*, Summer 1993.

culture inherited from the nation's historical past.<sup>14</sup> Huang Xinchuang notes that the notion of culture has both a wide and narrow sense. In the wide sense, culture includes both "material culture" and "spiritual culture," all created by mankind in the long history. In the narrow sense, culture means all the social ideologies as well as the political system, social customs and beliefs that go along with them.<sup>15</sup> In a paper discussing the relationship between culture and development,<sup>16</sup> Gao Xian raises the issue of macro-culture. He points out that macro-culture includes not only culture in the narrow sense (art and literature, academic activities, etc.), but also culture in the broadest sense. Therefore, the macro-cultural approach to development is a holistic exploration of the development process, material and moral, current and historical, partial and total. According to Gao Xian, the macro-culture approach primarily addresses the issue of an objective attitude towards tradition and the relationship between traditional culture and modernization development.

From the above description we can see that the notion of culture is not easily defined. Moreover, this task is made more difficult not only by the fact that "culture" is one of the most common words in current usage not only by the social sciences and the humanities, but also by the frequent and ordinary use of the word beyond the narrow confines of academic disciplines.<sup>17</sup> An interesting example would be the appearance in China during the late 1980's of the popular names of "cultural T-shirt," "cuisine culture" and "enterprise culture," among others.<sup>18</sup>

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<sup>14</sup> Xu Jiming: *Feizhou chuantong wenhua yu zhengzhi xiandaihua* (*African Traditional Cultures and political Modernization*), in *Xiyafeizhou* (*West Asia and Africa*), No. 1, 1996.

<sup>15</sup> Huang Xinchuang: *Zhonghan wenhua de gongtong tezheng jiqi xiangyixing* (*Common Features and Differences of the Chinese and South Korean Cultures*), in *Zhonghan luntan disici huiyi lunwenji* (*Anthology of Conference Papers Presented at the Fourth Sino-South Korean Forum*), Beijing: China Social Sciences Documentation Press, 1996, p. 90.

<sup>16</sup> Gao Xian: *Culture and Development: Macro-cultural Reflections on Development*, in *Culturelink*, No. 20, 1996, pp. 143-144.

<sup>17</sup> Bennett M. Berger: *An Essay on Culture: Symbolic Structure and Social Structure*, University of California Press, 1995, p. 14.

<sup>18</sup> Before "cultural T-shirt" came into use, it was commonly known as "Old Grandpa Shirt," since it was preferred mainly by older people. It was changed into

In discussing the notion of culture, we also need to pay special attention to a nation's tradition. Then what is tradition? According to Gao Xian, tradition is what a society inherits from its history and which forms the norms of morality, concepts of value, modes of behavior, methods of thinking, ways of life, systems and habits, ideas of aesthetics, etc. This serves the foundation of the cultural identity of that particular society.<sup>19</sup>

However, tradition should not be seen as entirely "good" or completely "bad." In other words, in dealing with tradition, people should not blindly accept everything past, nor get rid of the tradition because it is totally harmful. Traditions, which are very closely linked to culture, should be renewed and improved constantly. Mao Zedong once said, "Our national history goes back several thousand years and has its own characteristics and innumerable treasures.... We should sum up our history from Confucius to Sun Yat-sen and take over this valuable legacy."<sup>20</sup> Referring to the Chinese traditional culture, he also said, "To study the development of this old culture, to reject its feudal dross and assimilate its democratic essence is a necessary condition for developing our new national culture and increasing our national self-confidence, but we should never swallow anything and everything uncritically."<sup>21</sup> As a matter of fact, for any cultural traditions, people need to adopt the general attitude of "critical inheritance," as is often suggested by many Chinese scholars.

Then what is the relationship between culture and development?

It has been increasingly acknowledged that the primary aim of the contemporary era is to seek development and peace. In pinpointing the causes of underdevelopment,

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"cultural T-shirt" only because people began to paint colorful pictures or wrote words on the T-shirts. Then a debate came forth in some popular newspapers regarding the words written on the T-shirts, like "Don't say 'Hi' to me, because I am not happy," or "I am cute but I have no money." Critics said that these words were not good to the development of the nation's "spiritual culture" in an era of economic reforms, while others argued that words on T-shirts could diversity the cultural atmosphere.

<sup>19</sup> Gao Xian: *Culture and Development: Macro-cultural Reflections on Development*, in *Culturelink*, No. 20, 1996, pp. 143-144.

<sup>20</sup> Mao Zedong: *The Role of the Chinese Communist Party in the National War*, in *Selected Works of Mao Zedong*, Vol. II, Beijing: People's Publishing House, 1952.

<sup>21</sup> Ibid.

some people would put more emphasis on external factors, such as: a long history of colonial dominance and exploitation, unequal exchanges and the absence of a just international economic order. However, it is also necessary to pay enough attention to internal factors. As a matter of fact, development is the result of both external and internal factors, and in many cases, internal factors should always play a more important or even decisive role. As Mao Zedong once said, a hen cannot hatch a chicken out of a stone.

In terms of internal factors determining economic development, people are increasingly emphasizing the non-economic ones like culture. As Augusto Salazar Bondy puts it, “Underdevelopment is not just a collection of statistical indices which enable a socio-economic picture to be drawn. It is also a state of mind, a way of expression, a form of outlook and a collective personality marked by chronic infirmities and forms of maladjustment.”<sup>22</sup>

Max Weber was undoubtedly among the first to look at the relationship between culture and development. In such well-known books as, *The Protestant Ethic and the Spirit of Capitalism* (1905) and *The Religion of China: Confucianism and Taoism* (1951), he proposed that a set of values and attitudes associated with Protestant ethic, such as hard work, thrift, honesty, rationality and austerity, had become the base of achievements and material progress. For instance, regarding capital formation he wrote, “When the limitation of consumption is combined with this release of acquisitive activity, the inevitable practical result is obvious: accumulation of capital through ascetic compulsion to save. The restraints which were imposed upon the consumption of wealth naturally served to increase it by making possible the productive investment of capital.”<sup>23</sup>

Apart from Weber, many other famous scholars have worked on the relationship between culture and development.<sup>24</sup> For instance, Joseph Schumpeter noted in, *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle* (1961), that human creative genius was one of the keys to

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<sup>22</sup> Cited from Lawrence E. Harrison: *Underdevelopment Is a State of Mind*, University Press of America, 1985.

