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*RETHINKING
THE CULTURE – ECONOMY
DIALECTIC*

(2005)

SUMMARY

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(PDF, 384 pages; 5 MB)

SUMMARY

Over the past decades, the popularity of culture as an explaining factor in economic geography, economics, and management and organisation studies has grown steadily. Slowly it has become more or less common practice to point at culture whenever more traditional explanations have failed. At the same time the expanding toolkit of cross-cultural psychology provided an ever-growing data set on (aspects of) culture. Hofstede is probably the best-known and most influential example hereof. In the 1990s the social sciences, geography included, experienced what is now called a 'cultural turn'. Increasingly, culture was used to explain regional and (inter-) national differences in, for instance, wealth and economic growth. Some twenty years earlier, in the 1970s, Marxist approaches in social science induced interest in the opposite relationship: the economic 'mode of being' as an explanation for social and cultural difference.

The concepts of "culture" and "economy" have played a key role in (the development of) social science and its development. 'In much of twentieth century discourse, "culture" and "economy" have been represented in juxtaposition, if not indeed as an outright contradiction of terms' (Kockel 2002b, p. 1). In social scientific theorising especially, "culture" and "economy" are (nearly) dichotomous concepts. Social reality tends to be divided into two mutually exclusive categories: culture and economy. The concept dichotomization and the (conjectured) relationships between culture and economy represent a *dialectic*: the 'culture - economy dialectic' (hereafter abbreviated **CED**).

The CED is at least as old as social science; some (conceptually) related dialectics, often difficult to distinguish from the CED itself, are much older, however. The history of the CED as a dialectic of *social* categories started in the 18th century. Its introduction into (human) geography is, however, of much more recent date. Only in the second half of the 20th century, did the CED oust the traditional man - environment dialectic, which was a defining characteristic of classical geography. With the introduction of the CED into geography and the rising interest in culture in general, geography became increasingly dependent on fuzzy concepts. The same is also true for the other social sciences, albeit that in those the conceptual framework of the CED was already present at their 'births'.

"Culture" itself is probably the best example of such a fuzzy concept. There are hundreds of definitions of "culture", severely limiting useful communication between theorists and theories of culture and the CED. Nevertheless, many scientists believe that culture (in general and the CED in particular) is a promising field of inquiry. To fulfil that promise, however, a thorough analysis of the CED, of its concepts and theories, is necessary. Such an analysis was the goal of the research project from which this book resulted. The focus of this research project was on the development of (scientific) thought on the relationships between the concepts and phenomena of culture and economy. The core question, however, was not so much on actual relationships therebetween, but on the meaning of questions

about these relationships and on the apparent importance of these questions in (or to) social science.

Answering this core question requires first of all an analysis and reconstruction of the conceptual framework of the CED. To compare, test and/or integrate theories, it is necessary to (re)write them in a common language. There is, however, no such common language available. The concepts of "culture" and "economy" have numerous (including some contradictory) meanings in different theories and different disciplines. Conceptual analysis and conceptual history may help construct the common language needed, but may also shed some light on the role of the CED in the 'birth' of and the disciplinary divisions in the social sciences. Moreover, as many theorists claim that language, concepts and/or meaning are key aspects of culture, studying culture itself *is* (a form of) conceptual analysis.

As is the case with the CED, there is no comprehensive theory of conceptual analysis. Forms or versions of conceptual analysis are applied in analytical philosophy, linguistics, artificial intelligence, information and computer science, management and organisation, social and intellectual history, nursing, and the social sciences. Among many of these applications, there is no contact whatsoever. Often conceptual analysts even seem to be unaware of similar approaches in other fields. The first step in this research project, therefore, was an attempt to integrate the many forms and versions of conceptual analysis into a single comprehensive theory and a methodology applicable in social science in general and in the analysis of the CED in particular. The result was a theory of concepts of sets of sets (of sets) of (other) concepts and relationships therebetween. Conceptual analysis then means specification of these sets of sets (etc.). Because of the internal structure of these sets, it seems obvious to first specify conceptual history and then to systematically map the different meanings, definitions and interpretations. The last step is the reconstruction of the conceptual field: the introduction of definitions, translation rules and/or new concepts.

