10-1-2004

Asian Values: A pertinent Concept to Explain Economic Development of East Asia?

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I. Introduction: Debates on Asian Values

Some time after the economic crisis of East Asia in 1997, debates over Asian Values (of Confucian origin) have emerged again in Korea, many of them about how much Asian Values are responsible for successful economic development in Korea and other East Asian countries. These debates, to some degree, are an answer to Western criticism of Asian Values, which are seen to be responsible for "crony capitalism" and the consequences of the Asian economic crisis. Asian Values, for which a clear definition is not yet available, is generally conceived as a combination of a strong state and political authority, education and self-cultivation, frugality and thrift, an ethic of hard work and labor discipline, social harmony and group-responsibility—in short, as a form of social civility which shows distinctive features of Confucianism.

These debates have created a large "resonance" in the understanding of Asian Values, by bringing fresh ideas and supportive criticism, as well as a diversity of opinion. I believe this is partly because of a prolonged and deep-rooted pessimistic inferiority complex that a majority of Koreans possess. People who used to live below the poverty line for so many hundreds of years, envious of Western wealth, now find themselves doing well. If their new prosperity is due to their Confucian values, they would be pleased to hear it.

Max Weber's influential works, for example, *The Protestant Ethic and the Spirit of Capitalism*, which proposed Protestantism as an important cause for the rise of Capitalism, contended that no capitalistic development would ever take place in China (and other Confucian countries in East Asia). This left East Asian people depressed.

Weber found no hope in a society where a single despot at the summit monopolizes the direction of government via many levels of hierarchy beneath him, and where religious as well as family matters are regulated by state laws, and where the individual is self-effacing. It was Confucianism that lay behind this and that had kept China (and other East Asian countries) unchanged for thousands of years until its col-
lapse under the impact of the West.

Such a negative perception of Confucian culture, and pessimism for the future of East Asian countries, had been frequently inculcated by leaders and intellectuals in this part of the world through the prior years of industrialization carried out under a nationwide campaign for de-Confucianization and pro-Westernization.

Considering the above, it may be understandable that scholars of the regions would try to refute Weber's hypothesis when the countries demonstrated themselves to be developed out of Confucian mire. Nevertheless, their efforts to discard Weber's prejudice, ironically enough, produced another prejudice again, entrenching them in a similar contradictory logic.

A further reason for the resonance may be the unreliable policy of the United States today. The American government repressively requires that even Third World countries implement neoliberal policies of free trade. On the other hand, it outrageously imposes heavy tariffs on the import of steel products. USTR (The office of the U. S. Trade Representatives) demands free trade and fair competition between countries, but at the same time, the Bush administration has endorsed a bill to provide a huge subsidy to American farmers, an outright violation. This would lead the Korean public to be sympathetic to the ideas of anyone who emphasizes independent and self-oriented Asian identity, differentiated from the Western standards or norms.

II. Proponents of Asian Values and their Arguments

Roderick MacFarquhar's article entitled "The Post-Confucian Challenge" was a notable reversal of conventionally negative interpretation of Confucianism in the West. He cited higher expenditure for children's education and the Confucian concept of loyalty, obedience and filial piety as factors that help bring success in Japan, Taiwan and Korea. He also paid keen attention to the culture in which the individual is less important than the collective or the company. Within "Confucian" culture emphasizing group-mentality, "corporate spirit" could readily be created, whereas the "organization man or corporate spirit" might have somewhat repellent connotations in the West.

Ezra Vogel attributes the cause of the success of Japan to this background and has chided American businesses for their failure to emulate the Asian (Japanese) model. Herman Kahn basically, shares the idea.

Tu Wei-Ming, David Hall and Roger Ames focus on the exces-
itive individualism and pursuance of materialistic well-being in Western Societies. This has brought moral decline and value-absent societies, the dismantling of families and atomization of the community. They try to find alternative solutions derived from the non-individualistic Asian Values as a solution for such problematic situations of the West.

Chung Hoon Lee explains that the hierarchical social norm of Confucianism played a positive role in making "government-big business partnership model" of Korea the engine of rapid economic growth. He says, "For large private enterprises to accept the role of junior partner and for government to play the senior partner, both parties must accept their respective role as a social norm. This, an efficient institution in achieving successful development, was realized because of the advantage of hierarchy."

