

SPECIAL ISSUE***Neo-Weberian Approaches to China:
Cultural Attitudes and Economic Development******Introduction by Guest Editors******Annie Tubadji, George Magnus, and Don Webber***

Commencing with *The Protestant Ethics and the Spirit of Capitalism* (Weber [1904–1905] 1930), Max Weber’s seminal contributions marked the flourishing of the field connecting religion and economics, and an increasing focus on the connection between religious attitudes (as a proxy for culture) and disparities in economic development across space. A famous application of this Weberian religion and economics paradigm is his analysis of China (Weber [1951] 1986). This classical Weberian study suggests that Chinese culture is not conducive to capitalistic economic development.

Subsequent work on culture and Chinese economic development (e.g., Harrison and Huntington 2000) partially agreed with this classical Weberian take. At the same time, China rapidly attained a position as an important player on the socio-economic map of the world economy (Rodrik 2010; Song, Storesletten, and Zilibotti 2011; Caldara and Iacoviello 2022). In the contemporary economics literature, the importance of religion (Iannaccone 1998; Barro and McCleary 2003; Bénabou, Ticchi, and Vindigni 2015; Iyer 2016) and the importance of culture (in a broader neo-Weberian sense as a trigger for local socio-economic development) have both been widely empirically documented, and culture is now recognized as a factor underpinning economic development in the Western economic context (Acemoglu, Johnson, and Robinson 2005; Guiso, Sapienza, and Zingales 2003 and 2006; Alesina et al. 2003; Alesina and Giuliano 2015; Hahn 2014; Bisin, Seror, and Verdier 2018). Much less attention has been paid in the literature to the role of culture in this neo-Weberian sense, especially when it comes to modern economic developments in countries of the east and especially China. Culture and institutions are likely to be particularly important for China, given its rich and long cultural history and its contemporaneous cultural vitality (see Fan 1995; Xu 2011; Warnecke 2018). Unfortunately, no sufficient systematic analysis has been conducted to clarify the impacts of culture on the socio-economic development of China in the current period.

This Special Issue focuses on the Neo-Weberian approaches to China and revives, broadens, and deepens the original Weberian perspective. It applies the approach to the analysis of culture and regional economics in China. Unlike the classical Weberian approach which focuses on religious attitudes as a source for economic disparities, this Special Issue

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presents theoretical augmentations and empirical investigations of the influences of a broad range of cultural characteristics on economic disparities across countries and regions, by adopting the Culture-Based Development (CBD) approach.

Through a neo-Weberian CBD lens, this Special Issue applies this CBD structure of analysis and introduces a new typology of introversive and extroversive approaches for the analysis of the impact of culture on regional economic development. The introversive approach explores differences in economic development paths associated with differences in cultural attitudes *within* a country (examples include Tubadji and Pelzel 2015, Tubadji et al. 2022), whereas the extroversive approach makes comparative economic analyses *between* countries' development paths often using economic history or gravity models and asymmetries in local institutions to explain spatial economic disparities (see Tubadji and Nijkamp 2015; Tubadji, Boy, and Webber 2020).

The novel contribution of this Special Issue is that it applies, for the first time, the CBD distinction between introversive and extroversive approaches to economic development within China and to the role of China in the economic development elsewhere. This allows us to offer a unique and timely addition to the economics literature where relatively little attention has been paid to the role of Chinese culture as a source for its socio-economic development. Moreover, this Special Issue offers a structured and systematic approach for analyzing the connections between culture and economics in China through the introduction of this CBD extroversive and introversive delineation.

Overview

The idea for this Special Issue emerged from a 2018 workshop on the “Challenges of the Twenty-First Century in Economics: A Perspective on China and the World Economy” hosted at the University of the West of England, Bristol, United Kingdom and organized by Annie Tubadji, Don Webber, and Ian Smith.

The group of articles included in this Special Issue demonstrates the application of the introversive and extroversive CBD approaches. These articles adopt the approach either that culture is a source of regional economic disparities within China or that cultural distance between China and the rest of the world is key for economic relations between China and other world economies. Thus, this Special Issue is focused on the institutional impacts of Chinese culture on socio-economic development.

This Special Issue has three parts: a set of introversive studies, a set of extroversive studies, and a double book review article. The book review article points to the presence of other recent China-focused economic analyses that have outlined the existence of introversive and extroversive cultural impacts on development.

First, the introversive approaches to the cultural analysis of Chinese regional development is demonstrated by the first six articles. These include: (i) Tubadji's application of the original CBD analytical paradigm for the case of Chinese regions, distinguishing the classical CBD difference between cultural heritage and living culture as the main components of local cultural capital that affect local economic development; (ii) Archana Kumari, Don Webber, and Ian Smith's study of the developmental trajectories of Chinese regions and the living culture reasons for the existence of different convergence clubs, (iii) Artjoms Ivlev's comparative study of the living culture in China (relative to Western Europe and the post-socialist block) explores the middle class's modern cultural attitudes and their propensity for pro-democratic political views, (iv) Yongling Yao and Xuanxuan Shao's study extends the

notion of living culture to the personal cultural types contemporaneously concentrated in a locality and their link to local productivity, (v) Baomin Dong's analysis of the influence of cultural heritage (in terms of Confucianism) on the persistence of local financial institutions in China, and (vi) Chen Feng, Yankun Kang, Jing Li, and Xingshu Zhu's study of the role of cultural heritage in the form of social stereotypes and gender constructs which persist over time, shape modern gender thinking, and thus affect the gender gap in Chinese labor markets in spite of its institutional orientation towards a socialist and supposedly gender-equality milieu.

