

**CULTURE AND DEVELOPMENT: REASSESSING CULTURAL  
EXPLANATIONS ON ASIAN ECONOMIC DEVELOPMENT\***

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*Economic success in East Asia has no precedent in the history of capitalist development, in terms of massive growth in the scales of economy in a relatively short period of time. However, existing theories of economic development have failed to unravel the East Asian puzzle fully. This has led scholars to search for new models and to develop an Asia-specific Confucian notion of economic development based on the assumption that successful Asian countries share a Confucianism as a common cultural factor. Although it has gained popularity over the years, the neo-Confucian perspective has a number of serious theoretical and methodological problems. This paper reviews the problems inherent in the neo-Confucian perspective and offers suggestions by which this perspective can be a viable and complementary approach to mainstream approaches to explaining development. The current Asian economic crisis seems to nullify neo-Confucian explanations for Asian development. This paper, however, argues that a cultural approach, if it solves inherent conceptual, theoretical, and methodological problems, has the potential to explain the current economic crisis as well as explaining rapid development in Asia.*

INTRODUCTION

At one time, macro-structural approaches dominated the social sciences, and cultural approaches or studies of culture itself received relatively less attention. Culture was often treated as a residual factor in the analysis. Since the 1980s, however, the cultural approach has received new attention and come back to the front stage of the social sciences. It is not so difficult to find books and articles in the social sciences that contain 'culture' or 'cultural' somewhere in the title even if the study does not specifically deal with the matter. Literature with titles including "culture" or "cultural" seems to have become a new fashion and perhaps is necessary to attract audience. In spite of its popularity in the social sciences, however, the concept of culture is still

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too abstract and ambiguous to be utilized in terms of rigorous scientific methods.

This paper is not about culture itself, but discusses the influence of cultural factors on economic development which has gained popularity during the last decade. The paper is organized as follows: the first section will discuss why cultural explanations were introduced into development theories. This section will show how the existing theories of development have failed to explain the remarkable economic success of several East Asian countries. The cultural approach was brought in as an alternative model specifically applicable to the East Asia. The second section will provide a critical review of two main types of cultural approach to explaining the Asian success: the neo-Confucianism theory and revisionist authoritarian state theory. The third section will suggest some ideas for the elaboration of cultural explanations and introduce an approach by which to understand the influence of culture in the context of institutions. Finally, this paper will discuss cultural explanation which can be offered to explain current the economic crisis in the East Asia, which will in turn lead to the contemplation of a new Asian model of development.

#### WHY "CULTURE" WAS BROUGHT IN THE DEVELOPMENT THEORIES

In the early 1960s, Western thinkers regarded Asia as well as Africa (with exceptions of Japan and possibly South Africa) as places of no hope doomed to permanent economic stagnation. During that period—since modernization theory was the most influential explanation on economic development—its wide range of proponents (academicians, journalists, politicians, and even laymen) instructed Asian countries to take after experiences in the Western developmental trajectories. They often imposed Western institutional forms, values, and even specific behavioral codes on Asian people.<sup>2</sup> Virtually no serious scholar, neither Western nor Asian, seemed to pay attention to Asian traditions or values which were assumed to hinder development and should therefore be abandoned. About a century ago, Max Weber contended that Asian values and religions (mainly Confucianism in China) are not conducive to capitalist development (Weber 1951).<sup>3</sup> Neither

<sup>2</sup> Economic aid was often accompanied by specific regulations about what to reform or what to establish (military, education, etc). Asian countries had no choice but to emulate the Western system in order to receive aid.

<sup>3</sup> In Weber's view, Western capitalism substituted rational law and agreement for tradition, while in China the pervasive factors were tradition, local custom and the personal favour of the official (Weber 1951).

did the leaders of Meiji restoration, known as the founders of Japan's modernization, recognize Confucianism as a driving force to capitalism.

When Japan became an indisputable economic superpower in the 1970s, several students, enchanted with Japan's success, proposed cautiously that some Asian work ethics and practices might be influential factors for economic success (Vogel 1979; Dore 1973). The introduction of cultural aspects of Japan's success to the Western hemisphere, however, did not carry the intention of expanding the argument to include other Asian countries. If cultural factors were encouraging economic growth, they were the Japanese rather than Asian in general.

Nevertheless, Japan's success was soon followed by unprecedented rapid economic growth of the "four dragons" among the newly industrialized countries (NICs): Hong Kong, Singapore, Taiwan, and Korea. The Asian phenomenon became an unsolvable puzzle to modernization theory because they did not follow the trajectories of the Western capitalist countries. In later works numerous approaches have been advanced to explain the remarkable economic growth in the East Asia, including the Marxian dependency theory, world-system theory, neo-classical economics, political theories (authoritarian developmentalism), economic history (late industrialization) and so on. East Asia seems to have become a laboratory for experimenting and refuting existing theories of development. Among them, two variations of Marxian dependency theory (dependent development theory and world-system theory), neo-classical economics, and authoritarian state theory seem to remain the main competitors, discussing the East Asian development both theoretically and empirically.