Two prominent Asian politicians, Lee Kuan Yew and Mahathir Mohamad, also triggered heated controversies over Asian Values. Central themes of Lee (Senior Prime Minister of Singapore) concerning Asian Values lie in the following two points: 1) his insistence that America not foist its system indiscriminately on societies in which it would not work, and 2) his emphasis on strong and healthy family ties.

There is a Chinese aphorism which encapsulates this idea: *Xiushen quijia zhiguo pingtianxia*. *Xiushen* means look after yourself, cultivate yourself, do everything to make yourself useful; *Qijia*, look after the family; *Zhiguo*, look after your country; *Pingtianxia*, all is peaceful under heaven. We have a whole people immersed in these beliefs. .... It is the basic concept of our civilization. Government will come, government will go, but this endures. We start with self-reliance. In the West today it is the opposite.

It is well known that Mahathir, the former Prime Minister of Malaysia, openly attacked American speculative hedge funds as culprits of the East Asian economic crisis and refused the implementation of economic reforms required by IMF on the ground that their recipe does not fit Malaysian soil.

Quite a number of young Korean scholars have embraced the basic ideas above, celebrating them as a source of distinctive strength in East Asian societies; but few of them so far have led to further refinement or to empirical evidence showing systematically how Asian Values have contributed to successful development.

### III. Have Asian Values Buttressed Development?

**Education in East Asia.**
The area within "Asian Values" most commonly singled out by their proponents as contributing to rapid economic development is education. Indeed, Confucian societies invest more resources in education -- and the literacy rate in these societies is much higher (almost 100% in Korea) -- than is the case in many other cultures. Korean parents have been extraordinarily dedicated to their children's education. However, it is not possible to achieve 100% literacy rate in any country by parents' dedication alone. The answer ought to be found, I would say, in the government's policy to allocate more resources in education and its ability to have the policy enforced effectively.

Even so, I wonder how proponents of "Asian Values" can respond to critics contending that Confucian countries are suffering from outdated methods of education today. Recent issues of the weekly magazine *The Economist* report as follows:

Throughout the millennia, students of all ages in China have had to endure the miseries of learning by rote. Teachers have stifled creativity in the pursuit of the accumulation of facts, and parents have forced children to spend mind-numbing hours cramming for exams..... Several other countries in East Asia, including Japan, South Korea and Taiwan are grappling with similar problems.  

In another article, an author writes:

Passing the examinations to get a university place can be tough in some cases - the so-called 'examination hell'- but once a student gets there, the next four years may involve very little work. Even at top universities, poor attendance often goes unchecked. Lectures are monotonous and discussions rare. Assignments are set, but essays, once handed in, may not find their way back to students. ... Corporate recruiters complain about the falling quality of university graduates. ... Companies need to shoulder some blame for falling standards. Their policy has been to seek conscientious graduates who will buckle down and obediently follow orders.  

What hinders educational reform in Korea is the Confucian norm of social hierarchy that makes people excessively interested in achieving status. Education may be the only channel, under the Confucian meritocracy, for mobility. People are anxious for their children to pass the entrance examinations of universities of the best reputation and to do well in the national examinations. They want them to become high ranking government officials or law professionals. They regard formal education to be just training courses for the students to get good grades
in the examinations, not for creativity or productivity. Many of those who are afraid of the baneful sides of Korean education either emigrate for their children's better education or let their children study in other countries.

Confucian Ethics and Social Norms.

Family and self-cultivation, hierarchy, labor discipline, obedience, social civility and harmony, etc., perceived as Confucian ethics, are mostly related to patriarchal authority and non-individualistic group-mentality. These are vital attributes of Confucianism. Traditional Confucian education was suited to a political culture that required citizens to submit blindly to authority. The nature of Confucianism itself evokes the past and bars capitalistic development rather than promoting it. If education in Confucian societies has ever contributed to development, it may be because the process of acculturation has been successful in modifying it, ameliorating those innately anti-capitalistic facets antithetical to economic development. If anything, the new education initiated by the American Military Government in Korea during the years 1945-1948 did that. Education of all gradations has undergone correspondingly enormous changes.\(^\text{12}\)

However, these changes were not enough to lead the majority of the people to be adaptive to the new circumstances of the Economic Development Plan launched in 1962. What Park Chung Hee's government did to cope with this bottleneck was to begin nationwide campaigns, the "Enlightenment Movement" in the 1960s and the "New Community Movement" in the late 1970s. The main focus of these movements was to eradicate the remnants of Confucian relics.

