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PROSPERITY AND STABILITY IN HONG KONG - A CULTURAL APPROACH

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## ABSTRACT

### Prosperity and Stability in Hong-Kong--A Cultural Approach\*

The framework of analysis begins with the construction of the "static morphological structure" of a political economic system emphasizing a hierarchized class structure. The dynamics of the "rational interclass mobility," that involves human activities in the economic as well as the political domains can then be explored in an integrated fashion. It will then be shown that the traditional cultural values that provided the basic motivating force for the operation of the integrated system in the traditional agrarian society (i.e. of traditional China) is still operative in the modern technological society--using the case of Hong Kong as a concrete illustration.

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\*This is the second part, i.e. a continuation of the first part, of a paper entitled "Economic Development and Traditional Cultural Values," written in 1985. The overall conclusion of these papers is that when what is fundamental is known, an ancient culture of an agrarian society can survive in the modern technological society with only slight modifications. Moreover, since the "fundamental" cultural tradition is on secularisms and "rational" egalitarianisms, economic prosperity and social political stability are ensured.

# Prosperity and Stability in Hong Kong-a Cultural Approach

by John C.H. Fei

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## Introduction

In the modernization processes of the less developed regions of the world, the post War "economic miracle on the rock"<sup>1</sup> in Hong Kong ( to be abbreviated as H.K.) is matched by her social political stability that is so rare in the contemporary scene. Her economic prosperity and social political stability are so well known and yet so complex that what we have here is a puzzle.<sup>2</sup> To solve this puzzle one would almost have to take a cultural approach, that has the power to cut through the artificial "disciplinary" boundaries of economics, political science and sociology, as will be attempted in this paper.

Since the overwhelming majority in H.K. is Chinese, it is inevitable to bring "traditional China" into the picture in a cultural approach. When economic prosperity and political stability are carefully defined and when what I regard as her "fundamental cultural values" are correctly identified, the central thesis of this paper becomes a "cultural deterministic" one, namely, the former (i.e. prosperity and stability) will be shown to be merely a product of the latter (i.e. cultural values).