<sup>23</sup> Max Weber: *The Protestant Ethic and the Spirit of Capitalism* (Translated by Talcott Parsons), Charles Scribner’s Sons, 1958, p.172.

development. In his view, "...the function of entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new sources of supply of materials or a new outlet for products, by reorganizing industry and so on...."<sup>25</sup>

In answering the question of what makes development happen, Gunnar Myrdal concluded in his masterpiece, *Asian Drama: An Inquiry into the Poverty of Nations* (1968), that cultural factors are the principal obstacles to modernization. Not only do they get in the way of entrepreneurial activity, but they permeate, rigidify and dominate the entire national system in all its political, economic and social dimensions. Even in their economic choices people are conditioned by their total mental make-up, in particular, by the community in which they live. According to Myrdal, "the conflict between articulated specific traditional valuations and the modernization ideals can be expressed in terms of the costs to the latter through lost opportunities." He also believes that religion usually acts as a tremendous force for social inertia.<sup>26</sup>

W. Arthur Lewis put forward the same argument in, *The Theory of Economic Growth* (1955). According to his view, cultural influence is related to entrepreneurship and the broader issue of the sociopolitical environment for growth. "Economic growth depends on attitudes to work, to wealth, to thrift, to having children, to invention, to strangers, to adventure, and so on, and all these attitudes flow from deep springs in the

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<sup>24</sup> This section of my paper has benefited greatly from Lawrence Harrison's *Underdevelopment Is a State of Mind*, University Press of America, 1985.

<sup>25</sup> Joseph Schumpeter: *The Theory of Economic Development*, Harvard University Press, 1961, p. 132.

<sup>26</sup> See Gunnar Myrdal: *Asian Drama: An Inquiry into the Poverty of Nations*, The Twentieth Century Fund, 1968, p. 7, p. 93, p. 103. Regarding religion, Myrdal writes, "The Moslems in Pakistan, Indonesia, Malaya, and elsewhere consider pigs unclean and have a strong aversion to eating pork. This certainly interferes with the efficiency of peasant farming as the breeding of pigs is often an ideal supplement to raising crops." He also says that in the case of the ban on cow slaughter in India, the costs are very high, though never calculated. (pp. 92-93)

human mind.”<sup>27</sup> He also believes that religion impacts monetary habits, risk-taking, honesty and rationality - all related to development.

Many scholars have also relied on long term field-study for their research on the relationship between culture and economic development. For instance, based on his life in a poor village in southern Italy during the 1950s, Edward Banfield observed that, “We are apt to take it for granted that economic and political associations will quickly arise wherever technical conditions and natural resources permit.... The assumption is wrong because it overlooks the crucial importance of culture.”<sup>28</sup>

Lawrence Harrison, who spent many years in Latin America as an official of the United States Agency for International Development, says, “It is culture that principally explains, in most cases, why some countries develop more rapidly and equitably than others.”<sup>29</sup> In one of his books on Latin American culture he examines the divergent ways in which progress-prone and progress-resistant cultures treat ten key ideas or issues: the focus of time, work, frugality, education, merit, sense of community, ethics, justice, authority, and secularism.<sup>30</sup>

In sum, culture, no matter what it exactly means, is a combined reflection of politics and economics in any society. As a matter of fact, culture per se, is also a type of productive forces. As some Chinese scholars claim, politics, economics and culture are the three “gears” of any society, and only when they move harmoniously can the whole society develop rapidly.<sup>31</sup> This view parallels that of Edward T. Hall and Mildred Reed Hall, who say that culture can be compared with a giant, extraordinarily complex, subtle

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<sup>27</sup> W. A. Lewis: *The Theory of Economic Growth*, Richard D. Irwin, Inc., 1955, p.14.

<sup>28</sup> Edward Banfield: *The Moral Basis of a Backward Society*, The Free Press, 1958, p. 8.

<sup>29</sup> Lawrence E. Harrison: *Underdevelopment Is a State of Mind*, University Press of America, 1985, p. xvi.

<sup>30</sup> Lawrence Harrison: *The Pan-American Dream -- Do Latin America's Cultural Values Discourage True Partnership with the United States and Canada*, Basic books, 1997, p. 32.

<sup>31</sup> Dong Xuwen: Wenhua yu jingji zhengzhi de xietiao fazhan (*The Coordinated Development of the Relationship between Culture and Economics and Politics*), Beijing, Renmin ribao (People's Daily), December 28, 1997.

computer. Its progress guide the actions and responses of human beings in every walk of life.<sup>32</sup>

But it is imperative to point out that, although the cultural factor is important, its importance should not be exaggerated. In other words, compared with other internal factors determining economic performance, cultural factor occupies a lower position than economic policies. Culture factor only serves to facilitate or hinder the creation of an environment where sound economic policies can be made and implemented.

## **II. The Nature of East Asian Culture**

Historically speaking, mankind's modernization process has proceeded through three stages of rapid development. The first was from the beginning of the Industrial Revolution in the late 18<sup>th</sup> century to the mid-19<sup>th</sup> century, with Western Europe standing at the center. Then came the second wave from the mid-19<sup>th</sup> century to the first half of the 20<sup>th</sup> century. At this time its nucleus expanded from Western Europe to Eastern Europe and North America. Latin America was affected by the end of this wave. The third wave appeared in the post World War II period. It washed through Asia, Latin America and even Africa, with East Asia being the central focus of this industrialization boom.

In terms of culture, the first wave of modernization took place in the circle of Christian culture, and the second was still found largely within the same circle, with the exception of Japan. But the third happened in the Confucian cultural circle, although Latin America was apparently the exception.

Confucian culture originated from China,<sup>33</sup> but its influence has expanded to the whole East Asian region. In foreign lands, Confucianism encountered local cultures and religions to become what the late Beijing University professor, Lo Rongqu, called "Japanese Confucianism", "Korean Confucianism" or even "Vietnamese Confucianism."<sup>34</sup> Despite this assimilation, the nature of Confucianism is almost the same.

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<sup>32</sup> Edward T. Hall and Mildred Reed Hall: *Understanding Cultural Differences*, Intercultural Press, Inc., 1990, p.3.

<sup>33</sup> Confucius (551 - 479 B.C.), lived in the years of Spring and Autumn and of the Warring States.

<sup>34</sup> Lo Rongqu: *Xiandaihua xinlun xubian (A Re-examination of Modernization)*, Beijing University Press, 1997, p. 88. (According to Gilbert Rozman, the Confucianization of Korea and Japan occurred later and more rapidly, penetrating deeply

It is true that East Asia is not culturally homogeneous. Taoism, Buddhism, and Christianity, along with Confucianism, all have large followings in East Asia. But, as Lucian Pye puts it, “the political features that the East Asian systems have in common are ... their shared Confucian cultural traditions.”<sup>35</sup> Indeed, Confucianism occupies one of the most, if not the only important position in the region’s cultural arena. Therefore, by saying East Asian culture in this paper I mean Confucianism in general.

It is important to note that there has always been a hot debate regarding whether Confucianism promotes or hinders modernization. In China, for instance, the debate has turned out the two following major contending arguments.<sup>36</sup>

The so-called anti-traditionalists say that Confucianism is not beneficial since it conflicts with modernization in many ways (see charter below). They hope that China breaks off its cultural links with the out-of-date Confucianist culture, particularly at a time when the nation is moving from central planning to a market economic system.