This general point can be illustrated by a particular example showing why the "Asian Values" thesis is untenable:

The Korean soccer team, which had never made even one of the 16 finalists until then, achieved a resplendent record of being Quarter Finalists at the World Cup games in June 2003, thanks, mainly, to excellent leadership by a distinguished coach Guus Hiddink. His prescription, during his one-year tenure, eliminated favoritism in player recruiting and halted the outdated custom of seniority among players as well as the Confucian style of Spartan, group-oriented training. His recruiting was based on merit and potentiality and his training on scientific data, dismissing old vestiges of revering age and a long career. His outstanding performance clearly showed that cronyism\(^\text{13}\) had led the society and communities to be inorganic.
It also substantiates that the following opinion of Chung Hoon Lee\textsuperscript{14} is merely a fictitious and unrealistic perception of substance. He says in his paper, "...it would appear that the Confucian ethos that fosters loyalty, dedication, responsibility, and commitment and intensifies identification with the organization and one's role in the organization would limit opportunistic behavior more than the Western individualism."

As commented previously, Lee argues that Korea's development was based on a "government-business partnership model," and hierarchical social norms made Korean businesses willing to accept an obedient, junior partnership to government's senior partnership. But if a government has every power to provide business with opportunities of windfall profit, any businesses of the world over would also be willing to be obedient and accept the status of junior partner to their government, even without the norm of a hierarchical system.

This is what happened during the rapid-growth years of the 1960s to 1980s in Korea. The Korean government's central role was allocating financial resources to selected business and this financial support generated windfall profits. Those that were fortunate enough to win the government's favor and support became chaebols, the Korean conglomerates.

This government-guiding development model was followed by a lack of transparency, accountability and discipline, bringing the arrangement into widespread disrepute. The economy became vulnerable to unfavorable changes of the environment and Korea suffered a lot during the Asian economic crisis because of this. The Confucian type of hierarchical relationship between bureaucrats and businessmen provided very good circumstances to bring corruption and social impunity.

Quasi-internal organizations, which Lee considers good and efficient institutions, often ended up as convenient channels, in reality, for padding the bank accounts of the politicians in charge. This assumption was demonstrated to be true when the astounding slush fund scandals erupted in late 2003 and early 2004 in Korea. According to the investigation, the amount of illegal funds donated by big businesses to political parties at the time of presidential election in 2002 was astronomical. Businessmen are not saints or moral reformers. They are pragmatists. They try to maximize business opportunities and profits within the values and political systems in which they live. If they hear that a bureaucrat listens to legal arguments, they will use legal arguments. If a politi-
cion wants a percentage of every deal, business will offer that percentage.

Moreover, Lee and other Korean proponents ignore what happened in 18th century Korea. Some new ideas, seeking economic growth and development and challenging the traditionalist Confucian ideology budded, off and on, from the eighteenth century on, only to be suppressed. Rudimentary forms of a capitalistic merchant class began to emerge, never to become a significant indigenous force toward the development of modern capitalism. Even some signs of reform in the agricultural sector appeared, to be wiped out eventually. Confucian ideology of that time backed the policies and measures that wiped out the changes.

The Cost of Confucian Ideology.

Proponents of Asian Values assume that all the countries of East Asia share very similar cultures. This supposition is simply false.

A good example of such overgeneralization appears in Roderic MacFarquhar's thesis concerning "corporate spirit" allegedly exhibited in countries subscribing to "Asian Values." Confucianism itself varies from country to country, because classical Confucianism from China underwent remarkable changes into diverse versions when it was transplanted in neighbouring countries.

Thus the corporate spirit MacFarquhar celebrates, encouraging workers to show extreme allegiance to the company they belong to and a practice that leads not too rarely to karoshi (overwork death), is not easily found in countries other than in Japan. Its continuance was possible in Japan because of the sophisticated design of the uniquely Japanese institution of lifetime employment and seniority system, under which the allegiance of workers to their corporation is adequately rewarded.