First, within the Marxist tradition, dependent development theory and world system theory attempt to provide a clue to the case of East Asian. While orthodox dependency theory regards the industrialization of the Third World countries as a passive result of changes to the center of the world economy, dependent development theorists emphasize autonomy of local capital and the states of the Third World. Thus, dependent development can be possible through cooperation and alliance between state and local capital, where the states of the Third World protect the local capital by limiting penetration of central capital, and adopting policies for the development and growth of local capital (Cardoso and Faletto 1979; Evans 1982; Lim 1985).

World-system theory explains economic development in East Asian countries by examining development from periphery to semi-periphery in the world economic system.

World-system theory emphasizes the vertical relationship between the

center and the semi-periphery in the process of the development (Chen 1987). Although both theories recognize the possibility of substantial economic development in the Third World, they assume a limit to the economic development of Third World countries, thus denying the possibility of their entering the core. East Asian countries, however, have shown that their success is neither limited nor temporary, and that they can enter the core as demonstrated by Singapore and Hong Kong.

Second, neo-classical economics, who coined the term NICs specifically for four Asian countries, emphasize the comparative advantages of East Asian countries. That is, the export-orientated policies of East Asian countries have been more conducive to economic development than have been the import substitution policies of Latin American countries in a free-trade oriented world market (Balassa 1981). In fact, both South Korea and Taiwan adopted policies of import substitution in the 1950s and the early 1960s and launched an export strategy thereafter.

Two questions may be raised about the arguments of neo-classical economists. First, if export-oriented policies were key factors in East Asian development, why have other countries adopting similar policies not been so successful? Secondly, why and how have East Asian countries initiated policy changes while their Latin American counterparts have not? The neo-classical economics approach has not provided satisfying answers to these questions.

A less general and more East Asia-specific explanation is attempted by the "authoritarian state" model, including such explanations as "bureaucratic authoritarianism" (O'Donnell 1978; Im 1987) and the "developmental state" (Johnson 1982; Amsden 1989; Hughes 1988; Haggard 1990).<sup>4</sup> In the authoritarian state model, the most important characteristic of East Asian economic development is the role of the state, which has "actively participated in public and private spheres of the economy and has been in fact the leading actor in the economic growth" (Hamilton and Biggart 1988: 77). In fact, East Asian states have been playing a role in "instituting political reforms, helping to shape national economic development, and bargaining with multinational corporations" (Evans, Rueschemeyer, and Skocpol 1985: 1). In sum, the authoritarian state model contends that, in those countries which are late to industrialize, the state takes on a developmental function

<sup>4</sup> The strong state in this paper refers to the developmental state rather than the bureaucratic authoritarian state. The concept of bureaucratic authoritarianism was developed mainly from the experiences of Latin America—the "deepening" of the economy. Secondly, the Marxist ideological tenet that the political system is determined by structural changes in the economic system is hardly applicable to East Asian countries.

by leading the dirve toward industrialization (Johnson 1982: 19). However, the authoritarian state model does not provide a reasonable answer to the fundamental question of why the strong states in East Asian countries have succeeded in economic development while the same strong states in other areas have not been equally successful.

It is true that authoritarian states in East Asia—such as Korea, Singapore, Taiwan and post-reform China—have had faster rates of economic growth than have many less authoritarian ones in the world in the 1960s and 1970s. There is little general evidence, however, that authoritarian states are truly beneficial to encouraging economic development. We can easily find opposing cases; Hong Kong did achieve remarkable economic growth with a fairly democratic state, and in fact, all those Western countries in the center of the global economy happened to be democratic and will continue to be so.

Additionally, a model should be able to explain variations among authoritarian states in East Asia. The state can exercise its authoritarian power or strength either in the political or the economic sectors (or both). The former leads to political suppression and the latter, the state intervention in the economy. Korea, Taiwan, Singapore, and China have kept a firm hand on their politics. There is little variation between these countries in terms of democracy. As for state intervention in the economy, however, there is greater variation; perhaps, most evident in Korea and least evident in Singapore.<sup>5</sup>

To summarize, East Asian economic success has no precedent in the history of capitalist development. It is unique in terms of the massive growth of economies of scale in a relatively short period of time.<sup>6</sup> Additionally, their success was concentrated in a specific region of the world. The world economic environment during the period from the 1950s to the early 1990s is characterized by openness, encouraging free trade and free competition between countries. Only East Asian countries were able to utilize the late-comer's advantage in such favorable environment.

As discussed above, however, existing explanations of economic developments in the Third world have shown limits and discrepancies in explana-

<sup>5</sup> State intervention in the economic sector may result in policies helpful to economic growth at one time; but could be detrimental at another. Excessive state intervention is often blamed for the recent economic crisis in East Asia (Krugman, 1998).

