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Culture as an economic growth factor

Key words: economic growth, culture, factors of the growth, social trust

Summary: The article considers a culture as an important factor of economic growth. A culture is understood as the environment for social and economic performance. It's presenting three theories which perceive a culture as an influential component for economic life. The starting point is the Francis Fukuyama's point of view about the meaning of social trust. Then in that context it's zooming on Mariano Grondona and Jacency Siewierski theories.

The economic growth of countries is obviously uneven. Despite the convergence theory, similar environmental conditionings, economic regimes etc.—the economic performances might be very different, what can be noticed in the examples of Greece, Portugal, Hungary and many others. Perhaps a reason for this situation is culture, which—by creating different milieus for the same growth factors—is evoking distinct action.

The main purpose of this article is to show the need of considering culture as an important growth factor as well as to present the ways of research and analyse economic growth in the context of a culture.

1. The basic factors in economic growth

Economic growth is usually taken to refer to an increase in a nation's capacity to produce goods and services. Among the basic factors underlying this phenomena, the most obvious is productivity, which directly affects the level of GDP. However, productivity itself depends upon several factors of production:

Depending on the economic school and historical period, these factors of production may differ. The physiocratism was considering a meaning of capital, land, labour

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and entrepreneurship. According to the classic school represented by Adam Smith or David Ricardo, the main factors were: land, labour and capital. However, Karl Marx (sometimes also perceived as a representative of the classic economy) mainly appreciated the importance of the labour, labour's instruments and its subject. The contemporary attitude is now to treat a capital as a kind of amalgam of fixed, working and financial capital and sometimes also, in more simple terms, as 'human capital'.¹

Land, labour, capital and human condition are formed by a whole range of elements, sometimes referred to as 'beyond economic factors'. However, this name does not seem very fitting, if they are able to interact with economic occurrences—like for example political and institutional situation of a country, mechanisms in place to encourage investors and entrepreneurs; as well as social situation, and, by extension, level of social trust, education, demographics, tendency to consume and tendency to save, level of motivation, attitude to work, wealth, as well as issues of organisational structure, environmental considerations and of course technology—the main factor underpinning economic growth according to an endogenous theory of growth, convergence phenomena and probably many others. Sometimes, one of the factors identified is culture itself.

2. The beginnings—why is culture important?

The relationship between culture and economic growth or economic development, more broadly speaking, seems to resemble the relation between the roots of the tree and one of its largest branches. That is at least the case when we assume a theory of cultural pattern,² for example. According to this theory, culture consists of ways of thinking, feeling and reacting that are obtained and forwarded mainly via symbols. The main core of culture to be considered are then traditional ideas, and moral values, in particular. The systems existing within a culture are taken to be not merely the results of actions, but instead constitute the main reasons for such actions. A key part of any culture lies in its norms and behavioural standards; another key component are the ideologies it uses to rationalise and justify certain forms of behaviours. Each culture has its own general roles of selection and establishing order. This means that all patterns of behaviour can be easily generalised in terms of all levels of culture (Jenks, 1999, pp. 52–53). There is only one thing lacking in this broad definition of culture—the thesis of its internal dynamic, which allows culture to be understood as a constant process, including the evolving meaning and content of the symbols present in the culture.

As Adam Smith once said—economic life can only be considered in the context of customs and values. The same opinion can be seen to be expressed in a famous the-

¹ Human capital can be understood as a notion of capital that also includes the ideas of social and/or intellectual capital.

² Cultural pattern theory is one of many theories of culture, some of which understand culture instead as a social structure or communication, etc.

ory of Max Weber, who set out to prove the Protestant work ethics to be a key factor in capitalist development. That point of view—which sees culture as an inheritance of ethical habits is also close to the thesis of Francis Fukuyama (Fukuyama, 1997, p. 49). So perhaps, it is after all worthwhile to consider culture more closely in its own right as a factor in economic growth and development.