A further facet of MacFarquhar's thesis concerning obedience as an advantageous element of "Asian Values" for development deserves criticism. To some degree, obedience played a positive role in growth. For example, if asked for extra-vigilance work in case of short delivery of export shipping, obedient employees would comply easily. And this is what happened at the incipient stage of Korean industrialization. But consistent demands by companies for extra work with no compensation or reward ended up with either violent revolts or slowdown sabotages. The following statement made by a political scientist who studied labor-union leaders in Korea in early 1970s gives us some suggestions.
It is indeed questionable whether industrial workers will continue to accept the argument that they should endure sacrifices for the supreme national interest of uninterrupted economic growth. They might even feel that successful economic progress is irrelevant to them unless its benefits are widely and fairly shared by them on the basis of social justice and political democracy.

One of the salient roles of Confucianism had been letting aristocrats exert harsh control over common people and menials and justifying the legitimacy of such control. This long lasting value induced Korean employers (and the government) to practice harsh and ruthless oppression of workers for over three decades from the 1960s-1980s. While the workers had been suppressed excessively, they had been honed to become extreme militants. Militant labor unions and the rigidity of labor market are among the critical reasons that the Korean economy has remained stagnant for the past many years.

Lee Kuan Yew is known as champion of "Asian Values." He himself declares as much, but he is really not. His claim of "fulfilling social obligation by family; and the assertion that a system does not fit all countries indiscriminately," sounds plausible if we consider the points as phenomena in less modern societies. He accepts gaps and differences between modern (industrialized) and less modern (less industrialized) societies. Except on these points, he is not different from today's Western market-principle-oriented economists. His diagnosis of the Asian crisis (his interview with one of the daily newspapers in Korea, Jungang Ilbo, March 6, 1998) and his perception of market economies (Culture is Destiny -- In defense of Asian Values) verify that.

The resentment Mahathir exhibited toward Western norms peaked in his open criticism of US financial investors as well as in his ignoring the recipe that the IMF (International Monetary Fund) suggested. His repudiation looked conspicuous when many other countries kowtowed at the knee of IMF. And his policy and decisions seemed, contrary to widespread anticipation of falling into default or moratorium, to be working effectively in Malaysia. This was because Malaysia had enough energy and other natural resources to avert immediate default or moratorium. Moreover, the tough measures of austerity needed to meet IMF's requirements should have been a political burden for him as they would have most likely hit the majority Malaysian ethnic group who were his stronghold voter bank.

Now, years later, however, Malaysia is paying a high price for the
skewed policy he adopted under the flag of Asian Values: Malaysian economic recovery and growth since then has been slow due to the delayed restructuring and economic reform.

Francis Fukuyama identifies the low level of trust as a critical weakness of East Asian countries, since he believes economic success is determined by the moral bonds of social trust within a culture. He argues that mistrust (and lack of delegation), prevailing in East Asian countries, originated from the Confucian hierarchy which lacks superior-to-subordinate obligations. He says this is a distinctive characteristic of East Asian hierarchies, one that differentiates them from other cultures. Yamakishi Toshio from the University of Hokaido, Japan, illustrates that trust-building requires risk-taking and people living in the collectivist societies of Confucian culture are not prepared for this. He says people of a collectivist society (based on group-mentality) feel comfortable when they are with insiders because they become tolerant of each other and this facilitates transactions and helps to reduce the cost. This friendly behavior among insiders, however, turns to be hostile to the outsiders no matter how honest or competent they are.

Oh shares the opinion: "the Confucian clan system dictated a narrow range of loyalty, Koreans have developed no sense of obligation to outsiders. As a result, they are good at competition, ruthless in opposition, and very poor at compromise and cooperation. ... Confucian society is in reality ruled by two sets of standards, family standards and public standards. Adherence to family standards, which take precedence, often requires hypocrisy in the public domain, with lying an accepted means of protecting the family."

The clear implication of these contentions is that Confucian culture created a low level of trust in Confucian societies and that this does not promote economic progress.

IV. If not Asian Values, What is the Answer?

Economic development is fulfilled by improving productivity, which is an outcome of efficiency and hard work. Production is embodied in the combination of labor, capital and technology. Why do big businesses, in general, maintain higher productivity than small or medium businesses? That is because the productive processes of big business are more efficient and elaborately organized to take advantage of economies of scale.

This is not a matter of values or culture, but matter of a manager's insight, know-how, discipline, and stringent surveillance. Likewise, the
economic development of a society is a fruit of having right institutions in place to raise efficiency, sound policies, and governmental leaders committed to enforcing them. Development in Korea accelerated during Park Chung Hee’s administration. Rapid development arose in a previously unproductive society with the same culture and values only when leadership changed.