<sup>6</sup> It took nearly a century for the British industrial revolution, which eventually evolved into modern capitalism, to spread to other countries—first to France and later to America. Other countries in Western Europe, including Germany were far behind. Of course the two historical periods are quite different from each other in terms of technologies of transportation and communication, level of openness encouraging free competition, etc. Even taking these differences into account, East Asian development was unparalleled.

tions of the experiences of East Asia. The Asian puzzle remains unsolved. This leads scholars to search for a new model to explain East Asian economic development and to develop a cultural approach based on the assumption that those successful Asian countries share Confucianism as a common cultural factor. The next section reviews the main cultural approaches to East Asian economic development and discusses their limitations.

### CRITICAL ASSESSMENT OF CONFUCIAN CAPITALIST DEVELOPMENT THEORIES

Regarding the influence of culture on economic development, the cultural approach contends that capital and labor, which are considered by the proponents of both liberalism and socialism as key factors in economic development, are actually secondary factors. The principal factor is nonmaterial culture. The cultural approach to East Asian economic development, sharing the assumption that the Confucian culture is the key to its economic success, can be divided into three groups: neo-Confucianism theory, revisionist authoritarian state theory, and the institutional theory of development.

The first group, neo-Confucianism theory, contends that a common cultural factor in East Asia—Confucian ethics—is major and fundamental independent variable explaining the rapid economic development of these countries. The second group, the revisionist authoritarian state theory, focuses on elective affinity between authoritarianism and Confucianism. According to this view, authoritarianism is implicit in Confucian culture. Unlike the first group, this approach sees Confucianism as a conditional variable. In other words, the authoritarian state can play a beneficiary role in economic growth in a certain cultural context—'Confucianism'. The third group is neo-Weberian development theory, which emphasizes certain institutional conditions or prerequisites under which culture exerts a positive influence on economic development. In this approach culture is regarded as an independent variable determining economic growth, but only in certain institutional contexts.

#### 1) *Neo-Confucianism Theory*

The neo-Confucianism approach contends that Confucian ethics, a common cultural factor of East Asian countries, have positive effects on rapid economic growth. In response to Max Weber's earlier dismissal of Confucianism as a driving force to capitalism, this approach proposes that the Confucian system of ethics, although working negatively against the

change from traditional society to capitalist society, exerts a positive influence on economic development once the capitalist system has been established. For instance, MacFaquhar (1980) argues that, while individualism is conducive to economic development in the first stage of capitalism, Confucian collectivism is more suitable for economic development in a mass production economy. Berger (1983) asserts that non-individualistic capitalism derived from Confucian ethics is a key factor in the economic development of East Asian countries. Similarly, Tai (1989) attempts to generalize the relationship between Confucianism and economic development proposing an 'affective' model, which stresses the effect of the Confucian collective-orientation, which emphasizes harmony and cooperation. Tai contends that the rapid economic development of the East Asian countries was made possible by relating industrialization to the system based on collectivism and harmony rather than on individualism. Levy (1992: 16) goes further to assert:

The development of individualism as an ideal was almost certainly an essential factor for the firstcomers. It is almost certainly not essential for latecomers, who, if they are to be successful, require higher levels of coordination and control along with radical shifts toward a meritocracy and the like that sometimes pass as individualism. Individualism, while a vital element for the first-comers, is a romantic focus for latecomers.

While MacFaquhar, Berger, Tai, and Levy consider the collective orientation of Confucianism as a developmental force, Kahn (1979) asserts that secularism, implicit within Confucianism, helped the East Asian countries adapt quickly to the capitalist system. According to Kahn, the secularized ethics of Confucianism encouraged bureaucrats to be proud leaders in economic development and induced the masses to conform to bureaucratic authority and to be diligent and thrifty.

To summarize, neo-Confucianism suggests that some characteristics of Confucianism have direct and strong effects on East Asian economic development. What then are the Confucian characteristics relevant to the East Asian developmental drive? The answer may vary by the authors, but, the so-called post-Confucian ethics or characteristics include "self-confidence, social cohesion, subordination of the individual, education for action, bureaucratic tradition, and moralizing certitude" (MacFaquhar 1980).<sup>7</sup> Some

<sup>7</sup> Some authors (e.g., Pye, 1985) use such concepts as conformity to hierarchy and loyalty instead of MacFaquhar's subordination of the individual. Both address the same basic concept, however.

may add familism, clientelism, secularism in the list.

The most serious problem of the neo-Confucianist approach is its tendency toward over-generalization. That is, even though East Asian countries were at one time or another under the influence of Confucianism they are different from the others in time and reasons for its adoption, and in the manner in which it was practiced. As Morishima observes (1982), the key values of the Confucianism emphasized in each country are quite different. A second problem, as suggested above, is that Confucianism includes such diverse values as collectivism, emphasis on education, bureaucratic tradition, conformity to authority, familism, and so on, raising the question of which of these values is the most influential in relation to economic development? Some authors deem collectivism the most important (Berger 1983; Tai 1989; Levy 1992) while others place more emphasis on secularism (Kahn 1979).<sup>8</sup> Still others give credit to the combination of all of these values.

