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Ekkehart Schlicht:

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Review of

*Cultures Merging:
A Historical and Economic Critique of Culture*

by Eric L. Jones

Princeton University Press: Princeton, NJ. 2006^{*}

Ekkehart Schlicht[†]

In his new book, Eric Jones takes the interaction between economics and culture seriously. He criticizes the culturalistic view that sees economic processes embedded in and determined by culture (“cultural fixity”), and he likewise discommends the economistic view that culture is a mere reflection of economic forces, conveniently produced by economic incentives and quickly adapting to economic necessities (“cultural nullity”). He proposes instead that cultural and economic processes interact in an irreducible way (“cultural reciprocity”).

The argument is strong, and both historians and economists will accept the position – in theory. In practice, however, historians tend to emphasize cultural explanation and adhere to cultural fixity, while economists tend to disregard culture and favor cultural nullity. Jones succeeds in nailing down the point that both have to give up the intellectual comfort

^{*}This is an electronic reprint of a review that appeared in the *Journal of Institutional and Theoretical Economics* 2007, vol. 163, issue 3, pages 526-529, URL <http://www.jstor.org/stable/40752660>.

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of sticking to one or the other of these simple patterns when dealing with longterm change. (For purposes of short-run analysis we may, of course, fix both cultural and institutional features under a *ceteris paribus* clause, but this will exclude analysis of institutional change, and of economic change entailed by institutional change.)

The phenomena Jones is interested in are of central concern to institutional analysis. As to the relationship between “culture” and “institutions,” Jones (p. 109) notes:

Institutions and culture partly overlap. ... Culture consists mainly of rules and practices learned fairly informally from parents or the surrounding society. Institutions tend to be conscious, even political, constructs including firms, trade unions, building societies, banks, codified legal systems, or other organized networks or sets of formal embodied rules. Culture, though often able to bind, is relatively intangible; institutions have a more rule-bound existence.

Seen this way, culture provides the underpinnings for institutions. Institutional economists should take notice.

The perspective is stunningly broad, comprising observations taken from many regions and over many centuries. Jones (p. 257) emphasizes rightly:

If the aim is to discover general principles by which culture operates, it is unhelpful to have in mind merely one or two faiths, one or two countries, or one or two centuries. Only a wide range of examples and broad and long comparisons will suffice.

This long perspective brings out the author’s vision very sharply. He commences by outlining the issue. The recent “revival of cultural explanation” usually takes the form of cultural relativism. Some time ago, one of the last representatives of the German historical school put the argument as follows:

Most economic phenomena are time-conditioned and are rooted in specific geographical areas. They are subject to

change over time and cannot be treated, therefore, with the help of concepts and theorems purporting to be of universal applicability. Economic theory can deal with those phenomena only by differentiating patterns of economic life, patterns which have come into being in the course of the historical process. As a matter of fact, as many patterns must be delimited as there are essential and typical differences in the basic economic institutions. (Spiethoff, 1952, p.132).

Such a view would be a variant of what Jones terms “cultural fixity”: It requires a different theory for each country and every region. Many theorists who insist that “culture matters” argue along these lines. Jones (p. 9) notes that, surprisingly, even many historians, who might be expected to emphasize cultural change, “likewise write as though cultures are fixed and dominate other aspects of life, including economic life.” This comes down to effectively eliminating history from the description by replacing the unfolding stream of events with a set of self-contained stills, and change is lost. As an upshot, this view entails plenty of ammunition for critics of western democracy, human rights, and, generally, enlightenment and rationality, and provides arguments for various forms of religious fundamentalism or cultural protectionism. (It appears to me that the opposite view of “cultural nullity” entails, politically speaking, the same consequences, as it is obvious to noneconomists that culture matters, and if a few economists deny the obvious, you can safely ignore that, especially on taking into account that the prototype economist appears dogmatic as a theorist, and inept as a forecaster – this quite independently of the relative theoretical merits of the approaches. Actually the nullity view is much more refined and nuanced and better developed theoretically than the fixity view: just think of authors like Marx and Engels (1969) on the one hand, and Marshall (1920) on the other.)

Jones goes on and shows that cultures are both “fluid and sticky,” and that a fixity position is as unsatisfactory as one of total malleability. He is concerned with the “cultural fusion when markets coalesce and competition starts between behavior and symbols that seldom came in contact before” (p. 48), and he explains:

This use of the term ‘market’ may need to be elucidated. ...
Noneconomists associate markets with specific institutions. ...