Application of this methodology to the CED requires a number of stages, partly resulting from the stages in the methodology and partly from the complexity of the CED itself. The CED as analysandum consists of three concepts and a number of relationships therebetween. These concepts are "culture", "economy" and an intermediate term usually pointing at some kind of causality. Therefore, an analysis of the CED requires both the analysis of the concepts of "culture" and "economy" and of the relationships assumed therebetween.

The conceptual pair "culture" - "economy" is part of a long tradition of dichotomous thought. Most theorists assume that this dichotomous thought originated from the man - woman opposition. Through (a.o.) order - chaos; reason - passion; and civilisation - culture this opposition developed into (a.o.) the CED. Although it can, therefore, be argued that the history of the CED starts with the conceptualisation of the opposition between the concepts of "man" and "woman", the first meaningful theoretical contributions to the development

were related to the reason - passion dialectic. After the introduction of 'the social' as a separate category of reality in the late 18th century, the reason - passion dialectic was lifted to this new social level and transformed into "civilisation" and "culture". These two concepts summarised two – in many respects – diametrically opposed worldviews: Enlightenment and Counter-enlightenment or Romanticism. "Reason" and "civilisation" were the catchwords of the Enlightenment; "Passion", "tradition" and "culture" those of Romanticism.

These different worldviews were – to some extent – related to different approaches in social science. The scientific ideal of the Enlightenment was both empiricist and rationalist at the same time. Its starting point was the assumption of universal laws (both in nature and in social reality). This universalist and rationalist approach resulted in economics; the more empirical approach led to the 'birth' of sociology. It, however, led to three major results: the dismissal of universalism, the introduction of "culture" as an alternative to "civilisation", and the rise of Counter-Enlightenment and Romanticism.

In the early 19th century the conceptual pair "culture" - "civilisation" transformed from an opposition of worldviews into a dialectic of aspects of social reality. Increasingly, "culture" was interpreted as the more spiritual (Romantic) aspects of society, and "civilisation" as the more rational (Enlightened). Both concepts, however, had different connotations and alternative meanings. "Culture" was often regarded to be primitive, while "civilisation" was sometimes used as a synonym for the Western world. Those connotations and alternative meanings made the concepts less useful in scientific practice. Theorists of the CED, therefore, sometimes introduced new terms. Marx, for example, introduced "base" and "superstructure". Moreover, in the second half of the 19th century, the concepts of "culture" and "civilisation" started to grow together until they became – in scientific usage – nearly synonymous. In the CED, therefore, a new term was necessary. The term that – to some extent – replaced "civilisation" was "economy".

The substitution of "economy" for "civilisation" could not have taken place much earlier because the concept of "economy" also experienced considerable changes in meaning. Originally the concept referred to organisation, to housekeeping, or to the organisation of housekeeping. In the 18th century it was used in the compound term "political economy" to refer to the organisation of housekeeping of the state. The concept further developed through the organisation of the creation of national wealth into the organisation (or institutions – in more modern terms) of the productive, consumptive and distributive aspects of society. Only after the Second World War did the concept get its modern meaning as the aggregate of productive, consumptive and distributive behaviour. In this development, the concept of "economy" became gradually more similar to "civilisation", which in its late 19th century form can be translated (in modern terms) as (the institutions of) economy plus technology. When Marx wrote his base - superstructure thesis, this development was still in its early stages and, hence, he had to introduce new terms.

In (human) geography the CED has been virtually absent for centuries. Two histories of geography can be distinguished: the textbook history of exploration and description of other

countries and regions, and the intellectual history of man - environment relationships. The latter started in ancient Greece in the form of physical determinism, the theory that social and cultural arrangements in a group of people are determined by their physical geographical environment. Physical determinism was picked up by the Arabic scholars and returned to Europe after the Middle Ages, where it quickly became a more or less common worldview and where it influenced the first great classical geographer, Ritter. Only in the century after Ritter were the antithesis of physical determinism, theories on the influence of man on his environment, and a synthesis introduced in geographical thought.

In this dialectic of man and environment, the CED was virtually absent. The categories of "culture" and "economy" were dissolved in the broader category of "man". Only in the second half of the 20th century did this change. First the man - environment dialectic, the theoretical core of geography, was replaced by an abstract approach based on isotropic planes and distances. Next, in the 1970s, the (mainly) Marxist and humanist reaction introduced the CED into geographical thought. Within three decades, geography lost its original and unique perspective and adopted the social scientific standard view.