Francis Fukuyama—the American economist, political scientist and philosopher believes that the influence of culture appears most deeply in the level of trust as a social virtue. All societies are built on trust. However, the members of those societies may trust each other and their institutions to a greater or lesser degree. How much—of course depends on the culture and this can be seen, for example, in the spontaneous ways in which a society organises itself. Society's ability to unite people depends on the extent to which they share common values and norms. In other words—people who are closer to each other in terms of ethical values form groups more naturally and more easily, and consequently these groups are also more likely to generate income. As Fukuyama says, a high level of social trust is beneficial not just in terms of the development of expanded organisational structures, but also in terms of the transformation of major hierarchies into a network of smaller entities, something that is made possible by the emergence of new technologies. Societies with an abundance of social capital are more liable to adapt new forms of organisation, which fit better with the circumstances of new economic and technical order. A higher degree of social trust also has an effect on the quality and efficiency of work. Flexibility and a tendency to entrust lower levels of organisation with responsibility characterises work in this kind of cultures. These phenomena in turn have a positive effect on the motivation and morale of employees. In contrast, a world with a low degree of trust is characterised by domination of bureaucracy and a complicated, complex hierarchy. So, according to Fukuyama's theory, the foundation for a healthy economy consists of social capital and social trust, which themselves stem from a society's culture. Even though trust is a founding element of all cultures, some of them, more than others, tend not only to encourage honesty, charity or mercy but also to trust institutions and other members of society. At the opposite extreme, the attitude is that only people worth trusting are those from the closest environment, for example, own family. Fukuyama then analysed a number of chosen economies in terms of this difference, showing that the successes of economies based on trust within the family circle—like China, France, Italy or Southern Korea, were only possible thanks to state intervention and the support provided by governments to global corporations. At the other end of the scale, there are countries like Japan or Germany, where the level of social trust is very high, and the formation of major corporations was not related to the idea of family belonging but was an effect of a spontaneous unification of members of the society. In summary, the ability to cooperate depends on established habits, traditions and norms, and it is these factors that have a key role to play in forming the structure of a market. It is then quite possible that a successful market-driven economy is determined by the factor of social capital (Fukuyama, 1997, p. 398).

3. Culture as a founding element in the economic classification of countries

The classification of countries according to their level of economic dynamism and level of social trust is only one of the methods for finding links between culture and economy. One of the most interesting models according to which economies are programmed by cultural factors for successful development or failure was presented by Mariano Grondona. Recognition of a culture as productivity-oriented or the reverse is here based on a set of mental features that lists twenty ways of characterising a type of culture. This set of features is shown in Table 1 below.

Table 1

The cultural standardisation of economic development by M. Grondona

No.	Cultural factor	Pro-Development Culture	Anti-Development Culture
1.	Religion	Pharisee religion—priority of wealthy, successful people—for example Protestantism	Plebeians religion—priority of poor or impecunious people—for example Roman Catholicism
2.	Belief in the Individual	Belief and trust in the individual	Lack of trust leading to developed system of control and supervision
3.	Moral Imperative	Widespread agreement on rights and roles, which are not too demanding, making them easier to implement as a result	Two different universes—one of solemn ideas and the highest of standards and a second one—every day ethics—full of hypocrisy and duplicity
4.	Wealth	Wealth is in the future—what will once exist	Wealth is what is here and now
5.	Competition	To achieve wealth and excellence, competition is a necessity	Competition is a form of aggression. It should be avoided
6.	Distributive justice	Takes the business of future generations into consideration. Less disposed to consumption. Frugality as a virtue	Only for the contemporary, living generation of society. Focus on current consumption, lack of tradition of frugality
7.	Work value	Positive value of work	Lack of respect for work as a value in itself. The places at the top of the social ladder are held by intellectuals, artists, politicians, army and religious authority figures
8.	Heresies	Intellectual pluralism	Suppression of intellectual innovations, devotion to orthodox doctrines
9.	Education	System lets the individual find the truth without pressure of one doctrine	Education is a transfer of dogma, breeding another generation of loyal believers in the established doctrine

10.	Meaning of utility	Lack of trust in theories which it is impossible to verify, focusing on business in the practical sense	Idealistic attitude, inspired visions
11.	Lesser virtues	Lesser virtues are valuable—like solid work, order, kindness and punctuality	Lack of importance of the lesser virtues. They impose an unnecessary degree of rigor. At the same time, they are meaningless in comparison to traditional virtues, such as love, justice, courage, generosity etc.
12.	Time dimension	Focus on near future	Focus on past
13.	Rationality	The greatest virtue	Fantasy and breadth are more important—pyramids, great revolutions, huge undertakings achieved in countries without roads, hotels and basic infrastructure
14.	Power and authority	Rule of law, steadiness	Rule of an individual or a group. Instead of following the rules, people focus on predicting the caprices of authorities
15.	World view	The world is open, it is a stage upon which every actor has its role	The world is an entity without measure, a stage upon which only the most powerful forces are able to act—God, devil, international conspiracies, imperialism, capitalism, Zionism, etc.
16.	Life view	People create their own life	Life is given to people, they have to accept it as it is
17.	Salvation	Salvation in another world depends on the efforts to change this world	Salvation will be given to people who resisted the temptations of this world
18.	Utopia	Utopia is something remote. The present-day world makes creative efforts towards achieving it in the distant future	Utopia is something close at hand, the individual is outreach of it
19.	Nature of Optimism	Making an effort to change reality does make a difference. People can affect reality	Belief in God and good fortune are the most helpful, favourable attitudes
20.	Democracy	Liberal, constitutional democracy—in the style of Locke or Montesquieu	A people's republic can be established based on absolutist tradition. Rather in style of Rousseau

Source: author's own study based on: Grondona, 2003, pp. 105–112.