The second part of this Special Issue presents the extroversive approaches. These include: (i) Tubadji and Webber's study of increasing linguistic proximity as a factor that predicts the volume of trade flows between China and its trading partners; and (ii) Ryan Kapma's study of the Belt and Road initiative of China in Israel (the Haifa Airport project) and its direct economic and indirect cultural impacts on Israel's trade relations with the rest of the world.

Third, the double book review by Annie Tubadji and Yue Dai offers a CBD reading of two seminal books on China and its development. The review article encompasses the bestseller by Irene Sun entitled *The Next Factory of the World: How Chinese Investment Is Reshaping Africa* published by Harvard Business Press in 2017, which compares Chinese and Western attitudes to investment into Africa. The review article also encompasses the best-selling book by George Magnus entitled *Red Flags: Why Xi's China is in Jeopardy* published by Yale University Press in 2018, which offers a systematic overview of socio-economic development in China over the centuries and elicits the developmental trajectory of the country and predicts its trend in the future. This double book review provides ideas for further research using the introversive and extroversive CBD framework.

Introversive Approaches

"Culture Based Development in the Regions of China"

Annie Tubadji's study of the cultural impacts on regional development in China uses a panel dataset for the Chinese provinces over a seven-year period (2013–2019). This novel dataset contains over sixty cultural indicators, most of which have never been used in a regional economic analysis. The article offers a summary of the CBD paradigm and a demonstration of a classical application of the CBD paradigm for empirical regional economic analysis. It extends the standard CBD approach methodologically by applying a k-means clustering estimation technique to quantify cultural capital and its impact. The k-means clustering approach is particularly interesting for applying the CBD paradigm to big data and AI-algorithms. The main finding of this article is the revelation of a distinction between culture as a proto institution and the remainder of the institutional settings in China. It underscores how human capital is stimulated or hindered by cultural capital to contribute to local regional development throughout the country. More broadly, the article positions the CBD paradigm in the institutional literature with two important messages: (1) culture creates the local institutions and their developmental trajectory, and (2) culture remains a potent endogenous force for economic development but can also stifle and redefine its developmental trajectory.

“Chinese Interprovincial Income Disparity via Regional Mobility Dynamics”

Archana Kumari and Ian Smith explore economic convergence over time for thirty-one Chinese provinces over a fourteen year period (1993 to 2016). Using the X -convergence technique, previously used for studying European regional developmental trajectories, they find evidence of divergence between twenty-one poor inland provinces and the ten rich coastal provinces in China, although some signs of convergence re-emerged between 2005 and 2014. The findings of this article suggest that sticking to one’s own culture and not switching development clubs is associated with more convergence with one’s own club over time, no matter whether the convergence means remaining steadily poor or steadily rich over time. In other words, Kumari and Smith’s findings can be interpreted as evidence consistent with the CBD claim that cultural persistence is able to generate circles in economic development or switch to an upward spiral of continuous growth and flourishing. This impact of cultural capital seems to be clearly present in China.

“Does the Emerging Middle Class in China Support Democracy?”

Artjoms Ivlevs contributes a different angle to the academic debate on culture and development in China by focusing on the link between the rise of the economic middle class and its political attitudes to democracy. Using data for the period 2005–2014 from the World Values Survey, this study reveals a positive association between middle class status and preference for democratic governance in China. The study concludes that there is only limited evidence that the emerging middle class in China is driving democratization. From a CBD perspective, these results raise poignant questions about the endogeneity of a living culture that is simultaneously a subject of cultural path-dependence and a subject of dependence on the economic freedoms in the current socio-economic reality. Thus, the complexity of modern living culture and its nonlinearity in terms of its relationship with economic factors elicited as important in the Western world, makes us aware of the need to be highly culturally sensitive when trying to transfer one policy solution from the West to the East.

“Impact of Local Cultural Traits on Regional Productivity in China”

Yongling Yao and Xuanxuan Shao also examine the World Value Survey (WVS) database for China for a similar period as undertaken by Ivlevs above, with the important difference that Yao and Shao explore the living culture in its psychological/behavioral dimension. Yao and Shao quantify local living culture in terms of the local psychological types or what the author calls a “personal culture” that is predominant within a Chinese province. Creating a taxonomy of four personal culture types (strongly organized personal culture, weakly organized personal culture, unstructured personal culture, and politically organized personal culture), they demonstrate that the type of provincially predominant personal living culture is today associated with distinct local economic growth tendencies. It seems that a beneficial living culture type in China is associated not with a politically driven personal culture, but with strongly or weakly self-organized personal culture that is conducive to the development of local social capital. Only the latter forms of self-organized living culture seem to benefit the development of Chinese regions today. From the CBD perspective, Yao and Shao make two important conclusions: (1) personal attitudes are an endogenous factor that is subject to modification under specific powerful social and political reforms, and (2) the endogenously shaped local and personal cultural traits can be either

beneficial or detrimental for the development of a country, and therefore a country has to be wise about the ways it triggers the local living culture.