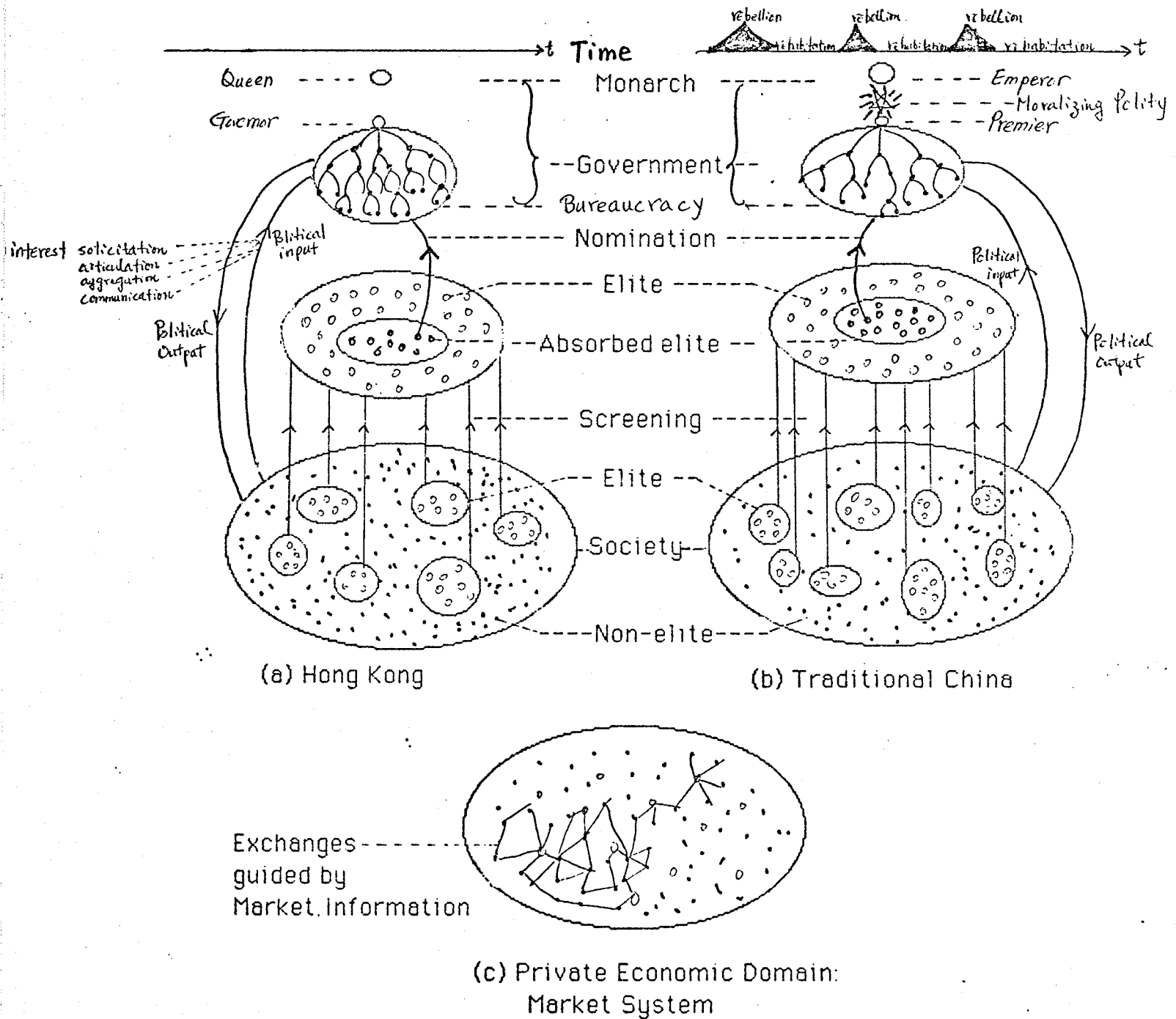
## **Framework of Analysis**

Our framework of analysis will begin by a "picturing" of the "static morphological structure" of a political-economic system emphasizing a hierarchized class structure (section 1). The dynamics of rotational interclass mobility that involves human activities in the economic as well as political domains will be explored (section 2). The traditional cultural values that support these rotations will be identified and analyzed in the economic and political domains (section 3). Finally, the linkage of H.K. and traditional China, cultural or value-wise, will be explored, in an evolutionary perspective, in the concluding section (4).

Our paper will hopefully reveal what may be called the "fundamental cultural values" that provide a hereditary linkage between the technological society of Hong Kong and the agrarian society of traditional China. To me, the case of H.K. is interesting primarily because of the fact that it is a small window showing that when what is "fundamental" is known, an ancient culture of an agrarian society can survive in a modern technological society with only slight modifications. Moreover, since the "fundamental" cultural trait is on secularism and rational egalitarianism, economic prosperity and social political stability are ensured.

# Diagram 1: Polity Isomorphism

(\* The Isomorphism: the horizontal dotted lines linking Diagram 1a and 1b)



## 1. Static Morphological Structure

The polity of traditional China is indicated in diagram 1b to show its morphological "isomorphism" (or similarity in forms) with that of Hong Kong. While the similarity may be somewhat superficial, it is, nevertheless, crucial if certain key aspects of the polity of Hong Kong, with her overwhelming (over 95%) Chinese population, is viewed as an evolutionary descendant of the traditional one. The static morphological structure reveals certain properties--i.e. hierarchy(1.1), separation of Monarch from bureaucracy(1.2), and elite and non-elite contact(1.3)--that will be explored next.

### 1.1) Hierarchy and pyramid

When polity is defined in terms of the relatedness between government (at the top) and the society (at the bottom), there is, first of all, a notion of hierarchy where an elite class (菁英) is sandwiched in the middle ( see diagram 1). The existence of a static hierarchy and the elite class ( a decided minority) is due partly to certain human "proclivity" (e.g. aggression, desire for distinction and power, and affluence), and hence the "benefit" (好處) such as social status (聲望.地位), material affluence(財富) and accessibility to political power(取勢) must always be allocated unequally to favor a relatively small minority. This is true in any

human society, or even in animal species for which a social hierarchy can be defined in the "Dominance System" of sociobiology(see chapter 13 of *Sociobiology*, footnote 44).

Thus, a hierarchy always carries a statistical notion of a pyramid such that the elite class in the middle, while having more of these "benefits" than the vast majority of non-elite at the bottom (e.g. farmers, workers, and small merchants, accounting for perhaps over 90% of the total population), has less of the same than a small core of elite absorbed formally into the government sector.

In diagram 1a,b, a non-elite in the society is represented by a dot "." while an elite, by a circle "o" appearing at the society level at the bottom and the "elite level" in the middle. There is an even smaller core (i.e. a sub-class) of elite, described as absorbed elite who, after being absorbed formally into the government sector, enjoy more "benefits" than other elites and non-elites.