In contrast, many more scholars believe that there have been three significant stages of development of Confucianism. Confucius’ days marks the founding of Confucianism. The School of Principle (or Legalists) during the Song Dynasty (960-1280 A.D.) and the Ming Dynasty (1368-1644 A.D.) represented the climax of the second stage of Confucianism. Now is the best time for the third stage of Confucianism – the “renaissance” of Confucianism. They argue that Confucianism will continue to occupy a pivotal position in China’s cultural traditions, as well as to contribute to the modernization process in this country. Some people even hope that Confucianism would become the ideal ethical goal for the rest of the world.

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into family life only as recently as the last premodern era, i.e., Korea’s Yi dynasty from the fourteenth century and Japan’s Tokugawa period from the seventeenth. See Gilber Rozman: *The Confucian Faces of Capitalism*, in Mark Borthwick: *Pacific Century: The Emergence of Modern Pacific Asia*, Westview Press, p. 311.)

<sup>35</sup> Lucian W. Pye: *The New Asian Capitalism: A Political Portrait*, in Peter L. Berger and Hsin-Huang Michael Hsiao (eds.): *In Search of an East Asian Development Model*, Transaction Books, 1988, p. 82.

<sup>36</sup> For a good summary of the debate over Confucianism in China, see Gao Xian: *Culture and Development: Macro-cultural Reflections on Development*, in *Culturelink*, No. 20, 1996, pp. 146-150.

## Confucianism vs. modernization

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|---|--|
| 1. Traditional peasant economy<br>of subsistence and egalitarianism | 1. Market economic system              |
| 2. Rule of man  | 2. Rule of law                         |
| 3. Institution of hierarchy   | 3. Principle of equality               |
| 4. Patriarchal ideas  | 4. Democratic spirit                   |
| 5. Mentality of conservatism  | 5. Demand for creativity               |
| 6. Autarky  | 6. Opening to the outside world        |
| 7. Principle of ethics  | 7. Demand for material interests       |
| 8. Sense of frugality and self-restraint                            | 8. Demand for consumption and pleasure |
| 9. Communality  | 9. Individuality                       |
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Source: Summarized from Gao Xian: *Culture and Development: Macro-cultural Reflections on Development*, in *Culturelink*, No. 20, 1996, pp. 146-147.

In addition to the two above contending views, some people try to avoid the “extremes” by saying that despite several shortcomings and negative elements accumulated over the thousands of years, Confucianism - which has mingled with ideology, ways of thinking and norms of behavior of the Chinese people - will continue to manifest valuable positive points and play a role in the modernization process. Therefore, it should not be thrown away entirely. They also argue that Confucianism has profound influence not only on China, but also on other societies of Sinitic cultures in East Asia.<sup>37</sup>

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<sup>37</sup> Sometimes Confucianism is referred to as a religion. However, it is more a philosophy because it does not teach a belief in a deity or in life after death. (See Harry Irwin: *Communicating with Asia: Understanding Peoples and Culture*, Allen & Unwin, 1996, p.45.) Also, according to D. Swearer, “A religious system consists of a wide diversity of phenomena, e.g., sacred texts, myths, symbols, institutions, rites and rituals. A religion encompasses even more than a stipulated set of beliefs and practices, however; it also embodies and expresses the genius of a particular culture.” (Cited from Harry Irwin: *Communicating with Asia: Understanding Peoples and Culture*, Allen & Unwin, 1996, p, 116.) But Gilbert Rozman argues that the central concepts of Confucianism are best understood not as a religion to be accepted on faith nor as a philosophy to be scrutinized

Then, what is the nature of Confucianist culture? Zhang Hongyi lists the following components of Confucianist economic thinking: 1) Economic functioning should rely on comprehensive harmony, consistency with natural laws, human supremacy and avoiding extremes. 2) Economic relations should be built upon the efforts to curtail selfishness and reduce inequality. 3) Economic behaviors should emphasize using benign ways of making fortunes, living a thrifty life, keeping promises in business contracts, and working hard. 4) Economic policies of the government should stress making people rich, designing a light tax regime, developing the agricultural sector and reducing poverty. 5) Economic management should highlight centralized administrative power and efficient governance. 6) Economic life should be integrated with economic morality.<sup>38</sup>

Herman Kahn has a good summary of Confucianist ethics in, *World Economic Development: 1979 and Beyond* (1979): “First and perhaps foremost, Confucian societies uniformly promote in the individual and the family sobriety, a high value on education, a desire for accomplishment in various skills (particularly academic and cultural), and seriousness about tasks, job, family, and obligations. A properly trained member of a Confucian culture will be hardworking, responsible, skillful, and (within the assigned or understood limits) ambitious and creative in helping the group (extended family, community, or company). There is much less emphasis on advancing individual interests.”<sup>39</sup>

Other western scholars have a similar account of Confucianism. For instance, according to Christopher Engholm, “Confucianism inculcates servility, frugality, abstinence, and diligence. It recognizes hard work, patriarchal leadership, entrepreneurial spirit, and familial devotion.”<sup>40</sup> For Keun Lee, Confucian values and traditions include stress on worldly achievement, working hard, frugality, discipline, and a commitment to

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for logical consistency. (See Gilber Rozman: *The Confucian Faces of Capitalism*, in Mark Borthwick: *Pacific Century: The Emergence of Modern Pacific Asia*, Westview Press, p. 313.)

<sup>38</sup> Zhang Hongyi: *Rujia jingji sixiang* (*Confucianist Economic Thinking*), Hunan People’s Publishing House, 1989, p. 80- 241.

<sup>39</sup> Herman Kahn: *World Economic Development: 1919 and Beyond*, Westview Press, 1979, p.121.

education. These qualities are what Max Weber found in the Protestant ethic, which played a decisive role in developing Western capitalism.<sup>41</sup>

But, it is necessary to note that Confucian culture was once seen as an obstacle to development in China. For instance, Weber's study of Asia, including Confucianism, led him to conclude that the values and attitudes articulated in Oriental religions explained why Asian economic development was much slower than that in Europe. He argued that the norms of Confucianism did not produce the same kind of psychic anxiety, and hence the same desire for achievement as the Protestant ethic in the West.

Currently, while many scholars believe that Confucianism confers certain advantages over other traditions like the Ibero-Catholic or Hispanic heritage in Latin America in promoting economic development, others point out that simplistic cultural arguments yield several problems. According to Gary Gereffi, these problems include: 1) Timing - since Confucian and Ibero-Catholic traditions have existed for centuries, but the dynamic shifts in economic performance that gave rise to the East Asia have occurred in recent decades. 2) Discussions of culture have been as inconsistent as the same Confucian beliefs that are now claimed to facilitate rapid industrialization in East Asia. They were criticized by several generations of Western scholars for inhibiting economic development.<sup>42</sup>

Some Chinese scholars also doubt that Confucianism had contributed to East Asia's economic success before the current financial crisis. For instance, Ma Yong says that Japan had succeeded in "*Tu ya ru ou*" (leaving Asia and entering the West) not because Confucianism played a particularly important role, but rather because to some extent Japan got rid of the bondage of Confucianism.<sup>43</sup>

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<sup>40</sup> Christopher Engholm: *When Business East Meets Business West: The Guide to Practice and Protocol in the Pacific Rim*, John Wiley & Sons, New York, 1991, p. 25.