Similarly, China was able to escape from poverty and persistent economic stagnation by Deng Xiao Ping’s practical philosophy and innovative economic policy, not by archaic Confucianism.

Let me summarize an interesting column of 'Swaminomics' from The Sunday Times of India (March 9, 2003).

For three decades after independence, India so consistently aver-aged GDP growth of 3.5% per year…. in the 1980s India graduated to the range 5-6%, though unsustainably: The borrowing spree that financed this ended in tears in 1991. Economic reform followed, and growth exceeded 7%.... Indian fiscal deficit of 10% of GDP, the second highest in the world after Turkey. ... But Singh’s overspending is offset by the bonanza from abroad. Flood of remittance coming from Indians overseas along with increase of SW exports... And yet this equilibrium comes at a price. If the huge inflow from abroad was harnessed to productive investment instead of government overspending, our GDP growth could accelerate to 7% annually. Eventually, we could match China’s 8% growth rate.

As shown above, we can confirm again that growth and development take place only when good policy along with purposive and incorruptible leadership, apart from Values of Confucianism, is adopted. That is to say, if the Indian Finance Minister Singh’s budget were more sober, notwithstanding the pressure of politics, the Indian growth rate should be much higher.

Jawaharlal Nehru, the first prime minister after independence, adopted a socialistic type of mixed economy and this turned out to be a gravely flawed decision for India's future. A vast area of the national economy was put under state control: the system recklessly wasted taxpayers’ money and recklessly hired workers without any thought to performance. Most big and important companies were state-owned, managed by civil servants who had no training in running businesses at all. This encouraged India to become a so-called, “license-permit-quota Raj” and “rent-seeking society.” It was the bad decision Nehru made, not values or religion, that failed to get India out of miserable poverty.23

The successful agricultural reform of India in the 1960s has made
India the only developing country in the world to build a solid system of food security. Foreign institutional investors entered India in the early 1990s; the Indian government upgraded the stock market to be more competitive and transparent; and, as a result, India now has one of the best and most modern stock exchanges in the developing world. Among others, economic growth in India has been accelerated rapidly since it transferred the state-control economy into an open and market system in 1991.

The success story of recent Ireland is a very interesting case of development. Among European countries, Ireland remained poor until the 1980s. Although neither a Protestant nor a Confucian country, it has grown as one of the richest economies in the world now. This development was achieved by a combination of cooperation between employers and workers, utilization of FDI (Foreign Direct Investment), a pool of well educated workers, plus the government's leadership and wise decision-making.

The examples above are the evidence that economic success is determined by policy, institutions, and leadership. Conversely, the case of Indonesia in the late 1990s demonstrates how bad policy and inadequate measures for coping with economic crisis expedited instability and degradation of economic condition.

The growth rates of several major Latin American countries in the 1960s and early 1970s were as high as the four East Asian "tigers," but soon their economies plummeted. It was because they indulged in reckless spending and giveaway sprees, remaining uncommitted to production and productivity improvement under twisted political leadership. Finally they began to borrow from Wall Street to patch up imminent holes in their fiscal deficits. In contrast, East Asian leadership confined the borrowed money for use exclusively as production investment. With no improvement in productivity along with ever-increasing giveaways, both deficits and foreign loans snowballed, which eventually led them to disaster. This is a matter of the decision making of a leader, not a matter of culture or values, either.

As the column of Swaminomics stresses, "All political parties talk of the need to accelerate GDP growth to 7-8% annually to eradicate poverty and catch up with China. But no party is interested in taking the tough measures needed for that." Enforcing good policy is truly an onerous job for political leaders. Great leaders are admired since the job is extraordinarily difficult to fulfill.
Now let us talk about the "Asian Values" again. Pre-emptive social change is needed to launch the development of capitalism, and once a society is developed, that development brings further changes. In this context, one must keep in mind that Confucianism by nature discourages social change and is not compatible with the changes that development brings. It is a philosophy designed to keep the polity and society of ancient Chinese despotism from changing. To them, change was nothing but decay. Asia's distinctiveness, on which Asian Values advocates focus, are just vestiges of Confucianism, with only some fractions congruent with capitalistic industrialism that were left over and fostered in societies with less mature markets. Confucianism rather served to build a personality-cult, such as in the feudalistic Communist state in North Korea.\(^{24}\)

How is it possible that the same Confucianism has facilitated a society to be retrogressive and reclusive as is the Communist state in the North while simultaneously promoting capitalism in the South? The two Koreas stand at extreme poles; a few millions of people have died from famine during the past several years in the North, whereas people worry about excessive nutrition and care about diet in the South.