A basic trait of traditional Chinese culture is the recognition of the inevitability (if not desirability) of a hierarchical polity as natural. In the Confucian tradition, the very notion of rules of propriety (礼) prescribes the status distinction not only between the emperor(君) and subordinates (臣), but also that of the high class (士大夫) and common people (庶民). Different classes are clearly delineated and differentiated by

codes of dressing (衣冠) and rituals (禮儀). In addition to this, "laws" are dichotomized into "proper rules of conduct" (法) and "corporeal punishment" (刑) to be applied discriminatorily to the two classes separately (刑不上大夫, 法不下庶民).

The political cultural trait (so strange to the Western ears accustomed to "democracy" and "equality before the law") was well preserved in the 19th century so that contemporary political scientists invariably describe the traditional Chinese polity with an introductory emphasis on her "hierarchy"<sup>3</sup>. In fact, the acceptance of hierarchy in social classes can be traced back to the naturalist philosopher such as Chuang Tze in ancient China (物之不齊物之情也). Likewise, the society of Hong Kong also has her hierarchy with elite class. A small core of which is also formally absorbed into the Executive Council and/or Legislative Council.<sup>4</sup>

### 1.2) Separation of Monarch from Bureaucracy

A closer scrutiny of diagram 1a.b shows that, in the government sector, there is a separation of the Monarch ( the Queen in Hong Kong and the Emperor in traditional China) from the "inverted tree like" bureaucratic network with all its functional departments (executive, judicial and legislative).<sup>5</sup> When the bureaucracy operates, there is an upward transmission of information to and a downward transmission of orders from the chief executive (e.g. the Governor of Hong Kong and the



Premier in traditional China) through its own hierarchy of authority, when division of labor is at work.

In the case of the government of traditional China, the separation of Monarch from the bureaucracy was a prominent feature firmly established in Han Dynasty (200 B.C.).<sup>6</sup> Although the separated system suffered certain setbacks during the Ming Dynasty (when the premiership was abolished),<sup>7</sup> it is nevertheless a basic feature of the Chinese government organization. As to Hong Kong, the separation is quite complete in that the Governor is only responsible to the Queen very indirectly through the Colonial Office in London.

This very separation is a factor that contributes to political stability. For when divorced from the frailty of bureaucrats, the Monarch acquires an independent spiritual existence that becomes mighty and "holy"<sup>8</sup>. In traditional China only "rebels" would dare to challenge the "son of heaven" (天子) and "His Government". As to the Chinese in Hong Kong, the Queen symbolizes the might of Her Empire and Her Governor, that is not to be challenged with impunity.

### 1.3) Contacts of Elite and Non-elite in the Society

If a hierarchy of social classes (i.e. of elites and non-elites) is accepted as natural, we can reject from the outset the leftist view of

"class antagonisms" and "class struggle" as irrelevant to the social political reality of China. For the political process what is important of the coexistence of elites (i.e. the successful businessmen in Hong Kong and the landed gentry class (士大夫階級) in traditional China) and non-elites (small businessmen, workers and/or farmers) is their "locational" pattern rendering it possible for frequent personal contacts between the higher and lower classes on a broad front.

The possibility of this contact is represented symbolically by the spacially spreading pattern of "location" of the members of elite class at the society level of diagram 1a.b that is mixed with non-elite. As a consequence, the elites are familiar with (i.e. constantly informed of) the problems of the lower classes, and can be contributory to the alleviation of some of them when they are absorbed into the government in the political process (see 2.2c). When viewed in this political-operational perspective, the attitude of higher to the lower class, must obviously be one characterized by "problem sensitivity" to be reciprocated by a sense of "respect" in the other direction. Otherwise, the lower class can not be represented in the political process.

While democracy is a sensitive issue at the present time, we shall argue that participation in the political process by "representation" is not all that important as compared with an implicit inter-class "respect".

While "representation" is a theoretical possibility, it is of minimal significance in the case of both H.K. and traditional China, due not only to a negative reason of "political apathy", but, more importantly, to a positive value attached to "laissez faire" (see 2.3b).