<sup>41</sup> Keun Lee: *New East Asian Economic Development -- Interacting Capitalism and Socialism*, M.E. Sharpe, 1993, p. 18.

<sup>42</sup> Gary Gereffi: *Contending Paradigms for Cross-Regional Comparison: Development Strategies and Commodity Chains in East Asia and Latin America*, in Peter Smith (ed.): *Latin America in Comparative Perspective: New Approaches to Methods and Analysis*, Westview Press, 1995, p. 38.

<sup>43</sup> Ma Yong: Ruxue chuantong zai xiandaihua guocheng zhong de youxian zuoyong (*The Limited Role of Confucianism in the Modernization Process*), in Zhu

Despite the debate, however, we can still determine that the following three Confucianist codes are beneficial to economic development:

1) Confucianist culture encourages thrift and savings, which in turn benefits the growth of investment. Undoubtedly, no economy can grow unless surpluses are created that can increase the economy's productive capacity. It is also a well-known fact that economic development relies heavily on investment of physical capital in the form of roads, machine tools, telephones, computers, etc. In 1965, investment rates in East Asia equaled about 20 percent of GDP, only a shade above the figure in Latin America. By 1990 the East Asian investment rate was 35 percent, more than twice the Latin American investment rate.<sup>44</sup>

Creation of physical capital depends on financial capital - the saving of money by people and companies. East Asia was good at generating savings which were transformed into capital via such intermediaries like banks, stock markets, and bond markets. In the mid-1960s the savings rate in East Asia was about 16 percent of GDP, less than that of Latin America. By the early 1990s, East Asia (excluding Japan) was saving 35 percent of GDP, almost twice as much as Latin America.<sup>45</sup>

Undoubtedly, there are many reasons explaining why the savings rates were so high in East Asia. The economic factors are important in this regard. For instance, the reward for earned savings interest is evident. In contrast, many Latin American countries which had long been suffering from higher inflation kept interest rates negative, greatly discouraging people to save. But, cultural factors also play a role in encouraging people to live in a thrifty manner and to not show off their wealth with conspicuous consumption. According to Confucianist teachings, thrift was so important that it could determine the fate of a person, a family or even a nation. Most overseas Chinese kept in mind the popular saying, "A coin should be separated into two before spending it," particularly in the early days when they started their businesses in foreign lands.

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Jiazhen, Li Yiping and Ye Tan (eds.): *Dongya jingji shehui sixiang yu xiandaihua (East Asian Economies, Social Ideologies and Modernization)*, Shanxi People's Publishing House, 1994, p. 438.)

<sup>44</sup> Jim Rohwer: *Asia Rising*, Simon & Schuster, 1995, pp. 54-55.

<sup>45</sup> *Ibid*, p. 53.

Economists have proved that high savings seem to be both a cause and a consequence of high growth. When economies are growing fast, people get richer, and they can afford to save more of their income without cutting current consumption. These higher savings in turn push forward more investment and higher growth, generating a virtuous circle.

For Latin America's lower savings rates, it is tempting to cite both economic causes *and* cultural factors, although not everyone agrees with the cultural factors. As an article in the *Economist* said, "Perhaps Latins are naturally more spendthrift than disciplined Asians, more tempted by tequila and tango than putting pesos in the bank. Luckily, this is rubbish."<sup>46</sup>

2) Confucian beliefs place a high value on education, which promotes the development of human resources. Long before the European Renaissance, education in East Asia was the major path to individual success and prosperity. Influenced by Confucianism, the class structure was divided into four levels which reflected an emphasis on book learning and education - i.e., scholar, agriculturist, handicraftsman, and peddler. A peddler could aspire to achieve higher social status by making his son acquire education. As a popular Chinese saying goes, "In books there are golden houses, tons of grain and a beautiful wife." Another saying also believes that "everything except *Dushu* (education) is at the bottom."

Many studies have indicated a significant correlation between educational development and the economic development. Some scholars even emphasize that human resources are the ultimate basis of wealth for nations, as it is the capacity of people which leads to the accumulation of capital, the exploitation of natural resources, and the building of social, economic and political organizations.<sup>47</sup> This point was again stressed by Theodore Schultz in, *Economic Value of Education* (1963), by pointing out that the return on investment in education is much greater than the return on investment on other items.

The role of education to economic development is important, as it: 1) improves the quality of labor through the promotion of skills, efficiency and work knowledge; 2)

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<sup>46</sup> "Save, amigo, save", in *Economist*, December 9, 1995, p. 15.

increases labor mobility to promote division of labor and to strengthen labor force participation rates; 3) increases scientific and technical knowledge to promote invention and rapid adaptability; 4) increases the ability of entrepreneurs to improve management and the allocation of production factors; and 5) makes people more responsive to economic change and removes social and institutional barriers to economic growth.<sup>48</sup>

Varied researches have found that East Asian development benefited greatly from education. For instance, according to J. W. Kim, educational contribution to growth in Korea was lower than that of many developed countries, but higher than the average level of select Latin American countries.<sup>49</sup>

It is not realistic to say that Latin American countries pay no attention to school education. As a matter of fact, higher education in the region has advanced to a remarkable level. However, primary education has been developing relatively slowly. In contrast, in East Asia spending was concentrated first on primary schooling and then on secondary schooling rather than on higher education. According to a World Bank report, the share of educational investment in GDP was much similar in Latin America and East Asia. But the proportions of investment on primary education were not the same. For instance, during the period from the 1960s to the early 1990s, Latin America allocated 24% of educational investment in higher education, whereas the corresponding percentage in East Asia was 15%. Venezuela and South Korea might be the two typical examples. In 1985, though Venezuela's share of educational investment in GDP was larger (3.4%) than that of South Korea (3%), the former's percentage of primary education in total educational investment was smaller than the latter's.<sup>50</sup> Another World Bank publication noted that, in secondary education, the East Asian economies exceeded the average of other developing countries by many multiples. They combined this high level of education

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<sup>47</sup> See K. C. Alexander and P. P. Kumaran: *Culture and Development: Cultural Patterns in Areas of Uneven Development*, Sage Publications, 1992, p. 19.

<sup>48</sup> See J. W. Kim: *The Role of Education in Economic Development – The Korean Experience*, in W. Klenner (ed.): *Trends of Economic Development in East Asia*, Springer-Verlag, 1989, p. 530.

<sup>49</sup> Ibid., p. 534.