Finally, neo-Confucianism theorists have thus far failed to demonstrate directional causality from Confucianism to East Asian economic development with clear empirical evidence. This is mainly due to methodological difficulties of quantifying the degree of influence of Confucianism on East Asian economic development. In sum, as Johnson (Johnson 1982: 8) correctly writes, neo-Confucianist explanations overgeneralize the pattern of the economic development in East Asia, thus tending to cut off rather than advance serious research.

## 2) Revisionist Authoritarian State Theory

The second group of scholars, known as revisionist authoritarian state theorists, propose culture as a conditional variable and a reinforcing factor for the success of the authoritarian state. They recognize that simple relation between Confucianism and economic development is too superficial and abstract to be tested scientifically. Instead, they focus on the active role played by the state in East Asian economic development, and ask why the authoritarian states of East Asia could accomplish remarkable economic development while the same strong states in other regions, such as Latin America, could not. They argue thus that a strong state could be a necessary

<sup>8</sup> Secularism inherent in Confucianism is equivalent to the worldly calling or ethics which Weber describes as the key value of Protestantism which encourages capitalism. However, De Bary (1991) argues that the Confucian version of this worldly transcendentalism is lacking any sense of individual responsibility to Heaven due to the absence of the idea of covenant. It is clear that secularism found in two doctrines may differ in nature, although each produced the same output, capitalism at a different time of history.

but insufficient condition for economic development in the Third World.

Revisionist authoritarian state theorists then introduce cultural variables and explain that Confucian ethics stressing harmony, conformity to the hierarchy, and education, are more compatible with the strong state and thus lead East Asian countries to higher economic development than the other Third World (Chen 1988; Berger and Hsiao 1988; Ellison and Gereffi 1990).<sup>9</sup> Authoritarianism is implicit within the Confucian tradition (Pye 1985). Chen (1988) suggests a sophisticated model of East Asian economic development which links secularized Confucianism and the developmental state in the process of export-oriented economic development. According to Chen, secularized Confucianism produces specific patterns of economic activity such as diligence, saving, collectivism, and conformity to hierarchy, which help the developmental state to execute more effectively market-oriented policies and policies emphasizing economic growth over democratization.

This approach, a mix of state and culture, seems to overcome the over-generalization problem of neo-Confucianism. It explains the effects of Confucian ethics in a more specific way by relating it to the success of the strong state. However, the difficulties of quantifying cultural effects still remain unsolved. This could pose an even more serious problem, in the sense that revisionist authoritarian theory contains inconsistencies in evidence it presents. It has been successful in providing ample empirical evidence regarding the positive role of the authoritarian state in economic development, while little has been demonstrated empirically regarding the effects of the Confucianism.

A more serious critique can be raised against the assumption that authoritarianism is implicit or embedded in Confucianism (e. g. Pye 1985). De Bary (1981: 267) claims liberalism exists both in positive identification and negative opposition of the Confucian tradition. In fact, it is not difficult to find statements of political liberalism in the Analects of Confucius. As Fukuyama (1995) suggests, some values may be compatible with liberal democracy in several ways; for instance, the emphasis on education and the relative tolerance of other religion. The former may contribute to the enhancement of meritocracy and the latter to pluralism. The real issue is not whether these freedom-oriented perspectives are present in Asian traditions, but whether the freedom-oriented perspectives are absent from them (Sen 1997: 9). There is no doubt that Confucianism does include liberal ele-

<sup>9</sup> By simply adding cultural variable, the revisionist authoritarian state model may provide an answer to the question, which baffled the original model, why the strong states in East Asia have succeeded in economic development while similarly strong states in Latin America have failed.

ments but, as Chan (1996: 28) argues, the adoption of Confucianism has often served to validate or to justify a political mandate or agenda. Therefore, if there is an authoritarian tendency in Asian traditions, it may not be due to Confucianism itself but to the way it has been implemented.

### 3) *Institutional Theory of Development*

The third group of cultural explanations are known as institutional theories of development, which focus on the influence of culture under certain institutional conditions. In this sense, we may consider it a neo-Weberian perspective. This institutional explanation differs from the above cultural explanations in many respects. First, it does not assume that East Asian countries share the same form of Confucianism. Second, it denies simple causality from Confucianism to economic development, because historically, Confucianism has often led Asian countries in the opposite direction. Third, the institutional explanation also criticizes the simple relationship between the strong state and Confucianism, arguing that relationships between culture and the strong state should be understood with regard both to institutional contexts and social conditions (Clegg, Higgins, and Spybey 1990).

