

PSCI 4012

Global Development

Culture and Development

Erkan Gunes
University of Colorado Boulder

Today's Plan

- Culturalist theories
- Religion, national culture and development
- Critiques of culturalist theories
- Group Discussion

Culturalist Theories

- Protestant Ethic theory
- Modernization theory
- Social capital theory

Culturalist Theories

- Protestant Ethic theory (Max Weber)
 - Catholics value leisure and consumption, while Protestants are instilled a work ethic that motivate them to achieve unprecedented wealth
 - Guaranteed salvation in Catholicism vs. uncertainty about salvation in Protestantism
 - In Protestantism, Worldly success is considered a sign that someone is among the ranks of the saved and leisure and financial failure are signs of a lack of grace
 - Protestantism discourages Protestants to spend their resources on luxury goods and carnal experiences, which translate into higher saving and investment

Culturalist Theories

- The Religion of China (Max Weber)
 - Confucianism is responsible for the failure of capitalism in China
 - Confucianism discourages working for personal extravagance and enrichment
- The Religion of India (Max Weber)
 - Strict hierarchical structure of Hindu caste system prevents social mobility and discourages people to invest in their economic status

Culturalist Theories

- Modernization Theory
 - The central notion of all versions of the modernization theory is that societies can be described by their position on the traditional – modern continuum
 - Traditional societies share some cultural commonalities that causes economic backwardness

Culturalist Theories

■ Modernization Theory

Traditional Societies

- social status is hereditary
- less social mobility
- political decisions are made in an arbitrary and ad hoc way
- Religiosity is high and worldviews are ascientific
- education is low, and individuals are suspicious of change

Modern Societies

- social status is meritocratic
- higher social mobility
- political decisions are made in a more participatory way
- Secularity is high and worldview is grounded in scientific thought
- education is high and individuals are open to change and innovation

Social Capital

- “Social capital refers to features of social organization, such as networks, norms and trust, that facilitate coordination and cooperation for the mutual benefit” (Putnam, 1993)
- The social capital hypothesis: as social capital of a society increases, its political and economic development level increases

Question: Why does trust matter for economic development?

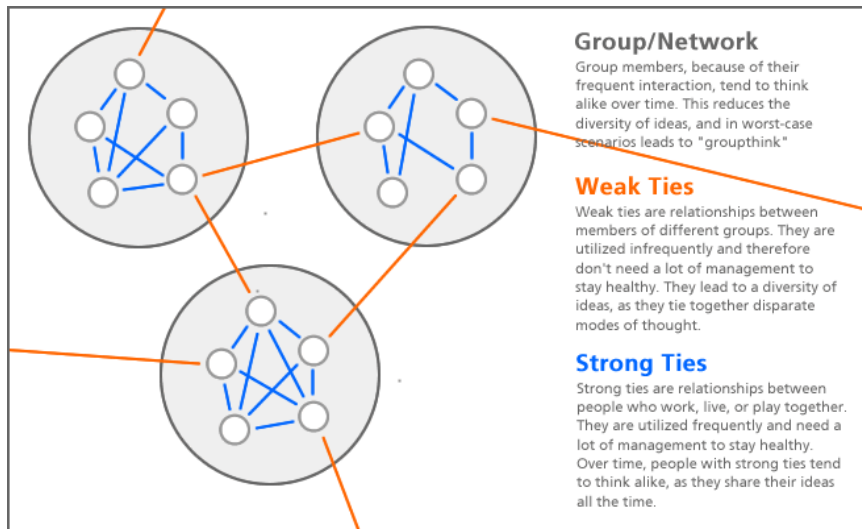
- Trust reduces the cost of exchange. The need for trust in economic exchange can be reduced by a functioning state, but the cost of exchange will be higher when state is involved

Social Capital

- Putnam's civic communities:
 - they have many active community organizations
 - they trust one another to act fairly and obey the law
 - leaders are committed to equality
 - networks are organized horizontally, not hierarchically
 - civic communities lead to democracy and prosperity

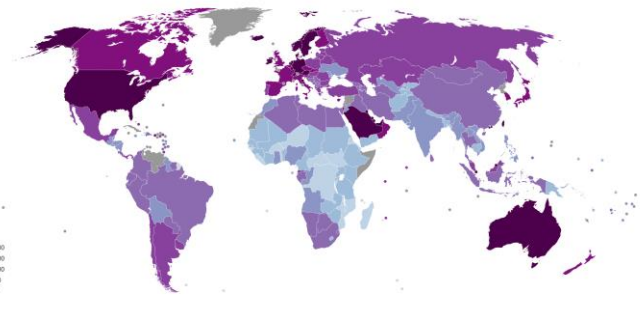
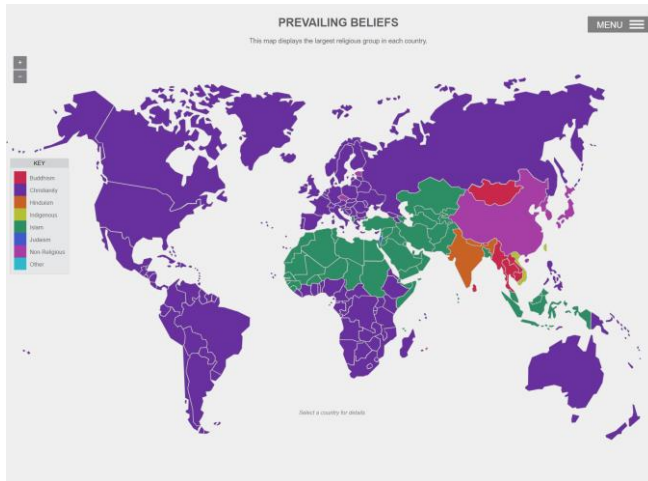
Social Capital

Weak ties vs. strong ties



Religion and Development

- Can we explain underdevelopment in the Middle East, Latin America and Sub-Saharan Africa with the dominant religious beliefs in these regions?



Critiques

- If there are good institutions, then a society can develop regardless of culture – the example of North Korea vs. South Korea
- Culture is a function of economic and political context
- Lower levels of trust is a result of extreme corruption and sometimes violent conflict
- Fatalism is not peculiar to a certain religious tradition, it is a psychological mechanism most humans use to cope with harsh reality

Critiques

- People in LDCs actually work more than people in the developed world, but the output is lower due to lower productivity
- The notion that people in LDCs lack entrepreneurial spirit is wrong. We fail to measure the amount of entrepreneurial activity due to informality
- Islam and Catholicism did not prevent rapid economic growth in the Middle East and Latin America in the last few decades

Group Discussion

- Question: Is culture a constant? Does it change over time?
- Is western culture the only path to economic development?
- How does economic change affect culture?