<sup>50</sup> World Bank: *The East Asian Miracle: Economic Growth and Public Policy*, Oxford University Press, 1993, p.199.

with imported technology and the return of expatriates to produce rapid productivity growth.<sup>51</sup>

3) Confucianism stresses work ethic.<sup>52</sup> The definition of work ethic is varied. But its basic feature, as Jack Barbash puts it, should include: 1) work as an end in itself, which is expected to bring the reward of material success; 2) pride in good quality workmanship, hard work, an instinct of workmanship and satisfaction in work; and 3) adherence to the discipline of work, namely, punctuality, obedience, diligence, industriousness.<sup>53</sup>

Confucius himself had a well-known saying, “Doing nothing with a full stomach all the time does your mind no good.” The ancient Chinese philosopher Zhuzi (1617-1688) once said, “Every grain and every inch of cloth come from working hard.” According to the Confucianist teaching, working hard is a virtue, which can create high morality for anyone; and laziness generates immorality and degradation. It is true that very few people in Asia can recite the “five essential relationships” or “ten righteousness.” However, through cultural inheritance via learning, the Confucian ethical codes of working hard are well kept in minds of many East Asians. For thousands of years, this Confucianist ethic has

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<sup>51</sup> Danny M. Leipziger and Vinod Thomas: *The Lessons of East Asia: An Overview of Country Experience*, World Bank, 1993, p. 6.

<sup>52</sup> According to Fukuyama, “the term work ethic, Protestant or otherwise, is actually something of a misnomer for the collection of related personality traits that are usually placed under its rubric in the post-Weberian literature. If by ‘work ethic’ we mean a general propensity of the working population to get up early in the morning and labor long hours at physically or mentally taxing pursuits, then the work ethic by itself was hardly sufficient to create the modern capitalist world. The typical peasant in fifteenth-century China probably worked significantly harder and for longer hours than does a modern assembly line worker in Detroit or Nagoya. But the peasant’s productivity is an infinitesimal fraction of that of the modern worker.” (See Francis Fukuyama: *Trust: The Social Virtues and the Creation of Prosperity*, The Free Press, 1995, p. 45.) This argument is obvious. How can a fifteenth century peasant be compared with a twentieth century worker? What would happen if one of the two fifteenth century peasants, or one of the twentieth century workers, worked harder than the other?

<sup>53</sup> See Jack Barbash et al. (eds): *The Work Ethic – A Critical Analysis*, Industrial Relations Research Association, 1983, p. 233. Cited from David A. Levin and Sze Yeung: *The Hong Kong Work Ethic*, in Ian Nish, Gordon Redding and Ng Sek-hong (eds.): *Work and Society: Labour and Human Resources in East Asia*, Hong Kong University Press, 1996, p. 136.

greatly influenced East Asian people. David Hitchcock, author of *Asian Values and the United States*, asked the individuals he interviewed to rank what values they believed were “critically important” to their countrymen, and “hard work” was on top of the list.<sup>54</sup> Lawrence Harrison has the following illustrative account in, *Who Prosper? How Cultural Values Shape Economic and Political Success* (1992): A team of rice experts from Taiwan helped set up a rice farm in Costa Rica. A group of Costa Rican farmers were invited to visit the farm, whose yields were much higher than those of the Costa Rican farms. One of them asked a Taiwanese how many hours a day he worked. The Chinese farmer responded, “Twelve.” The Costa Rican smiled and said, “Asi cualquiera!” (Oh, anyone could do that!)<sup>55</sup>

The success story of the overseas Chinese may illustrate well the importance of this virtue of working hard and maintaining industriousness in Confucianism. Overseas Chinese are well influenced by the teachings of Confucianism. As Robert Kuok of Malaysia, one of Asia’s most successful overseas Chinese, says, “as children we learned about moral values -- mainly Confucian.”<sup>56</sup> According to John Naisbitt, “Hard work and thrift are the hallmarks of the [overseas] Chinese. They work long hours and rarely rest, except for a break during the lunar new year festival.”<sup>57</sup> Indeed, because of working hard, together with other reasons, it is recognized that overseas Chinese have made great economic achievements during the past decades. In Indonesia, overseas Chinese make up 4 percent of the population, but controlled seventeen of the twenty-five biggest business groups in the early 1990s. In Thailand (10 percent Chinese) more than ninety of the hundred wealthiest business families are ethnic Chinese. And by one estimate from the mid-1970s, ethnic Chinese owned 90 percent of Thai commercial and manufacturing assets and half of Thai bank capital. In the Philippines (less than 1 percent Chinese) Chinese-owned

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<sup>54</sup> Cited from John Naisbitt: *Megatrends Asia: Eight Asian Megatrends That Are Reshaping Our World*, Simon & Schuster, 1996, p 54.

<sup>55</sup> Lawrence Harrison: *Who Prosper? How Cultural Values Shape Economic and Political Success*, Basic Books, 1992, p.81.

<sup>56</sup> Cited from John Naisbitt: *Megatrends Asia: Eight Asian Megatrends That Are Reshaping Our World*, Simon & Schuster, 1996, p. 29.

<sup>57</sup> John Naisbitt: *Megatrends Asia: Eight Asian Megatrends That Are Reshaping Our World*, Simon & Schuster, 1996, p. 30.

companies accounted for two-thirds of the sales of the sixty-seven biggest commercial outfits in the late 1980s. Even in Malaysia, the Chinese still occupy a very important position in the economy. As Jim Rohwer puts it, “A huge part of the East Asian miracle has been a miracle of ethnic Chinese business.”<sup>58</sup>

David A. Levin and Sze Yeung use Michael Rose’s five dimensions of work ethic as an organizing framework for analyzing what is known and thought about the Chinese work ethic in post-war Hong Kong. Rose’s five dimensions include: 1) individualistic striving for success; 2) willingness to postpone immediate pleasures in order to build up a store of virtue and money (deferred gratification); 3) acceptance of a moral obligation to perform work diligently however menial the work; 4) dutiful compliance with the just orders of an employer; and 5) the importance of work, in life as a whole, as a source of meaning and sense of personal worth (work-centredness). Their study finds that people from Hong Kong do share the traits of individualistic striving for success, deferred gratification and compliance with authority.<sup>59</sup> Also, among the countries surveyed by the International Labor Office, South Korean workers had the longest working hours in the world, averaging 54 hours per week in 1987.<sup>60</sup>

In addition to the above three points, some scholars also see Confucian culture as one of the factors explaining the capacity and autonomy of the states in East Asia. As Keun Lee puts it, the state as an institution and its domination of society have long been part of East Asia both intellectually and culturally. In East Asia, the origin of the state, regardless of how one defines it, can be traced back to the beginning of the societies. The capacity of the states has been determined by the strong elitist orientation, which allowed the state to be staffed by the best educated elites. As a matter of fact, “the hard Confucian state,” nurtured through the tradition of Confucian culture and strong nationalism, made it possible for East Asia to consider the state as an instrument to mobilize resources for

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<sup>58</sup> Jim Rohwer: *Asia Rising*, Simon & Schuster, 1995, pp. 228-229.

<sup>59</sup> David A. Levin and Sze Yeung: *The Hong Kong Work Ethic*, in Ian Nish, Gordon Redding and Ng Sek-hong (eds.): *Work and Society: Labour and Human Resources in East Asia*, Hong Kong University Press, 1996, p. 137, p.147.