The institutional approach contends that the same cultural characteristics lead to different socioeconomic development under different institutional conditions. For instance, Morishima (1982) argues that Confucianism had different effects on the industrialization of China and Japan. The humanity stressed by the Confucianism practiced under Chinese patrimonialism had a negative effect on industrialization, while the Confucianism practiced in feudal Japan had a positive effect on industrialization due to its emphasis on loyalty. Senghaas (1988) further contends that the influence of culture in a society depends largely on the institutional conditions of that society. Thus, although Confucianism deterred industrialization under traditional Chinese and Korean institutional conditions, it now fosters economic development in those countries under different institutional conditions.

Institutional prerequisites or conditions which enabled capitalist development include rational law and agreement, modern bureaucracy and so on (Weber 1951). In this sense, the institutional theory of development seems to share its view with earlier modernization theory—"you have to emulate Western institutional system in order to economically develop." The question is then. What kind of institutional conditions or arrangements must be present for latecomers to develop?" Different authors offer different answers. According to Levy, the institutional condition enabling Confucianism to promote development is the strong state. Unlike the revi-

sionist authoritarian state model he treats the strong state as a conditional factor. Levy argues (1992: 18; authors' emphasis):

Confucianism would never have led to first-comer emergence of modernization. It could not become effective as a religious, ethical stimulus to modernization even for latecomers until these latecomers had achieved a *viable national corporate state*. Once this had been achieved, the Confucian ethics became a very important factor in the countries whose success we find so spectacular.

Another line of institutional theory relating cultural factors to socioeconomic change is the neo-institutional perspective. This perspective may not belong to the 'pure' cultural approach discussed above. It does, however, address cultural similarity in East Asia as an indirect cause of economic success. It argues that East Asian countries under Confucian influence could easily imitate the Japanese, because they share the same culture. One example is Cummings' study explaining the economic successes of Korea and Taiwan in terms of isomorphic tendency toward the Japanese developmental state (Cummings 1987).<sup>10</sup> That is, Korea and Taiwan had an advantage in introducing the Japanese development model due to the similarity of their cultures to that of Japan.

In sum, the institutional approach does not focus on simple causality from Confucianism to economic development but on the manner in which Confucianism leads to different socioeconomic changes under different institutional conditions. In this sense, the institutional approach seems to less suffer from the over-generalization problem than do other cultural explanations. This approach, however, is still vague in explaining the processes of how different manifestations of Confucianism, if any, many influence the economy in different institutional contexts.

The institutional approach is limited by its use of too many variables in the analysis. In explaining the institutional contexts in which culture exerts positive influence on development, different scholars paint to different institutional conditions which may include everything that may be observed in the capitalist system. Therefore, the institutional approach is far from clear in explaining how such numerous conditions relate one to the others and provide an environment where Confucian values become conducive to economic development.

Another problem with the institutional approach is that it regards culture

<sup>10</sup> We do not believe that Cummings identifies himself as a neo-institutionalist, but his logic clearly demonstrates a neo-institutional perspective.

as being dependent up on institutions, although the opposite is an equally valid consideration. By focusing too much on institutional contexts in which culture depends upon the exertion of its influence, the institutional approach neglects the possibility that existing institutions may also be conditioned by culture.

In this section, we have reviewed three types of cultural explanations for the rapid economic growth in the East Asia. These three cultural explanations certainly highlighted new features of East Asian economic development which were not explained sufficiently by traditional theories of development. However, all of these cultural explanations suffer from serious theoretical and methodological problems. The most frequent critique raised against cultural explanations is its tendency toward over-generalization. This critique is unfair, however, because it seems that the over-generalization problem is more serious in the traditional theories such as dependency theory, world-system theory, authoritarian development theory, and neo-classical economics. At least to neo-Confucian theories of development and their variants, the immediate target of analysis includes only Japan, Hong Kong, Singapore, Korea, and China all of which were under the influence of Confucianism.<sup>11</sup> The recent economic success of South Asian countries, such as Thailand, Malaysia, and Indonesia, may exceed the scope of Confucian explanations of development.<sup>12</sup>

Neo-Confucian theories of development never theless, are not immune to over-generalization problem. As discussed earlier, while East Asian countries may share the Confucian tradition, they differ in the timing, motivation, and practice of this tradition. The key values of the Confucianism respected in each country are quite different. There is no agreement on what exactly constitutes Confucian values, and on which values are the most influential factors for development. Some argue that collectivism is the most important; others, that it is 'secularism' and to others a combination of all Confucian merits. Even if they agree on the importance of a certain value,

<sup>11</sup> Regarding this, Li Kwan-Yew clearly distinguishes East Asia from other regions. "When I say East Asians, I mean Korea, Japan, China, Vietnam, as distinct from Southeast Asia, which is a mix between the Sinic and the Indian though culture itself emphasizes similar values" (quoted from Sen 1997: 38). Among these, no serious analysis on Vietnam—another country with a strong Confucian tradition—has been advanced, perhaps because it has not yet shown any visible economic growth. When Vietnam prospers, neo-Confucian theories of development will definitely attempt to explain it.