Some would oppose this view on the ground that Asians constitute a conspicuously wealthy ethnic group among diverse minorities in the U. S. If a certain ethnic group in a society is much better off than others, one may argue that it should be explained in view of cultural traits or feature of values of the group's ethnic origin\(^{25}\). But, I believe such phenomena are not sufficient to contradict the hypothesis of this paper. Hispanics, a big minority in the U. S., are mostly Catholic—-but many Catholic states in other parts of the world are not poor.

Das, the author of the book *India Unbound*, who defines himself a skeptic on cultural and geographical explanations, gives us his observations as follows:\(^{26}\)

In my experience, successful Hindu entrepreneurs can be both extremely religious and aggressive in business. The Indian farmer responds quickly to market-based incentives, as the green revolution demonstrates. Brahmans will plow their own land in Uttar Pradesh if they have to, and conservative Rajput Thakurs in Rajasthan will shed their feudal ways for the sake of a commercial opportunity. Moreover, there are substantial non-Hindus in India and these communities have also been stuck in the same rut of stagnation. ... Tropical, enervating Singapore has achieved Western level of prosperity despite the unfairness of nature.
I assume that a large number of Asians, when they left home for America, were already very highly educated and from upper-middle-class families, whereas immigrants from other areas are mostly little educated blue-collar workers. Many Asians migrated to America for a better quality of life, whereas Hispanics and other minorities moved to the country seeking jobs for survival. Why Asian-Americans are wealthy has a very weak link to the indigenous culture of their origin.

We must also be aware that “Asia’s distinctiveness” is already on its way to erosion, which is being accelerated. Since rapid globalization favors rule of law, transparency, fair competition, etc., such new norms in conformity with market principles are being inexorably expedited.

V. Development in Europe vs. in Asia

Industrialization in Asian countries was achieved through learning; they enjoyed the advantages of late comers. There was already a system that they could adapt. Foreign savings and advanced technology were widely available when they began to be attentive to economic development in the 1950s and 60s. Therefore, leadership and the leaders’ proper decision makings were essential for development. They had to determine how best to use foreign savings and technology, provide profitable opportunities to producers, and stimulate them to innovate.

By contrast, economic development in the West was spontaneously achieved on the basis of preconditions for industrialization, such as a variety of social, political and economic institutions, attitudes which permitted people to respond to technological opportunities.

The preconditions and subsequent industrialization in Europe were the results of steady but undramatic technological and organizational change. The medieval agricultural economy preceded industrialization and the most important agricultural innovation was the substitution of three-course crop rotation for the classical two-course rotation. This was closely associated with two other significant innovations, the introduction of a heavy wheeled plow and the use of horses as draft animals. These innovations improved productivity and resulted in surpluses, which supported the growth of urbanization, most notably in Southern Europe along the coast of the Mediterranean in the 14th century. Thereafter, development of navigational and related techniques permitted the discovery of the previously unknown world, i.e., America and the Orient, and prompted the emergence of towns and commerce in Western Europe.

Early medieval Europe was founded upon a static order of Estates,
sanctioned by the Church. Christian Values, like classical Confucianism, were static and antithetical to change. Everyone was assigned to his place by nature, i.e. by God himself, and any attempt to break away from it was a revolt against the divine order.

However, a new class of bourgeoisie was formed, on the twin props of money and intellect of liberal character, as a result of the development of trade and market. The new liberal mode of thought produced the emancipated individual who had a realistic, not religious, worldview. This change had become the basis of the Renaissance and the subsequent Reformation. After the Reformation, money and market, which had not been highly valued previously, gained the support of the Protestant Church.

This is one of the reasons why Weber explained that Protestantism was a cause for the rise of Capitalism. What he overlooked, however, was the fact that it was a newly adopted value, revised from classical Christian ethics. There are no permanent values or ethics that never change and keep their original shape for ever. This means that even some ethics or values of today that hinder the development of a society are most likely to be modified in accordance with progress if situations turn to be different. I don't believe that any one culture has a monopoly on positive development.

From the Renaissance and the Reformation until the 18th century, the second phase of steady but undramatic change took place, culminating in the Industrial Revolution and the adoption of new social and political institutions.