<sup>60</sup> See John Lie: *The Political Economy of South Korean Development*, in *International Sociology*, September 1992, pp. 285-286.

economic development.<sup>61</sup>

#### **IV. The Nature of Latin American Culture**

It is true that the region of Latin America is composed of many countries, and each country seems to have its own cultural identity. However, as Frederick Turner puts it, whereas some social scientists view political culture as essentially a national phenomenon encompassing the distinctive values of each national community, shaped by the community's distinctive history and environment, others feel that there is a "Latin" culture that defines the region as a whole.<sup>62</sup> Anthropologist George Foster also believes that Ibero-Catholic culture has shaped Latin America and the similarities among Hispanic American countries are more important than the differences. In, *Culture and Conquest: America's Spanish Heritage* (1960), Foster says, "Although following separation from Spain, a series of independent nations emerged, each with peculiar geographical, economic, and social characteristics and with local traditions and histories, the supranational resemblance even today, a century and a half later, are so pronounced that, in anthropological concept, all countries together constitute a single culture area."<sup>63</sup>

If Latin American culture is most often considered as possessing the feature of Ibero-Catholic or Hispanic heritage, then what is its nature? Many scholars have endeavored to answer this question. It is regrettable, however, that many of them have a somewhat negative impression of Latin American culture.

Lawrence Harrison is among those who firmly believe that culture is the sources of Latin America's woes. His three books all deal with Latin American culture. In his first book, *Underdevelopment Is a State of Mind* (1985), Harrison says, "In the case of Latin America, we see a cultural pattern, derivative of traditional Hispanic culture, that is anti-democratic, anti-social, anti-progress, anti-entrepreneurial, and, at least among the elite,

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<sup>61</sup> Keun Lee: *New East Asian Economic Development -- Interacting Capitalism and Socialism*, M.E. Sharpe, 1993, pp. 14-18.

<sup>62</sup> Frederick Turner: *Reassessing Political Culture*, in Peter Smith (ed.) *Latin America in Comparative Perspective*, Westview Press, 1995, p.195.

<sup>63</sup> George Foster: *Culture and Conquest: America's Spanish Heritage*, Quadrangle Books, 1960, p. 3.

anti-work”.<sup>64</sup>

In his second book, *Who Prosper? How Cultural Values Shape Economic and Political Success*, (1992), Harrison once again points out that “it is values and attitudes -- culture -- that differentiate ethnic groups and are mainly responsible for such phenomena as Latin America’s persistent instability and inequity, Taiwan’s and Korea’s economic ‘miracles’, and the achievements of the Japanese -- in Japan, in Brazil, and in America.”<sup>65</sup> He tells the reader that it took him many years of day-by-day experience in Latin America to “appreciate how traditional Iberian values and attitudes impede progress toward political pluralism, social justice, and economic dynamism”. His two years in Haiti intensified his awareness of “culture’s powerful grip on progress -- in Haiti’s case, choking it.”<sup>66</sup>

In his third book, *The Pan-American Dream -- Do Latin America’s Cultural Values Discourage True Partnership with the United States and Canada* (1997), Harrison writes, “Obviously, a number of factors -- for example, resource endowment, climate, policies and institutions, history, sheer luck - are relevant. But I believe that by far the most important factor behind the divergent evolution of the northern and southern parts of the Western Hemisphere is cultural values and attitudes with respect, for example, to work, frugality, education, merit, community, and justice...Latin America has been powerfully influenced by Ibero-Catholic culture, which accords lower priority to those values. The profound cultural differences are palpable in a world view of people in Canada and the United States that is very different from the world view of Latin Americans. Those differences also influence the divergent policies and contrasting institutional strengths -- and the divergent histories.”<sup>67</sup> He goes on to say, “Latin America’s chronically poor policies and weak institutions--and what may appear as

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<sup>64</sup> Lawrence E. Harrison: *Underdevelopment Is a State of Mind*, University Press of America, 1985, p. 165.

<sup>65</sup> Lawrence Harrison: *Who Prosper? How Cultural Values Shape Economic and Political Success*, Basic Books, 1992, p. 1.

<sup>66</sup> Ibid, p. 2-3.

<sup>67</sup> Lawrence Harrison: *The Pan-American Dream -- Do Latin America’s Cultural Values Discourage True Partnership with the United States and Canada*, Basic books, 1997, p. 4.

persistent poor judgment-- are principally a cultural phenomenon flowing from the traditional Ibero-Catholic system of values and attitudes. That culture focuses on the present and the past at the expense of the future; it focuses on the individual and the family at the expense of the broader society; it enshrines orthodoxy; and it is disdainful of work, creativity, and saving. It is that culture that chiefly explains why, as we approach the end of the twentieth century, Latin America lags far behind the US and Canada. And it is the very different Anglo-Protestant system of values, attitudes, and institutions that chiefly explains the success of those two countries.”<sup>68</sup> In explaining Mexico’s underdevelopment, Harrison asks, “How can one explain the failure of a society rich in natural resources and next door to the most lucrative market in the world, particularly when the other country that borders on the United States, Canada, has done so well?” He concludes that the roots of Mexico’s failure are not to be found in the United States, but inside itself: the traditional Mexican values and attitudes, “unmistakably derivative of the mainstream Ibero-Catholic values that lie behind the failure of Latin America more generally.”<sup>69</sup>

Harrison’s views are echoed by others. For instance, Alan Riding, a New York Times correspondent who served as bureau chief in Mexico City for six years, makes the following observations: “[Mexicans] are forced to work hard but dream of a life of leisure....The Mexican may work as hard as his Indian forefathers, but he dreams of emulating his Spanish ancestors, who arrived to conquer and not to labor: the image of success is more important than any concrete achievement ....What counts to the Mexican is what he is rather than what he does, the man rather than the job: he works to live and not the inverse....Status and appearances are crucial throughout society. The poor spend ostentatiously to hide the ‘shame’ of their poverty....Businessmen gamble on large, fast profits rather than long-term expansion of a market; individuals prefer spending to saving.”<sup>70</sup>

Howard Wiarda also believes that Latin America possesses “a dominant Iberian-

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<sup>68</sup> Ibid, p. 24.

<sup>69</sup> Ibid, p. 190.

<sup>70</sup> Alan Riding: *Distant Neighbors: A Portrait of the Mexicans*, Alfred A. Knopf, 1984, pp. 3-21.