Because of the enormous number of definitions and interpretations of especially the concept of "culture", mapping the different forms of the concepts of the CED is no simple task. Definitions can be classified by common definitional elements, but these classifications clarify little. Even within periods and disciplines there seems to be hardly any consensus on the meaning of "culture". There seem to be far less competing interpretations of "economy", but the history of the concept and related concepts such as "civilisation" show that this is not a completely unambiguous concept as well. In both cases, however, conceptual reconstruction is possible by means of the introduction of basic (or even atomic) concepts that can be made more specific by adding attributes in a taxonomic structure. In this way, the different interpretations of "culture" and "economy" can be translated as different specific subtypes of the basic concepts and can be related to each other within the formal taxonomic structure.

The construction of such a framework is a form of applied social ontology. An analysis of the many definitions and interpretations suggests that meta-behavioural entities and actual behavioural events are the ontological primitives (most basic concepts) of the framework. All versions of the CED are relationships between subsets of behaviour and/or meta-behaviour. Meta-behaviour is the set of all *social* influences on and determinants of actual behaviour. It includes theories, concepts, institutions, values, norms, habits and (nearly) all other aspects of "culture" suggested throughout the ages. In nearly all theories of the CED, the C pole refers to a specific subset of meta-behaviour. The nature of the E pole, however, is less unambiguous, which is the consequence of the concept's development. The E pole can be a subset of institutions and, therefore, a subset of meta-behaviour, but it can also refer to the aggregate of productive, consumptive and distributive behaviour, and hence, to actual behavioural events. This difference is of great consequence in the analysis of the CED.

Theories of the CED can be loosely divided into two groups, which are in this book labelled the *first* and *second grand theory*. The *first grand theory* is Marx's *historical materialism* and (earlier and later) related theories on the influence of the (condition and/or organisation of the) economy on aspects of culture (or meta-behaviour). The *second grand theory* is Weber's thesis on the Protestant work ethic and (later) theories on the influence of culture on entrepreneurship and economic growth. Besides the two grand theories a number of *minor* theories, which are only 'minor' in the sense that they are unrelated to the two grand theories (and are not 'grand' themselves), are distinguished. Examples of these *minor* theories are those on embeddedness, consumer behaviour and institutions.

To facilitate testing of (some of) the theories of the CED, it was attempted in this study to measure culture or meta-behaviour on the spatial scale of Dutch municipalities. The choice for this spatial scale was primarily motivated by the fact that there has been abundant research done on the (inter-) national scale but hardly any on smaller spatial scales and because there is no clarity on the question of which spatial scales are relevant to the CED. Measuring culture, however, is not that easy. The most obvious method of measuring culture is the indirect measurement of meta-behaviour by constructing the deeper factors behind actual behaviour through the means of factor analysis. It is, however, difficult to otherwise interpret these factors than as core value orientations, while in the meta-behaviour they reflect, concepts, theories and institutions are relevant as well. The statistical analysis presented in this book resulted in five dimensions of regional culture in the Netherlands: (1) post-materialism; (2) Protestant conservatism; (3) classical individualism; (4) egalitarian anti-conservatism; and (5) dissatisfaction. Interestingly, all five seem to be related to some form of individualism. Ten conclusions result from earlier empirical research and from new tests based on this new data:

- (1) Partly confirming the first grand theory, increasing wealth results in cultural change. The most important effects found were an increase of (a) individualism; (b) post-materialism; (c) economic freedom; (d) civil and (e) political rights; and a decrease of (f) competitiveness. Contrary to theory, no effect of wealth on work ethic was found.
- (2) There does not seem to be a consistent relationship between Hofstede's dimensions of culture and any aspect of entrepreneurship. Any possible value on any of Hofstede's dimensions may have a positive influence on any aspect of entrepreneurship.
- (3) Similarly, in some studies post-materialism was found to negatively influence self-employment, while it was found to have a positive influence in the empirical part of this study. These different effects of the same cultural dimension on the same economic variable may be related to the fact that post-materialism is *non-atomic*. It is composed of several culturally different phenomena that may have contradictory effects. The lower valuation of profit and material wellbeing may negatively influence self-employment, while self-expression and self-development may promote it. The lack of consistent relationships between Hofstede's

dimensions and entrepreneurship may be caused by the same phenomenon: some aspects of, for example, individualism have a positive effect on self-employment and innovation, while other aspects have negative effects.