According to the author, this list of elements characterising pro- and anti-development cultures is merely a basis and may be more extended or abridged, depending on the kind of issues to be highlighted. The system of standardisation has of course to be considered as a simplification, because it is impossible to capture the unchangeable and untouchable position of any culture on such a scale. The values taken into consideration are constantly shifting and changing, probably more dynamically now than

in previous decades. The biggest challenge is to capture the values of the moment, when a change in values is about to come, with an effect on a society's way of acting, leading to economic growth at a specific historical moment.

4. Other systems of standardisation

A standardisation of cultures that blends Grondona's attitude and, more indirectly, the issue of social trust has been proposed by Jacenty Siewierski. According to his view, faster economic development is typical for modern societies, where the pattern of acting is based on rationality and the main position in the value hierarchy is an aspiration to positive changes and improvements. Here, the form of social kinship is impersonal, something that is important in terms of Fukuyama's theory and might be related to the higher degree of social trust. Social relationships are conditioned by steady law, while the influence of public opinion and situations of conflict are institutionalised. In turn, economic growth tends to be 'dampened down' in more traditional cultures. The characteristic features of such cultures boil down to respecting tradition as the only pattern of acting where the highest place in the value hierarchy is assigned to steadiness and an aversion to change, and where the most important relations are built at family level and religion or customs are more important than civil law (Siewierski, 2006, p. 68). Apart from the factors identified by Grondona, pro-development cultures are characterised by egoism of the individual, shown for example in the perception of one's own life as an asset, that can be freely shaped and created. In view of those values, exponents of traditional cultures prefer a more altruistic vision of human nature and they seem to be more ready to agree to accept their fate. Ultimately, they also have different attitude to the questions of actual economy, too. Pro-development cultures consider wealth to be the main source of satisfaction of needs and it is something that is in turn recognised as a result of individual work. Private property is a natural right and the functioning of society in terms of market forces and competition is the only way to achieve economic success. In contrast, anti-development cultures perceive wealth rather as a symbol of power, given by the grace of some authority or achieved as result of fraud or crime. Private property is a matter of appropriation but can be also sanctioned by some higher order, for example a religious authority.

Those attitudes identified here are of course not the only ones that have an influence on growth. In 2003, Robert J. Barro and Rachel M. McCleary published a thesis that sought to prove the relations existing between certain forms of religious behaviour and economic growth data. The most important indicators used in these studies were church attendance, as well as the belief in heaven and hell. Based on the data gathered, the authors were, amongst other things, able to prove a positive correlation between the belief in heaven and hell and economic growth (Barro, McCleary, 2003, p. 36). The issue of the culture also appears as an important problem in the context of

a New Institutional Economy. Oliver E. Williamson created a scheme presenting interactions between four levels of economic reality. The first, most general level corresponds to the culture and informal institution, that is the mainspring of all social and economic action. The second level corresponds to formal institutions, including the law and socio-political institutions. The next level is that of management and the last, but constantly changing level is that of the allocation of resources (Williamson, 2000, p. 597). All these levels have an influence on each other, proving the theory of an absolutely endogenous reality. Interactions between economic growth factors resemble that of a great, pulsing system, within which all elements at some point interact, and where any change in the system has a knock-on effect at all other levels.

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Kultura jako czynnik wzrostu gospodarczego

Streszczenie: Artykuł dotyczy wpływu kultury jako istotnego czynnika wzrostu gospodarczego. Kultura rozumiana jest tu jako środowisko życia społecznego, w tym gospodarczego. Punktem wyjścia jest ukazanie kultury jako siły warunkującej oddziaływanie czynników produkcji, bezpośrednio odpowiedzialnych za poziom wzrostu gospodarczego. Wśród elementów „pozaekonomicznych” znajduje się między innymi problem zaufania społecznego, szeroko omówiony przez Francisca Fukuyamę. Artykuł przybliży także narzędzia służące analizie kultury pod kątem jej produktywności autorstwa Mariana Grondony i Jacentego Siewierskiego.

Słowa kluczowe: wzrost gospodarczy, kultura, czynniki wzrostu gospodarczego, zaufanie społeczne