Catholic political culture that remains quite different from that of the Anglo-American nations.” In his view, “religion, culture, values, language, law, and history are also crucially important in understanding the institutional framework through which development is fashioned and filtered, and even in shaping the processes of economic development and class change themselves.” According to Wiarda, Latin America “remains in many ways hierarchical, authoritarian, paternalistic, Catholic ... elitist, corporatist, and paternalist to its core. These ingredients have been *and remain*, even in the new period of democracy, at the heart of its development tradition and are what help make it distinctive.”<sup>71</sup>

In addressing the historical contrasts within the West Hemisphere in the light of institutions and institutional change, Douglass North says, “The evolution of North America and of Latin America differed radically right from the beginning, reflecting the imposition of the institutional patterns from the mother country upon the colonies and the radically divergent ideological constructs that shape the perceptions of the actors.” Here, it seems that the “ideological constructs” can be understood as culture.<sup>72</sup>

Oscar Lewis, who was born in New York City but has done a lot of independent research on Mexican peasants and city dwellers, presents a picture of the way of life of the ordinary Mexican people. His enormously influential *Children of Sanchez: Autography of a Mexican Family* (1961) about the slums in Mexico City has the following vivid account in the words of Manuel Sanchez: “... if I’m going to die anyway, I ought to treat myself well while I am alive, right? How do I know what will happen to me in the next world? If I have ten pesos in my pocket, and feel like having a sweet, I’ll buy it, even if my other expenses are not taken care of. So that I won’t be left with just my desires, eh? I hate to deny myself little things. I have often asked myself, what is worth more at the end of one’s life, the things one has accumulated or the satisfactions one has experienced? I believe that human experience is worth more, no? And although I have worked all my life,

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<sup>71</sup> Howard J. Wiarda: “Introduction: Social Change, Political Development, and the Latin American Tradition”, in Howard J. Wiarda, ed., *Politics and Social Change in Latin America: Still a Distinct Tradition?* Westview Press, 1992, p. 20.

<sup>72</sup> Douglass North: *Institutions, Institutional Change and Economic Performance*, Cambridge University Press, 1990, p. 102.

now, when I want to go somewhere, I go in a taxi. I never travel in a bus. If I go into a restaurant, I don't order beans. I order a fried steak or a couple of eggs. If I want to sit down, I sit; if I don't feel like getting up in the morning, I sleep. Yes, the best heritage I can leave my children is to teach them how to live. I don't want them to be fools -- I swear by my mother, I won't let them become ordinary workers."<sup>73</sup>

In his two books, *The Public Man: An Interpretation of Latin American and Other Catholic Countries* (1977) and *The Latin Americans: Spirit and Ethos* (1992), Glen Caudill Dealy, a British professor, characterizes Latin American culture as being "caudillaje" (from the word "caudillo"). According to him, "caudillaje designates in ideal-typical fashion a life-style oriented toward values of public leadership. It embraces a concept of man personified as a leader in a public setting. The word itself may be defined as the domination (mando) or government of a caudillo."<sup>74</sup> Drawing on examples from everyday life, Dealy presents a vivid account of the Latin American "caudillaje" culture in the two books. He writes, "if one looks to caudillaje society he sees universally employed the virtues of public men: dignity, generosity, manliness, grandeur, and leisure."<sup>75</sup> (Dealy defines "public man" as "caudillaje men," "men who may or may not become leaders in fact.")<sup>76</sup>

Dealy gives an interesting example. In his words, "In general, capitalist-industrial society has viewed leisure unfavorably because it is not useful, it does not produce anything...Caudillaje man, by contrast, actively and rationally utilizes leisure for the advancement of his goal of public power."<sup>77</sup> According to Dealy, the habit of keeping late hours in caudillaje societies can be easily justified as rational behavior, just as the capitalist, early-to-bed-early-rise philosophy is consistent with a production ethic.<sup>78</sup> Dealy also mentions that Uruguay, not the United States or Canada, was the first nation in the

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<sup>73</sup> Oscar Lewis: *Children of Sanchez: Autobiography of a Mexican Family*, Vintage Books, 1963, p. 349.

<sup>74</sup> Glen Caudill Dealy : *The Public Man: An Interpretation of Latin American and Other Catholic Countries*, The University of Massachusetts Press, 1977, p. 3.

<sup>75</sup> Ibid, p. 34.

<sup>76</sup> Ibid, p. 4.

<sup>77</sup> Ibid, p. 34.

<sup>78</sup> Ibid, p. 35.

Western Hemisphere to establish a limit upon work in the form of an eight-hour day and a forty-eight-hour week. Interestingly, the call for shortening work hours came from the intellectuals who believed that toil was an inherently degrading evil. One influential senator in Uruguay said, “He who works, then, is always subjected, whatever the nature of his work might be.”<sup>79</sup>

It is important to note that even some Latin Americans share the above views. In Harrison’s words, “Today, the list of Latin Americans convinced that the Ibero-Catholic cultural heritage is a major obstacle to progress is long, and getting longer.”<sup>80</sup> Carlos Rangel, a Venezuelan journalist, for instance, believes that Latin American underdevelopment is principally attributable to Hispanic culture. In his view, the New World acquired from Spain’s colonial rule has such features as anti-social individualism, an aversion to work, and an affinity for violence and authoritarianism. He argues that “No other institution has contributed as much as the Catholic Church to determining what Latin America has and has not become...Latin America’s history bears witness to the failures of Catholicism in contradiction to Protestantism, or, at least, to the defeat of the Catholic ethics by the Protestant ethic, which shaped the development of the United States.”<sup>81</sup> He goes on to say, “...we should admit that the culture of the Incas or the Aztecs, not to mention that of other American Indian groups, was far from having the significance and splendor that legend has bestowed on it, and that today is being further exaggerated in an effort to convince us Latin Americans that we are its descendants and that, *like our alleged ancestors*, we are the victims of massive Western intrusion.”<sup>82</sup> He also believes that even now in Latin America, “we speak of ‘working like a negro’ or ‘like an Indian’ to refer to strenuous effort. Only the influence of other Western countries, particularly of the United States, has been able to make a dent in the Latin American’s

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<sup>79</sup> See Glen Caudill Dealy: *The Latin Americans: Spirit and Ethos*, Westview Press, 1992, p.114.

<sup>80</sup> Lawrence Harrison: *The Pan-American Dream -- Do Latin America’s Cultural Values Discourage True Partnership with the United States and Canada*, Basic books, 1997, p.27.

<sup>81</sup> Carlos Rangel: *The Latin Americans: Their Love-Hate Relationship with the United States*, Transaction Books, 1987, p. 141, p. 144.

<sup>82</sup> *Ibid*, p. 176.

contempt for work.”<sup>83</sup>

Mario Vargas, the well-known Peruvian novelist, states that the reforms that are required in the Latin American economy, the system of education, and the administration of justice are virtually impossible to effect. And if possible, they are doomed to be ephemeral, “unless they are preceded or accompanied by a reform of our customs and ideas, of the whole complex system of habits, knowledge, images and forms that we understand by ‘culture.’ The culture within which we live and act today in Latin America is neither liberal nor is it altogether democratic.”<sup>84</sup>

Of course, the above unfavorable views towards the nature of Latin American culture have been challenged by some people. For instance, Frederick C. Turner considers the arguments of Wiarda and Harrison as being “dogmatic.”<sup>85</sup> In a review article for Lawrence Harrison’s *Pan-American Dream*, William Easterly says that Harrison would blame culture “for about just everything except El Niño.” According to Easterly, “Harrison has done the world a service by promoting culture and economics as a field for inquiry. But he does not avail himself sufficiently of the vast body of evidence provided by hypothesis-testing methods, previous research on growth, and previous studies of Latin America in the social science lecture.”<sup>86</sup>

#### **IV. Conclusions**

The year of 1997 seemed to be a turning point for the East Asian success story. Starting from Thailand, financial crisis hit East Asian economies one by one. Faced with these crises, which would certainly change the future course of development in the region, some people are already beginning to ask whether Asian values are what led to nepotistic

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<sup>83</sup> Ibid, p. 193.