- (4) The only cultural dimension (if it is one) that seems to have a consistent and significant positive effect on self-employment is dissatisfaction.
- (5) On the regional scale a positive effect of Protestantism on self-employment was found confirming Weber's thesis. On the (inter-) national scale, however, no such confirmation was found. This may be caused by the fact that national cultural differences overpower religious and other types of difference. In other words, some cultural effects disappear on the (inter-) national scale.
- (6) Therefore, it may be advisable to study the CED or the effects of cultural values on behaviour in general on the regional rather than the (inter-) national scale.
- (7) Hoselitz's thesis that marginal groups such as ethnic minorities are more entrepreneurially active than their host populations seems to be sufficiently backed by empirical evidence.
- (8) Contrary to popular belief, there is *no* consistent evidence for the theory that entrepreneurship positively influences economic growth.
- (9) No consistent direct effects of culture on economy were found. It is often assumed that individualism promotes economic growth. In this study, however, the opposite relationship was found: collectivism seems to positively influence economic growth. The evidence for this relationship, however, was not particularly strong.
- (10) Institutions do (or seem to at least) affect economic growth, but often are effects of economic growth and/or wealth as well. Hence, the direction of causality in this type of relationships is generally unclear.

Not all theories of the CED have been tested. Some are too vague to make sensible testing possible, and in many cases, the categories related cannot be measured (or even operationalised in any other way).

Besides the theoretical conclusions (conclusions on the theories of the CED) above, the different analyses (conceptual, theoretical, empirical) also resulted in some meta-theoretical and/or philosophical conclusions.

The body of theories on relationships between culture and economy is characterised by a bewildering variety of concepts, categories and ideas. There seem, however, to be two broad types of theories: (1) very broad and vague theories, that are impossible to test; and (2) very specific theories that are mostly tested but are not always consistently confirmed or refuted. Most of the theoretical contributions seem to be of the first type. In all of these theories – and in many of those belonging to the second group as well – the relationship assumed is so vague or complex that falsification is impossible. The relationship between post-materialism and entrepreneurship (see conclusion 3 above) may serve as an example. If theories cannot be falsified they are – according to Popper – unscientific. This seems to be a problem for the whole of the CED (or even the whole of social science) because even

the most rigorous theories allow enough external influences, loopholes and other escapes to explain why any negative test result is not a refutation.

An additional problem is that for every increase in detail there is a corresponding increase in complexity. For every theory there is number of more specific theories, some of which seem to be confirmed while others are refuted. Hence, a claim that there is a reciprocal relationship between aspect of culture X and aspect of economy Y may, after testing of more specific theories (theories on the relationships between subsets of X and Y), have to be replaced by: X1 leads to Y leads to X2. In this case the earlier, less detailed, theory would still be true, but not very useful. As a consequence hereof it may be concluded that the existence of a relationship is to a large extent dependent on the categorisation of the concepts or phenomena related, and hence, that the nature of a relationship between culture and economy – if there is one – is possibly conceptual rather than causal. Therefore, an analysis of the CED is (to some extent) conceptual analysis.

Whether a relationship assumed between categories is conceptual rather than causal is dependent on the form of that relationship. All theories of the CED can be constructed out of variants of three basic forms of theories:

- (1) meta-behaviour of type X causes behaviour of type Y;
- (2) meta-behaviour of type X causes meta-behaviour of type Y; and
- (3) behaviour of type X causes meta-behaviour of type Y.

An analysis of these basic forms of theories shows that (1) is true by definition if there is a conceptual overlap between X and Y and that (2) is true in the same case, which implies that (1) and (2) are conceptual rather than causal relationships. The third basic form of theories, however, is of a different nature: (3) *is* a causal relationship. The third is a subtype of a more general basic form (3a): the set of actual entities (the social and physical environment) of type X causes meta-behaviour of type Y. It seems that, broadly speaking, there are two types of theories in / of the CED: theories that are misunderstood conceptual overlaps and theories that concern the (external) conditions of (types or aspects of) meta-behaviour. This last conclusion may be regarded a (critical) *synthesis* of the CED. This synthesis points at the fact that empirical results do not always reflect positive facts, but may be artefacts of conceptualisation and measurement.