## **2. Polity Dynamics**

Political stability is a time-specific dynamic concept. In diagram 1a,b, the time dimension is represented by the horizontal time axis (t), indicated at the top to remind us that our focus is now on dynamic issues of polity. Two such issues-- "transfer of ruling power of the Monarch" and "social mobility" that are genealogical sensitive will be analyzed in this section. While the former is characterized by a "lineality", the latter is basically "rotational". That the "lineal transfer of ruling power" is a contributing factor to social political stability will be analyzed first (2.1). However, our emphasis is on the economic implications of the distributional justice implied in a rotational social mobility process (2.2). The "rotational justice" finds expression in the domains of economic and political activities that compliment each other. When "Laissez Faire" is attached with high value, the political mobility in the rotational process takes on a significance that is primarily "distributional" and becomes independent of the "representation" aspect of the polity (2.3).

## 2.1) Transfer of Monarchy Ruling Power and Revolution

In both Hong Kong and traditional China, the orderly transfer of the Monarchy ruling power (genealogically to preserve the continuity of "royal blood") is symbolic of the stability of the government through time. There were occasionally abrupt deviations and obstructions of the established rules of throne inheritance, that tantamount to revolutions (or rebellions in the case of China). In this regard the polity is quite stable-though in different senses- for Hong Kong and traditional China.

In almost 300 years of constitution democracy since the last "Bloodless" and "Glorious" Revolution (1688A.D.), the "crown inheritance" in England has been so stable for so long that few (including the vast majority of Chinese in Hong Kong) envision the slightest chance of a "revolution" in London. That this has been a contributing factor to the political stability of Hong Kong in the past can be readily appreciated from the fact that there has been a near unanimity of expectation and faith that a pragmatic and workable termination of the colonial rule in Hong Kong by 1997 is to be achieved by a peaceful process of negotiation, uncontaminated by termoids and /or revolution, through the good officers of Her Majesty.

In the case of traditional China, there has been repeated "rebellions" through dynastic cycles. However, the polity, at the same time, has been

extremely stable in that the same polity was restored with little modification after the rebellious turmoils were over.<sup>9</sup> For traditional China, the cycles of rebellions and rehabilitations of the same polity are shown at the top of diagram 1b to remind us that the polity of China is most rebellious yet most stable as "to rebel is justified".<sup>10</sup> Although we shall use the expression of "political stability", the readers should remember that this implies the absence of revolution in England and the plentifulness of rebellions with resilience in China.

The rotation of "peace (治) with unity (合)" and "turmoil (乱) and division (分)" has been so frequent in the long history of China, that the expectation of such cycles becomes a part of popular Chinese political culture ( 天下合久必分, 分久必合 ). After nearly 150 years of turmoils and divisions since the Opium War, the vast majority of Chinese now expect the imminent arrival of "peace with unity" phase. "Nobody wants to disturb the hard-earned peace" is the tune of the time in H.K. while a keenly felt necessity to unite is echoed, if not for China as a whole immediately, at least for Taiwan and the Mainland internally and separately.

The political stability of Hong Kong must be understood not only in terms of a decolonization process but also, perhaps more importantly, in terms of the background of our time, i.e. the intrinsic demand for political

unity which is so peculiarly a part of the political culture of China.

According to Prof. Chien Mu, "from the political point of view, the unification of China under Chin and Han is itself a miracle."<sup>11</sup> This is indeed so when we take into consideration of her population size, the expansion of her land space, the nonhomogeneity of geographic background and her linguistic diversity.

## 2.2) Social Mobility

### a) The Two-tiered Rotational Social Mobility

The statistical notion of a pyramid of a triplet of social classes (see 1.1) immediately implies that, to sustain the static pyramid through time, there must be both upward (i.e. promotional) and downward (i.e. demotional) inter-class social mobility for the genealogical descendants of members of the three classes- the bureaucrats, elites, and non-elites. The simultaneity of "promotion" and "demotion" may be referred to as inter-class rotation. Specifically, inter-class rotations must be carried out at two levels: the rotation of membership between elites and non-elites at the lower societal level, and the rotation of absorbed and non-absorbed elites at the upper level. At both levels there is a selection process for which the upper mobility may be referred to, abstractly, as "nomination" and "screening" respectively for the two levels that, collectively, constitute a social ladder that can be climbed (see diagram 1a.b).

## b) Distributional Justice and Social Mobilities

More than 2500 years ago, Confucius has fully anticipated the theme of this paper in his often-quoted statement "distribution injustice is to be lamented more than economic scarcity" (不患寡而患不均). There will always be unequal distribution of "benefits" (affluence, status and power) in any society (H.K., China, U.S. or Soviet Union); a fact that Confucius was only too realistic to ignore. The "serving" of the cause of distribution justice is reducible, in our formulation, to the rules regulating the "nomination" and "screening" in the rotational social mobility process.