<sup>84</sup> Mario Vargas Llosa: *America Latina y la Opcion Liberal*, in Barry Levine, ed., *El Desafio Neoliberal: El fin del Tercermundismo en America Latina*, Bogota, 1992, pp.17-36. (Cited from Claudio Veliz: *The New World of the Gothic Fox: Culture and Economy in English and Spanish America*, University of California Press, 1994, pp. 190-191.

<sup>85</sup> Frederick C. Turner: *Peassessing Political Culture*, in Peter Smith (ed.): *Latin America in Comparative Perspective: New Approaches to Methods and Analysis*, Westveiw Press, 1995, p. 208.

credit allocation, an overly meddlesome state, a disastrous lack of transparency in financial transactions or simply the “economic bubble.” As Francis Fukuyama puts it, “from being the cause of Asia’s success, Asian values are now seen [by some people] as the root of last summer’s currency crisis of the ensuing economic meltdown across nearly the whole region. Neither reading is correct.”<sup>87</sup> Indeed, a closer look at the current East Asian crisis reveals that cultural factor, or Asian values, is not the cause. The crises are mainly the results of currency overvaluation, large trade imbalance, declining international competitiveness and, to a lesser extent, speculative attacks.

Though we can easily discern the different features of East Asian and Latin American cultures, it is still too simplistic to attribute the different economic performance between East Asia and Latin America *solely* and *totally* to cultural differences. In other words, Confucianist culture cannot be the *only* answer to East Asia’s past success, which was mainly brought about by such economic factors as effective government regulation, strong export promotion, better use of the external environment created by the world economic development after World War II, macroeconomic stability, efficient use of resources and so on. For Latin America, Ibero-Catholic culture is not the *single* cause of its relatively bad economic performance before the 1990s.

As a matter of fact, the cultural approach cannot be used to explain the recent Latin American economic recovery either. No one would dare to contend that Latin America’s Ibero-Catholic culture in the 1990s is much different from that of the 1980s and earlier. We should also note that Latin America’s record of economic development has not always been disappointing. In 1913, for instance, Argentina’s per capita GNP

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<sup>86</sup> See William Easterly’s review article on Harrison’s *The Pan-American Dream - Do Latin America’s Cultural Values Discourage True Partnership with the United States and Canada*, in *Finance and Development*, September, 1997.

<sup>87</sup> Francis Fukuyama: *Asian Values and the Asian Crisis*, in *Commentary*, February 1998, p. 23. According to Fukuyama in this article, the idea of Asian values was problematic from the start. The subject of Asian values emerged in the early 1990s mainly because Lee Kuan Yew, then Prime Minister of Singapore, and Prime Minister Mahathir wanted to pursue political purposes. (See Francis Fukuyama: *Asian Values and the Asian Crisis*.) Others seem to follow the same line. Gregory Clark, a former Australian diplomat, says that there is no such thing as common “Asian values” in the first

matched that of Switzerland, the birthplace of Calvinism, and exceeded those of France and Sweden.<sup>88</sup> According to one estimate, Brazil grew faster between 1870 and 1980 than any other country in the world.<sup>89</sup>

Chile is another example that can hardly be explained by the cultural approach. Chile's economic performance during the past two decades is no less remarkable than some of the East Asian economies. In 1981-1990 its GDP grew annually at an average rate of 3%, and in 1991-1997, the growth rate stood as high as 7%.<sup>90</sup>

We should also note that many traditionally Catholic Latin American countries now have large Protestant populations. Twenty percent of Brazil's population is estimated now to be Protestant, of whom more than 12 million are evangelicals. Chile's Protestant population is believed to be fifth to twenty percent of the total. Guatemala's is thirty percent, and one-fifth of Nicaragua's population has been converted. According to research work, Protestant conversion in Latin America have been associated with significant increases in hygiene, savings, educational achievement, and ultimately per capita income.<sup>91</sup>

Obviously, there is not just one explanation for the different economic performances in East Asia and Latin America. Peter Smith says, "Let us immediately dispense with 'national character' explanations and with simple-minded culturalist arguments about the 'Confucian ethic' and the 'Hispanic legacy'. They are circular, ... ahistorical, ...[and] atheoretical."<sup>92</sup> However, we should not throw away with the bath water of cultural determinism all the healthy babies of hypotheses about the following

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place. (See Gregory Clark: *Expect Most of Diverse East Asia to Come Storming Back*, in *International Herald Tribune*, February 10, 1998, p. 8.)

<sup>88</sup> Carlos H. Waisman: *Reversal of Development in Argentina*, Princeton University Press, 1987, p. 6.

<sup>89</sup> Peter Winn: *Americas: The Changing Face of Latin America and the Caribbean*, Pantheon, 1992, p. 191.

<sup>90</sup> UNECLAC: *Preliminary Overview of the Economy of Latin America and the Caribbean: 1997*.

<sup>91</sup> See Francis Fukuyama: *Trust: The Social Virtues and the Creation of Prosperity*, The Free Press, 1995, pp. 44-45.

<sup>92</sup> Peter Smith: *The Rise and Fall of the Developmental State in Latin America*, in Menno Vellinga (ed.): *The Changing Role of the State in Latin America*, Westview Press, 1998, p. 68.

points.

First, the cultural approach has opened a door for us to see why economic performance is different among regions and countries. As Alvin Y. So and Stephen W. K. Chiu point out, the cultural approach is not aimed at reducing economic development to a set of cultural traits or “national character” traits. The key question is not whether cultural factor is the exclusive influence over economic performance; rather, it relates development policy options and institutional choices to certain cultural antecedents that make the reason for such selections easier to be understood.<sup>93</sup> In other words, cultural perspective provides researchers with a frame of reference within which they can see how values, attitudes, practices or behaviors have influenced economic development in East Asia and Latin America. Therefore, it complements rather than contradicts other interpretation of the so-called East Asian “success” and Latin American “failure.”

Second, culture plays an important role in economic performance, as it can affect people’s behaviors and attitudes towards savings, education, work ethic and so on, yet compared with economic factors, it is less important. Of all the factors determining economic performance, economic factors always stands on top.

Third, each culture has its own unique positive or negative components, but the positive ones cannot automatically create better economic performance in the absence of other necessary conditions like sound economic policies, effective institutions, favorable world economic situations, the right timing of a nation’s entry into industrialization, and political stability. In other words, only in a favorable economic and political environment can culture trigger economic growth. This point might help explain why China, the birth place of Confucianism, made remarkable economic achievements during the past two decades of economic reforms.

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<sup>93</sup> See Alvin Y. So and Stephen W. K. Chiu: *East Asia and the World Economy*, Sage Publications, 1995, p. 8.