Part III

Asian Economics and Politics
“Asian values” have been both extolled and censured by innumerable politicians, pundits, and professors in countless written and spoken words. The praise has been for the putative contribution of Asian values to the “miracle” of Asian economic development in the 1980s and through the mid-1990s. The blame has been for their putative contribution to Asia’s financial meltdown in 1997 and 1998. Whether praising or blaming, these opposed commentaries have held two premises in common: first, that Asian values are pervasively shared among the dozen countries and 2.7 billion people in the Asian region (including India), and second, that these values are unique, hence distinctly different from “Western values.”

This is the mythology about Asian values. The reality, strongly supported by recent empirical evidence, is that both premises are false. The values cherished by Asia’s heterogeneous peoples, nations, and cultures are in fact very diverse, and much—indeed most—of what is valued highly in Asia is markedly similar to what is highly valued in the West!

Adherents of the mythology about Asian values typically cross familiar ideological and policy lines. On the one hand, those who laud Asian values, including Lee Kwan Yew in Singapore, Eisuke Sakakibara in Japan, and Mohamad Mahathir in Malaysia, typically stress the Confucian precepts of work, frugality, and hierarchy. These di-

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dimensions of Asian values, they contend, underlie the dramatic economic growth achieved in East Asia by Japan in the 1970s and 1980s, the four “Tigers” (Korea, Taiwan, Hong Kong, and Singapore) in the 1980s and mid-1990s, and the three aspiring Tigers (Thailand, Indonesia, and Malaysia) until the middle of 1997.

On the other hand, those who fault Asian values, such as Paul Krugman at MIT, point to other dimensions of Asian values as major contributors to Asia’s financial meltdown from mid-1997 through 1998. According to this view, the sources of Asia’s financial crisis can be traced to such values as excessive loyalty to family, clan, or otherwise favored “in-groups,” leading to nepotism, cronyism, and corruption. From this perspective, Asian values are blamed for cumulative economic distortions and resource misallocations which in turn precipitated the Asian financial crisis in 1997.

Now that economic recovery is well underway in some parts of the previously afflicted region—notably, in South Korea and Thailand—it can be expected that the extollers of Asian values will be heard from once again.

In any event, whether Asian values are offered as explanations for positive economic performance or for malperformance, the arguments lack credibility. A recent survey by Japan’s prestigious Dentsu Institute for Human Studies provides convincing evidence for separating the mythology about Asian values from the reality. The Dentsu survey was conducted among a stratified sample of households in 1998 in the capital cities of six Asian countries (Japan, China, South Korea, Thailand, and Singapore, plus Bombay in India), and in 1997 in five Western countries (the United Kingdom, France, Germany, Sweden, and the United States—New York rather than Washington was the survey’s location in the United States).

Respondents were asked to evaluate the relative weight they place on nine specified attributes of what is “important in life.” The nine were “financial wealth”; “acquiring high-quality goods”; “family relationships”; “success in work”; “mental relaxation”; “leisure activity”; “living for the present”; “striving to achieve personal goals”; and “having good relationships with others.”

I have compared the Asian responses with the Western ones, to test whether there are significant differences between the average re-
The average (mean) for the Asian responses is significantly different from that of the Western responses in only two of the nine dimensions of value. On the average, Asian respondents place somewhat greater importance on relationships with family than do Western respondents; and Western respondents accord somewhat greater importance to leisure activity than do Asian respondents.

Moreover, the dispersion (variance) in the Asian and Western groups’ responses is quite similar, with only two exceptions. The Asian respondents vary more widely among themselves in the importance they assign to good relations with “others” (as distinct from families), and in the importance they assign to leisure activity, than do the Western respondents.

The conclusion that emerges from the Dentsu survey is clear and sharply different from the mythology. First, Asian values are decidedly more similar to Western values than is usually presumed to be the case; and second, for some dimensions of “values” Asians diverge more from one another than they do from respondents in the United States and Western Europe. Prevalent beliefs on both points represent conventional lack of wisdom!

How then does the rhetoric about Asian values relate to Asia’s varied economic trajectories: high performance until 1997, sharp reversals in 1997 and 1998, and substantial though widely varying economic recovery in 1999 among those who were hardest hit by the 1997 crisis? The answer is that Asian values provide little if any explanation for this volatile record. Explanations lie instead in the more mundane realm of economic policies, practices, and institutions. The sources of Asia’s progress, reversals, and recovery lie not in the realm of “values,” but are to be found elsewhere: in the macroeconomic monetary and fiscal policies pursued by the various Asian countries; in their policies relating to the term structure of foreign debt; in their use of nonmarket-based rather than market-based modes of resource allocation; and in the impediments they’ve placed in the way of entrepreneurial activity—domestic as well as foreign.
The range of values in Asia allows ample room for good as well as bad policies, for those promoting economic growth, as well as those impeding it. One does not have to look for deeper cultural or other explanations to understand how and why the respective Asian countries have come so far, nor why they have faltered and made serious missteps along the way.

**Postaudit**

*Much of the earlier rhetoric about Asian values has become more subdued in light of economic reversals experienced by Japan and the former Asian “tigers.” The essay’s data and analysis seem to me equally as valid now as when the piece was written.*