<sup>12</sup> Since the Hua Chao (Overseas Chinese) have settled in large numbers and dominate the economies of all the countries in what is known as the Nan Yang (South Seas) including Thailand, Malaysia, and Indonesia, some Chinese attribute the success of even these countries to principles and practices of Confucianism (Bruce 1988: 7).

measurement problems lead to a failure to reach reasonable conclusions with sound empirical evidence.

To summarize, the neo-Confucian perspective has a number of serious theoretical and methodological problems. Unless they are resolved, it does not offer legitimate scientific analysis, even though it has gained distinct popularity over the years. Shall we then abandon cultural, or to be precise, the neo-Confucian explanation of development? The answer is obviously, "no" considering that it has contributed to the expansion of our knowledge on economic development, and has introduced the importance of culture and tradition into the main scholarly dialogue (Dallmayr 1993). The cultural perspective in general, not only neo-Confucianism, has great potential as a powerful tool of analysis provided its applicability may extend to other regions of the world by resolving inherent theoretical and methodological problems.

The next section discusses some ideas for addressing the aforementioned problems inherent in the existing cultural approach and proposes an alternative: a more actor-oriented cultural approach.

#### ELABORATION OF CULTURAL EXPLANATIONS FOR DEVELOPMENT: AN ACTOR-ORIENTED CULTURAL APPROACH

The main problems of the existing cultural approach, such as problems of over-generalization and vague causality, lie in its fundamental methodological fallacy which directly relates non-material macro social fact (culture) to material macro social fact (economic development). In fact, to influence material social fact, culture requires agents—whether individuals, organizations, or the state—to bear it and act for the realization of cultural meanings. In this regard, it should be noted that Weber refers to this, in the seminal work *The Protestant Ethic and the Spirit of Capitalism*. In this analysis of the influences of culture on economic development, Weber pays careful attention to the psychological tensions experienced by individual adherents of Protestantism. These tensions were resulted from the development of a new cultural context and the subsequent activities leading toward capitalistic development (Weber 1958). With this more actor-oriented cultural approach in mind, the following discussion presents some suggestions for using the Confucian theories of development to solve the conceptual, methodological, and theoretical problems described above.

First, the concept of confucian values must be scrutinized for scientific utility. To a certain extent, the Confucian perspective seems a hastily introduced explanation to the Asian phenomenon, with little refinement of the

basic concept. Confucianism has been studied in various ways: as a religion, as a political philosophy, and as an ethical code (see Weber 1951; Jung 1993; De Bary 1991; Tu Weiming 1993; Taylor and Arbuckle 1997). Due to this, a long list exists of Confucian values, often rendering the Confucian perspective inconsistent. To explain the influence of Confucian values on economic development, we must first specify those values which pertain to economic development. In addition, we must relate these values to specific actions of individuals or organizations. In so doing, however, we should be cautious not to select Confucian values in a simplistic way. Selectively choosing just one or two Confucian values as determinants of economic development may be convenient, but could also be misleading theoretically and methodologically. For instance, Dallmayr (1993: 207) argues, "Confucianism is bound to occupy a difficult position in regard to modernization because it emphasizes social and cosmic harmony, rituals, and fellow-feelings".<sup>13</sup> Excessive consumption of luxury goods in Asia is often attributed to other Confucian values such as face-saving and familism (Wong and Ahuvia 1997; Zhao 1997). Thus, in addition to scrutinizing the concept, the Confucian values must be thoroughly reanalyzed. Positive and negative Confucian values must be examined in relation to development.

Second, it is necessary to treat Confucian values, and culture in general, in a less static way. We should not assume that culture of some centuries ago remains basically same up to the present, as the neo-Confucianism perspective implies. Social conditions and structure have changed throughout the history of East Asia, as has culture. Because they assume static culture, existing cultural explanations leave the following questions unanswered: What are the causes of cultural change? What, in turn, are the social and economic consequences of such cultural change? To answer these questions, we must again relate culture to its agents, either individuals or organizations. That is, we must know how individuals and organizations adapt to changing situations, thereby changing culture. By so doing, we will be better able to understand the causes, contexts, and consequences of cultural changes, as well as the full cycle of socioeconomic change.

Third, we must establish causality in a more specific way. This includes such micro-level analyses as how neo-Confucian values lead to specific patterns of actions at the individual or organizational level and how patterns of change at the individual or organizational level in turn result in macro-level

<sup>13</sup> In fact, Confucius himself seems actively opposed to the pursuit of profit. In "The Analects", he asserts that "If one is guided by profit in one's actions, one will incur much ill-will." (quoted from Sen, 1997: 40).

socioeconomic development. Without this kind of micro-level analysis, all attempts to use cultural factors in the analysis will entail theoretical and methodological problems, particularly those of over-generalization.

