

Larry Harrison's *Who Prospers: How Cultural Values Shape Economic and Political Success* has just been published by Basic Books. He is also the author of *Underdevelopment Is a State of Mind: The Latin American Case* published by University Press of America.

ENTREPRENEURS ARE MADE, NOT BORN

A Book Review by Lawrence Harrison

THE CULTURE OF ENTREPRENEURSHIP

Edited by Brigitte Berger

San Francisco: ICS Press

242 pp., \$29.95

The virtually total discrediting of Marxist-Leninist economics has brought with it new attention to the crucial role of the entrepreneur in successful market economies, a role first highlighted by Joseph Schumpeter early in this century. Recent economic "miracles," particularly in East Asia, have underscored a related fundamental question first confronted by Max Weber, also early in this century: Why do some ethnic or national groups generate more wealth and well-being than others? Thirty years ago, the psychologist David McClelland reformulated the question to ask, in *The Achieving Society*, "Why do some ethnic or national groups produce proportionally more entrepreneurs than others?"

Brigitte Berger, a sociology professor at Boston University and wife of Peter Berger, director of the Institute for the Study of Economic Culture at Boston University, is the editor of a new book, *The Culture of Entrepreneurship*, that looks at entrepreneurship within a variety of intellectual and geographic frameworks. At the outset, she stresses a key point: culture, while durable, is not immutable. She notes "...the importance of cultural factors at work in entrepreneurship (as well as) the culture-producing capacity of the modern entrepreneur himself."

Professor Berger is the author of the introduction, which summarizes the work of the other authors who have contributed chapters that were written for a pre-book conference early in 1990. She has also contributed a very helpful chapter that reviews the evolution of cultural analysis of economic growth with emphasis both on the entrepreneurial role and the difficulty economists have had dealing with it and with culture more generally. She notes, and subsequent chapters support her, that small-scale entrepreneurs in today's world are not rugged individualists. For perhaps both cultural and pragmatic reasons, they tend to operate within complicated social webs in which the family plays an important role.

Don Lavoie, an economist at George Mason University, takes on the evolution of theories of entrepreneurship that challenge the individualist (or "Robinson Crusoe") view of many economists, a view that man is motivated by concern with maximizing

satisfaction or wealth, a view that the human response to economic conditions is universal, immune to the intrusion of culture. He focuses particularly on the work of libertarian icons Ludwig von Mises, Friedrich Hayek, and Israel Kirzner, all of whom perceive cultural influences on entrepreneurship. He concludes endorsing the ideas of Hans-Georg Gadamer, who stressed the significance for culture of linguistic evolution: "...it is not so much we who speak language as language that speaks us."

Janet T. Landa, an economist at York University in Toronto, examines several "ethnically homogeneous middleman groups" who have played important roles in cross-cultural trade, e.g., Jews, Chinese, Indians, and Lebanese. She concludes that such groups have in common both a rigorous ethical code that is effectively enforced as well as highly-developed mutual aid networks. She also stresses that some ethnic groups clearly do better in these respects than others.

David Martin, a sociologist retired from the London School of Economics, explores the impact of Protestantism on Latin America. Conversion from Catholicism to Protestantism, particularly evangelical Protestantism, is arguably the most significant social phenomenon in Latin America during recent decades. As much as a fifth of Brazil's population is today Protestant. As Professor Martin notes, conversion to Protestant implies a rejection of the traditional Ibero-Catholic value system, e.g., machismo. While research on the comparative performance of Catholics and Protestants has not yet produced conclusive results, there is a presumption that Max Weber's conclusions about why Protestants did better than Catholics in Baden, Germany, early in this century will be confirmed.

Gillian Godsell, who teaches at the University of Witwatersrand in Johannesburg, shows how values and attitudes principally explain why Indian Moslems do better economically than blacks and Afrikaners in South Africa. Professor Godsell notes that, for the Indians, "Religion provides a general approval of business," one that is reinforced by encouragement of enterprise in child rearing. By contrast, "The most marked similarity between the black and Afrikaner groups lies in the distaste for business as an occupation, and their interpretation of Christianity as regarding money to be tainted."

Echoes of Professor Godsell's findings are found

in a chapter on the entrepreneurial culture of Bengal and Eastern India by Ashis Gupta, who teaches at the University of Calgary. Professor Gupta conducted 31 interviews of entrepreneurs and notes patterns of achievement, especially among the Jain sect, that evoke the ideas of Weber. One Bengali entrepreneur evokes Schumpeter: "One of the greatest satisfactions is when you can conceive a plan, start a business, and find that it meets your projections and expectations. Here's something new that you, and you alone, have thought out." How different from the Hinduism-inculcated passiveness and fatalism noted by Gunnar Myrdal as a major obstacle to India's progress in *Asian Drama!*

The University of Hong Kong's S. G. Redding analyzes the economic miracle of Hong Kong, and by extension the overseas Chinese more generally. He observes that Confucianism has had a profound impact both for good and bad on Chinese entrepreneurship, noting that the power of the Confucian mandarins has both suppressed economic activity and encouraged an urge to control by ownership. This urge has been expressed not in the rugged individualism of Calvinism but in a social network where family and community have decisive importance. In this respect, the Redding chapter evokes Japan, which has also been profoundly influenced by Confucianism.

The revival of small business as an important engine of economic growth in Europe is explored by Richard Whitley of the Manchester Business School. He notes the tradition of small farm enterprise as an important foundation for the small-business phenomenon, as it was in Japan's Meiji Restoration in the last decades of the nineteenth century. But he also stresses "patterns of historical continuity and development, particularly with respect to family structures and trust relationships" in France and Italy. The long slide (until recently) of British small business — and we are reminded of America's economic decline — he attributes to "the relatively low social status of work in a manufacturing industry ... the preference for 'pure' science and the traditional humanities over more practically oriented subjects and skills in the universities; and the low status of the 'self-made man' in English culture since the late nineteenth century."

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Walter Connor, a Boston University political scientist, devotes the final chapter of *The Culture of Entrepreneurship* to the former Soviet Union, focusing on the evolution of private enterprise, particularly

through cooperatives, since Gorbachev's appearance on the scene. His conclusions are — correctly in my view — not optimistic: "Over the long run ... the development or failure of entrepreneurship on Soviet/Russian soil will depend heavily on the broad culture — the support it offers or withholds from entrepreneurial activity ... a 'culture of work,' as well as a culture of entrepreneurship is rather poorly developed in both the historical tsarist Russian and the contemporary Soviet social contexts."

The Culture of Entrepreneurship is a very useful addition to the growing literature on the profound influence of values and attitudes — and the institutions that reflect them — on economic growth, as well as political and social progress. The wide geographic diversity of the book underscores the significance of culture for rich countries and poor countries alike. Its message is clearly relevant to the distress apparent in the American economy today. ■