Instead of merely places where goods and services are sold or exchanged, what is meant here by 'market' is any state of competition between beliefs and ideas and forms of behavior. (p. 48)

This position of "cultural reciprocity" emphasizes interaction of culture and competition, culture and the market. Both are always in flux.

Some readers would think here that the evolutionary argument should be invoked at this point in order to grasp the coevolution of culture and economics, but Jones is rightly hesitant. He seems aware that the social evolutionary argument (as developed by Marshall (1920) would boil down to something close to cultural nullity. This is theoretically fine and would also fit well with the tenor of Jones's other writings, but he knows better: He points to the many cases of lasting inefficiencies, and to Hallpike's (1987; 1996) (empirical) principle of the "survival of the mediocre" rather than the "fittest." This casts severe doubt on the adaptive view and suggests strongly that cultures do have a (partial) life of their own.

The book is about merging cultures, in the process of globalization. Several avenues are discussed through which merging takes place. Language is one of them, and language follows colonization and trade. Religion is another. Jones (p. 94) emphasizes that "Christianity's triumph was not inevitable, since Islam, Judaism, even Mithraism were all in the market." He argues that the "high standards of behavior" of Christianity enabled better cooperation. (This argument is difficult to defend empirically, as the other religions could have served the same purpose. Yet I find it somewhat convincing in that it explains that one of those religions obtained dominance, regardless of which. Note that Ensminger (1997) account of the spreading of Islam along with trade substantiates a similar argument, yet in her case with respect to Islam.) Other avenues discussed by Jones relate to information and printing. I find the observation very telling that the reformation, with its insistence on unfettered access to the Bible, contributed much to the development of printing and the spreading of ideas, thereby providing an infrastructure favorable to the diffusion of knowledge, and supplying stuff for tinkerers and rationalists. In contrast, Korea started much earlier, but with no success:

The fifteenth-century King Sejong required his scholars to devise an alphabet and writing system that would be easy for the populace to learn, something more accessible than the Chinese script in use among the literati. They invented a twenty-nine-character syllabary called Han'gul, which linguists agree was one of the greatest inventions ever made in the field of literacy. Together with movable metal type, which Korea also possessed, the stage was set for an explosion in popular literacy and a dramatic increase in the availability of printed books.

Yet

Sejong died and the literati were quick to defend the investment each of them had made in learning Chinese characters. They squeezed Han-gul into an almost trivial role. (pp. 236f.)

These two cases illustrate nicely the point Jones wants to make: Cultural and economic processes interact strongly and irreducibly. Literacy hitchhiked on Protestantism, which emerged in opposition to the papacy and carried unintended cultural consequences, working back on the economy. In the Korean case, an instrumentally efficient solution for promoting literacy was found, but was blocked by cultural monopolists for reasons best analyzed in economic terms.

It is beyond the scope of this review to relate even briefly what Jones has to say about cultures of immigration, east Asia's experience with modernization, and the cultural responses to economic change. The general picture is "cultural reciprocity," the irreducible interaction of culture and economics. From this point of view he criticizes various forms of protectionism – preserving languages that are close to extinct, preserving culture by targeted subsidies, etc. All this, Jones argues, tends to prevent change and betterment. Cultural protection leads, as a rule, to stagnation, and the market is better equipped for creating cultural innovation as well as progress.

This reviewer broadly agrees with Jones's points in this respect, but feels somewhat uneasy because the limits of "the market" are not clearly delineated, yet the market requires a system of rules and behavior, some cultural underpinning, and possibly, some cultural constraint.

Somehow it is argued that a business morality that abates fraud and enhances transaction possibilities will emerge in markets if needed, maybe through the success of a religion. Yet the many cases of the survival of the mediocre, or even straight deterioration, must remain enigmatic from such a perspective. What seems to be needed is more detail about, as it were, the inner mechanics of the superstructure.

Further, cultural reciprocity presupposes that culture is not entirely reducible to outside forces. Jones's view seems to be that any culture, if left alone, has the tendency to ossify and to stagnate. Hence competition between cultures and within cultures is needed to stir continuing cultural change and progress. I would like to learn more about these culture-internal forces in order to better understand the economics-culture interaction. It cannot be pure inertia; ossification is something active, not passive. The structuring force of Christianity is invoked as allowing improvements that were not achievable in the corresponding pre-Christian settings. So if culture has the tendency to impose structure, this may lead to ossification, but that is not entirely bad. Some cultural structure may be better than none, even if stagnation is not the best state of affairs. Societies may become not only too cold, but also too hot.

The book is beautifully written. It contains many perplexing stories and thought-provoking observations, barring simple solutions. It is stunning achievement by one of our leading literati.

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