Several recent studies have analyzed micro-level action patterns based on Confucianism in this manner (Chen 1990; Ma and Smith 1991; Wong and Ahuvia 1997). Some neo-institutionalist works also exhibit similar analyses, although the actors are organizations rather than individual actors. The main idea of these studies is that organizations demonstrate isomorphism in institutional environments: organizations will become structurally similar as they respond to "pressures of the institutional environments, or as they copy structures adopted by successful organizations" (Orri et al. 1991: 362). In other words, East Asian economic development demonstrates isomorphism in institutional environments such as structure of authority, key values and cultural impacts.

Thus far, we have suggested some ideas for overcoming the conceptual and methodological problems of the cultural approach, thus providing a powerful tool to explain economic development in East Asia. Nevertheless, this does not mean that a culture-only explanation is the best alternative for understanding economic development in East Asia and other regions.

#### CONCLUSION: CONFUCIANISM AND ASIA IN CONFUSION

When Japan was the single visible economic force in the East Asia, few paid attention to the importance of Confucianism or Asian values. As the so-called four mini-dragons—Hong Kong, Singapore, Taiwan, Korea—and China, all of which were under the influence of Confucianism at one time or another, began to grow at an average rate of nearly 10 percent, Confucianism and Asian values began to be introduced into theories of development. We may recall many highly favorable remarks about Confucianism, Asian values, and the Asian way of life over the years. Accordingly, theories about Asian success and the superiority of Asian values gained enormous popularity. Many observers in various fields came to the conclusion that Asia would dominate the global economy in the 21st century (World Bank 1995; Naisbitt 1995; Halloran 1996). In this regard, the Confucian perspective deserves credit for calling Western attention to Asian cultural values and thereby, to a certain extent, changing the biased perception of Asia (Dirlik 1995; Lee 1997).<sup>14</sup>

<sup>14</sup> However, whether the Confucian perspective has really changed the Western perception of Asia remains to be seen. Although the perspective appears to be a specifically Asian expla-



To exaggerate somewhat, Western countries, particularly the United States, were tempted to emulate the Asian example. This represented a drastic reversal of ideas. Asians had been constrained to emulate Western experiences of development less than a decade or two before. Westerners began to perceive themselves as lacking such Confucian values as hard work, conformity to authority, loyalty, familism, respect for community, emphasis on education — keys not only to economic success but also to social stability. Some Asian politicians, such as Li Kwan-Yew of Singapore and Mahathir Mohammad of Malaysia had publicly asserted that Western societies were suffering from moral dilemmas compared to Asian societies. In the Asian view, this is probably the most important contribution of the Confucian perspective.

The great Confucius has returned honorably after 2,500 years. He enjoyed the renaissance of Confucianism during the 1980s and 1990s. In the midst of remarkable success, Singapore has explicitly promoted the teaching of Confucian values in schools since 1982 although Lee Kwan-Yew once deemed Confucianism useless for economic development (Chan 1996: 37-8). Even China reinvented Confucianism as a national philosophical doctrine. Under Mao's governance, Confucianism was regarded as a tool of bourgeois and Mao's enemies had frequently been reviled as "Confucianists". China now seems to rely as much on Confucianism as on party discipline as the force to unify Chinese society under their regime.<sup>15</sup>

In a sense, the rise of Thailand, Malaysia, and Indonesia as new economic success cases embarrassed the Confucian perspective because those coun-

nation because of its focus on Confucian culture, it was initiated by Western thinkers and therefore could be another example of "West-centered but Asia-specific" interpretation. If this is the case, the same biased conceptions or misconceptions about Asia will still remain.

<sup>15</sup> Just weeks after the bloody suppression of the pro-democracy movement at Tiananmen Square in 1989, in China, a grand celebration of Confucius's birthday was held in a building near the square. Jiang Zemin, the secretary-general of the Chinese Communist Party, made a personal appearance in which he fondly recalled the Confucian influences in his upbringing. Gu Mu, the chairman of the conference, gave a speech that was widely assumed to reflect the party line. Confucianism, he declared, represented "the mainstream" in Chinese culture (The Economist 1995). According to Dirlik (1997), China rejuvenated Confucianism to "provide an ideological alibi to new development within capitalism as well as a means to check the disruptive effects of capitalist development in Chinese societies." Similarly, the Vietnamese ruling Communist Party has recently proposed an idea of "going back to tradition, namely Confucianism" in response to what they call moral decay, evidenced by such phenomena as gambling, prostitution, pornography, drug addiction and sheer greed (Economist Feb 24, 1996: 40). As Chan (1996: 28-9) argues, however the political adoption of Confucianism has been historically to validate certain political agendas or to justify the wrong-doings of governments. Not only the recent Chinese and Vietnamese efforts but Li Kwan-Yew's earlier attempts may be categorized as examples of such ill-intentioned endeavors (also see Sen 1997).