The three basic forms of relationships in the CED described above are also the basic components of theories in the social sciences in general. Any social scientific theory can be constructed from these components. Hence, in a sense, it can be argued that the field of the CED *is* the field of social science. There is, however, one exception that studied two additional relationships (basic forms of theories): classical geography. These two additional basic forms are:

- (4) a physical environment of type X causes meta-behaviour of type (like (3) a special case of (3a)); and
- (5) behaviour of type X causes a physical environment of type Y.

Together these two form the before mentioned man - environment dialectic, the theoretical core of classical geography. In modern geography, however, (4) and (5) are of very limited

relevance. In practice, modern geography deals with spatial or regional differences in (1), (2) and/or (3). Hence, in practice, modern geography is spatial or regional sociology or economics. Only a few social scientists still study the topics of classical geography and they are rarely from a geographical background. As a consequence, human geography produced hardly any new and/or original ideas in the last few decades. By now an increasing number of geographers seem to acknowledge this problem. On a way out of this crisis (which is, however, rarely recognised as such) there is little consensus. This research project (especially the meta-theoretical conclusions above) seems to point at an obvious solution: a reorientation on the core of classical geography: the man - environment dialectic. After all, in modern social science this dialectic is largely ignored. Geography, therefore, has a world to (re-)gain.

In social science in general, conceptual analysis should play a far greater role in research. As mentioned above, many of the relationships assumed in social science are conceptual rather than causal. Empirical research that insufficiently takes this into account can only produce trivial results. An obvious methodological approach in social science is, therefore, a combination of conceptual (or ontological) analysis and demographical or epidemiological research based on rigorously analysed, defined and measured categories (in that conceptual analysis).

According to Comte, science progresses through three stages. The first is the *theological* stage in which the world experienced is explained by reference to supernatural forces. The second is the *metaphysical* stage in which explanation is dependent on abstract concepts and speculation. Only in the third and final stage, is *positive* science substituted for superstition and metaphysics. Comte claimed that most of the sciences advanced to the positive stage. The main exception was sociology, which was founded, as a scientific discipline, by Comte himself. Comte hoped that the new discipline would progress through the stages quickly, but more than one-and-a-half centuries later, the social sciences still do not seem to have passed the metaphysical stage. (Orthodox economics with its belief in markets as 'invisible hands' seems even to be lingering in the first stage.) Theories of culture, economy and entrepreneurship and the social sciences in general are infested with myths, abstract concepts without real-world counterparts and petrified contingencies. It seems that many of our beliefs and perceptions are based more on myth than on reality.

One of the most persistent myths is that of boundaries. Boundaries are social constructions, not external reality. This is true for boundaries between cultures and regions, but also – and more importantly – for boundaries between scientific disciplines and categories (concepts). Hence, a more anarchist approach to social science is needed. Such an anarchist approach is necessarily multi- or inter-disciplinary and includes conceptual analysis as an essential tool in scientific research.

In the final sections of this book the historical development of the CED and some related pairs of concepts is reviewed once more. These pairs (dichotomies and dialectics) seem to

be part of a larger system, a *trialectic* in which nature or environment is a third pole and in which there are intermediate concepts between any two corners (poles) of the triangle. Most of the poles and intermediates are opposed in dichotomies or dialectics and between most there are theoretical relationships. This trialectic, however, maps only (part of) our conceptual framework, not reality. The concepts of "culture" and "economy" refer to ideas, not to the world. They reflect our perception of reality, not reality itself. There are no (objectively limited) counterparts of "culture" and "economy" in reality. Hence, as *scientific* concepts these are relatively useless. Moreover, if there are no culture and economy, neither can there be relationships therebetween. As a consequence, the concept of such a relationship (the CED) is *scientifically* useless as well. Therefore, "culture", "economy" and the relationships therebetween are misconceptions about which it is better to further remain silent.