For example, in Victorian Britain, a breakthrough came when a series of Companies Acts facilitated the creation of limited liability companies that could harness the savings of households. For the first time in history, entities other than kings and aristocrats were able to become economic power centers. This transformed the world. And the transformation has been accelerated ever since by a market that provides appropriate rewards to producers of needed goods and services.

Development of the West, in contrast to Asia, would be summarized as a fruit of technology and scientific theories that formed the basis of production process. But an answer to a question of why the technological and scientific revolution rose first in the West may be a topic for another paper.

V. Conclusion

Those who attempt to refute Weber's contradiction indulge in the
same kind of error that Weber committed. Weber, interpreting European
capitalistic development as an outcome of Protestant ethics, denied the
possibility of development of other cultures. Likewise, Asian Value pro-
ponents, viewing East Asian development as an exceptionalism, deny
future development in the areas of other cultures than Confucianism.
Even if they don't declare it explicitly, the logic is embedded in the con-
text.

Let us suppose that the theses concerning Asian Values were veri-
fied by empirical tests or analysis; then we would have no ground for
hope for India, because their values are based on Hinduism, not
Confucianism. Does this sound plausible? In ten or twenty years, when
undeniable progress takes a place in India (nobody denies India is a
newly emerging economic power today), would the proponents of the
"Asian Values" thesis then call it "Indian Values" or "Hindu Values?"
The cultural explanations of development focus on uniqueness rather
than universality and ignore the fact that human beings are similar
through history and the world over in their attentiveness to signals,
incentives, and disincentives concerning opportunities for profit and
prospects for loss.

Culture or values may encourage development but help only when
traditional ones transform to be congruent with development. In
Europe, divine and authoritarian mediaeval values changed to be cool-
ly calculative and real as the center of gravity of the Middle Ages was
transferred from agriculture into urban commerce and manufacturing.
This change appeared for the first time in Italy and the outstanding
model was in Florence. It was the first cultural and social breach
between Middle Ages and modern times and finally in the eighteenth
century, the democratic and free ideology of the bourgeoisie was estab-
lished.

Economic development versus change of ideology had been recip-
rocal and it took several centuries for the bud to blossom.

In Asia, by contrast, an agricultural economy continued until
recently and traditional ideas stood intact. To have ideas match with
new phenomena, the destruction of old ideas was inevitable: original
Asian Values, if anything such as these exist, are the ones that should be
destroyed as far as development and progress is sought. In the case of
Korea, there have been continuous endeavors to wipe out the old values
and ideas to meet the demands of market economy, but the speed of eco-
nomic progress has been faster than the change of ideas and values.
One of the opinions that is widely shared is that large resonance is partly due to political reasons: it serves those who are eager to shield themselves from Western criticism of their human rights practices and from the pressure to open their domestic markets. See Francis Fukuyama, Asian Values and the Asian Crisis, *Commentary, Feb., 1998.* But this is not relevant to the case of Korea.

2. The Economist, Feb, 9, 1980, pp. 67-72


Choong Hoon Lee, *op. cit.*


MacFarquhar, *op. cit.*, p. 70.


Though his view in relation to the labour market together with employment and welfare is different from a neoclassical approach, his stance is rather closer to European 'social democracy' model than to Confucian Values. Lee, Seung-Hwan, eds., *Asian Values* (written in Korean), Seoul: Juntonggwa Hyundai, (1999), pp. 71-72.


The traditional explanation of the cause of Indian poverty was Britain's colonial rule and drainage of Indian wealth into Britain. But new generation of historians, after expending much time and effort interpreting historical data, concluded that the classical explanations have overestimated Britain's impact on India's wealth and poverty. Paul Bairoch, "Historical Roots of Economic Underdevelopment: Myths and Realities," *Imperialism and After*, eds., by W. Mommsen and J. Osterhammel (Allen &


This question was raised when I read the summary of this paper at ISCSC's St. Petersburg meeting in September, 2003.

Das, op. cit., p. 65.


Dannenfeldt, Karl H., The Renaissance- Mediaeval or Modern?, D. C. Heaton and Co., 1959, p. 39. Through the traditional stages, blood, tradition and group feeling had been the basis of the community relationship as well as old domination in Europe, too. We confirm, here again, that cronyism and group mentality of East Asian countries are not Confucian traits but vestiges of the traditions in the areas of delayed industrialization.