tries are believed to be more influenced from Buddhism than Confucianism. Some contend, however that the case of Southeast Asia can still be explained by the Confucian view because the economies of those countries are dominated by the Chinese (see footnote 10 of this paper). Recently, even more embarrassing incidents have occurred: The foreign currency crisis—particularly of dollars—has hit hard and crumbled the economies of Thailand, Malaysia, Indonesia, and Korea. Japan, an undeniable economic superpower, has experienced stagnation for the last several years, and has been subject to disgraceful pressures from its G7 colleagues to restructure its economy. The impact is now extending to Hong Kong, Singapore, and Taiwan which have begun to show some signs of slowing down, if not declining.

At this juncture, it may be necessary to examine the causes of the current Asian crisis, although that is not the primary concern of this paper. In a climate of praise for Asian success and values, Paul Krugman (1994) was among the few disparaging Asian economic prosperity. His provocative argument drew much attention, mostly critical. His recent article (1998), asserts that his earlier writing made "enemies all over Asia". According to what he called the perspiration theory, Asian success was a one-time phenomenon and not replicable. The rapid economic growth in Asia was not based on gains in efficiency but on massive inputs of capital and labor. "Asian growth has so far been mainly a matter of perspiration rather than inspiration—of working harder, not smarter" (1998: 1). In a more macro perspective, Thurow (1993) also writes about the possibility of economic downturn in Asia:

In the last four decades, the real growth rates of the capitalist world have fallen from 4.9% per year in the 1960s ... to about percent in the first four years of the 1990s. Japan is in a recession and much of the Pacific Rim is slowing down. China and those economies closely linked are thus far an exception to this slowdown, but *it is only a matter of time until the slowdown reaches everyone on the Pacific Rim* (page?).

The current crisis in East Asia seems to confirm both Krugman and Thurow's arguments, although each author attributes the economic crisis to a different factor. Krugman cites domestic structural problems and The cites the unavoidable ups and downs of business-cycle.<sup>16</sup> The important fact is that, to these authors, Confucian values have nothing to do with Asian crisis

<sup>16</sup> Their arguments are reiterated in more recent articles (Krugman 1988 and 1997; Thurow 1988).

or success. Some cultural approaches, however, attempt to explain the crisis facing East Asia solely in cultural terms. Thus, from being touted as the cause of economic success, Asian values are now regarded as the root of economic crisis (Fukuyama 1998).

If this view is correct, the once famed Confucian explanations of East Asian development seem to die out, and Confucius may have to fade away again after his brief enjoyment of the 'glorious' Asian decade. We contend, however, that this approach is the same as the simple neo-Confucian theory and thus contains the same conceptual and methodological problems. Just as the neo-Confucian theory can not prove specific relationships between Confucianism and Asian success, cultural explanations of the Asian crisis exhibit over-generalization and vagueness. In addition, we also object to Krugman's explanation, which excludes culture from the analysis. Although it may be true that Asian development is due to the perspiration of hard workers, we still must know why there are more hard workers in East Asia contributing to rapid economic growth.

With regard to the crisis in Asia, several studies attempt to draw an Asian model of development that can explain both sides of the same coin: success and crisis (World Bank 1993; Tabb 1996). As all the theories of development including the Confucian perspective has not provided convincing evidence to elucidate the causes of rapid development, these attempts to explain both success and sudden economic decline in Asia demonstrate partly satisfying but mostly disappointing results. Rather than taking any particular theory of development, they use virtually all the variables suggested by all existing theories except for the Confucian perspective. They contend that, although Asian countries share some strengths and weakness, they have individual weaknesses of their own. Thus, they conclude that there is no single Asian economic model for success.<sup>17</sup> Asian success or crisis is contingent on numerous internal and external determinants and depends after all, on how best to utilize such a contingent environment.

Although we agree that these studies provide explanations on country-specific factors contributing to development in Asia, we still believe that

<sup>17</sup> The World Bank (1993) study was based on a detailed survey of a set of factors and indicators across eight countries (Hong Kong, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan, and Thailand). Tabb (1996) conducted case studies and comparative analyses on Japan, China, Hong Kong, Singapore, Korea, and Taiwan. The results were mixed. Unlike the authoritarian state model's suggestion, state intervention worked in some countries, but was damaging in others. In contrast to the neo-classical argument, not all countries have kept their economies open to foreign influences; foreign technology, foreign investment, and export market signals (see Aseniero 1996 and Tabb 1996 for further detail).

finding common factors explaining the Asian puzzle, its rapid development and sudden crisis, is important, and that power of theory lies in its general applicability. In this sense, a cultural approach has the potential to identify common factors that will contribute to the solution of the Asian puzzle. If it is to do this, we must further scrutinize the concepts of Asian values and resolve serious methodological difficulties.

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