“Capitalism and Confucianism: Was Weber Right?”

Baomin Dong engages with Max Weber’s original claim that there is inconsistency between the core values of Confucianism and the spirit of modern capitalism. Dong offers a detailed econometric analysis using historical instrumental variables as a proxy of the Confucian cultural tradition in a locality. These historic variables disentangle the persistence and cultural roots in the development of the modern financial system in China and its regional disparities. The article finds that institutional persistence is strongly significant across Chinese regions and the cultural proto-institutional role of Confucianism is also present. Counter to Weber’s expectations, however, the article finds that Confucian influence is conducive to the development of informal institutions that facilitate the development of informal finance in China. From a CBD perspective, these findings highlight that culture needs a value-free analysis (in the spirit of Tubadji 2020), rather than a dogmatic postulation that sorts values towards or against growth. The article also finds that the contexts of certain cultural values may become the problem-solving component in a complex mix of local cultural attitudes in ways that are difficult to predict. Thus, the general mechanism behind the complexity of culture and how it operates is more important than the cultural value of interest. Here, the CBD conclusion is that as long as a value is associated with the local informal institutions, Confucian or not, then it can be conducive to capitalism and local flourishing.

“The Early Rise of Female Consciousness and Long-term Female Labor Force Participation”

Chen Feng, Yankun Kang, Jing Li, and Xingshu Zhu explore traditional culture, the social constructs around gender roles, and their evolution through time as determinants of current female labor force participation rates across Chinese regions. Using data from the China Family Panel Studies in 2010 and historic information about female periodicals during the period of the late Qing Dynasty, Feng et al. find that places that had a previous living culture with greater orientation towards female empowerment now persist as leading regions in development. From a CBD perspective, these findings highlight that the modernization of cultural heritage through the endogenously shaped living culture can redefine the initial conditions for the future developmental trajectories.

Extroversive Approaches

“Tea for Two: Language and Bilateral Trade with China”

Annie Tubadji and Don Webber explore the ability of linguistic cultural changes to predict the magnitude and direction of trade flows between countries. Using a curious historical fact about the word “tea” and its infiltration in recipient languages as a natural experiment, the study reveals that the infiltration of Chinese words in the linguistic corpus of its trade partners has the power to predict the volume and intensity of trade flows with the rest of the world. The study relies on linguistic data from Google *n*-grams and data on bilateral trade flows with China over the 1821–2008 period. From a CBD perspective, this study is an important application of the narrative economics linguistic approach of CBD for quantifying the cultural impact on socio-economic choice, such as finding a trading partner.

“The Belt and Road Initiative and Cultural Bias in Bilateral Trade with China”

Ryan Kapma pays attention to the prominent China Belt and Road Initiative (BRI), which is a pivotal Chinese tool for implementing international economic interventions. Kapma examines the impact from the economic cooperation under the BRI between China and Israel for building Haifa’s airport. The unique finding of Kapma’s study relates the presence of indirect effects from bilateral BRI cooperation between Israel and other countries. The CBD perspective interprets these findings as a form of signaling for cooperation between countries that is triggered by their cultural bilateral proximity that endogenously evolves due to economic cooperation. From a broader institutional perspective, this article suggests implications about the endogeneity of clubs and their norms, which reshape through members decisions to economically cooperate more intensely outside of their own cultural clubs.

Double Book Review Article

The double book review by Annie Tubadji and Yue Dai covers two bestselling books: (1) Irene Sun’s *The Next Factory of the World: How Chinese Investment Is Reshaping Africa*, and (2) George Magnus’s *Red Flags: Why Xi’s China Is in Jeopardy*. Although each book has been previously reviewed from a general economic perspective, this double book review interprets these texts from an extroversive and introversive approach and highlights the cultural impacts that each book suggests. Hence, the review brings the reader’s attention to further possibilities for applying the CBD analytical approach on the case of China. As both bestselling authors offered a standard economic perspective and did not limit their cultural insights in any way, their works offer a rich foundation for the analysis of institutional questions.

Conclusion

In summary, this Special Issue provides a collection of articles that focus on culture and institutions as important factors for internal regional development and external economic relations of China. Moreover, the Special Issue helps to restructure the field of cultural economics by introducing the introversive and extroversive levels in the analysis of this field of research. This Special Issue illustrates how the introversive and extroversive analysis can be implemented and could trigger a wave of cultural economic research on China. We hope the Special Issue will also stimulate further theoretical and empirical debate on the topic of culture and socio-economic development in eastern economies beyond China, as very little is still known about them from a cultural and institutional perspective.

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