In a modern technological society, taking into consideration of the time and energies spent by an average adult on economic matters, the "legal justice", that only punishes the law-violating "aggressors" in the court, must be accompanied by the far more important "economic justice" that awards the meritorious performers, as well, in the market place. The component parts of the "total justice" that Confucius had in mind must be viewed in a "complimentary" fashion holistically.

## c) The Complimentarity of Nomination and Screening

In H.K., for the vast majority of the non-elite (workers, fishermen, small businessmen, and/or their sons) the only avenue of "promotion" to the rank of the elite is to compete successfully in the market place in a "screening" process. This is complimented by the "nomination" process

when a small core of the most successful elite is promoted to the "executive" and especially the "legislative" council.<sup>12</sup> The complimentary nature of the two types of promotion is clear from the very fact that it is the most successful businessmen that stand any chance of being "absorbed". This is evident when the succinct summary of the "administrative absorption politics" of Prof. King is read carefully:

"An alternative explanation of political stability in Hong Kong focuses on the support to the colonial government rendered by the Chinese elites, particularly prominent among which are those in the commercial and industrial sectors. As Hong Kong is not an independent or democratic state, representative institutions wherein elites with differentiated interests and resource bases vie for political power and influence are largely absent. Nevertheless, elite-group participation in policy making in the colony is effected through the so-called process of "administrative absorption of politics."<sup>13</sup>

There is, however, a strong suspicion that the "synarchy", in the undemocratic state, is merely a window-dressing formality as the absorbed elites are not representative of the interest of the mass after all.<sup>14</sup> It is true that "the co-option of potentially dis-affected leaders into the government machinery deprives the protest movements of leadership and makes the mobilization of the mass for political movements extremely difficult."<sup>15</sup> However, the "leaders" are more likely viewed, culturally, as trouble makers and are ignored by the mass. The "nomination" process at the top tells less than a full story of social mobility when it is divorced from the complimentary "screening" process at the bottom. With such a divorce, the economic prosperity of H.K. is left unexplained, while her political stability was explained half-heartedly.<sup>16</sup>



The social ladder represents "rotational social justice" in a well-ordered hierarchy with "integrity". The durable Monarch at the very top is there to award honorary titles (爵位, 進士, 狀元), in both H.K. and traditional China, that constitutes political recognition of merits. For gregarious animal species, the selection of the fittest "political" leadership for survival ( e.g. a "strong" monkey king and "experienced" food hunter) is based on "instincts" that, too, recognizes the merit of strength and /or experience. As in the case of traditional China, the selection process is reinforced by cultural values that award the entitlement to political authority, and is based almost exclusively on the criteria of demonstrated capacity of "capability and virtues" (選賢與能). In ancient China, this principle was best illustrated by the competitive examination system (考試制度) which started from Tang Dynasty. It is from this viewpoint that we shall look closely at the domains of political and economic activities.

## 2.3) Political Economic System

### a) Domain of Economic and Social Political Activities

Social mobility rotations rest on the foundation of a market system in which individuals interact directly (via exchanges) as coordinated by the automatic adjustment mechanism of market signals (i.e. information on wage, price, interest rate) to achieve the efficiency of division of labor, essential for economic prosperity. A quality attribute of the market system is free and fair competition for which Hong Kong has a first rate reputation in the modern world. That traditional agricultural China also has a great reputation to match in the ancient world is apparent when the definition of "economic prosperity" for agricultural societies is examined

carefully ( see 4.2).

To mark off human activities in the market system, individuals in the societies of diagram 1a,b, are linked by line segments ( shown in diagram 1c) to show a network of direct interactions in the economic domain via the use of money as the medium of exchange. This "private" domain of individualism may be thought of as a "horizontal" component to emphasize a contrast with the "vertical" network of human relations (i.e. that of social political inter-class mobility of diagram 1a,b), that takes on a tinge of "public collectivism" in the social political domain. Economic prosperity and social political stability are essentially dynamic qualities of the two domains respectively.

#### b) Laissez Faire

To the political scientist the "collectivism" of polity is comparable to a "factory" where political "inputs" flow from the society to the government and "outputs" flow in the opposite direction (see diagram 1a,b). The "inputs" are "interests" of the various social classes that the bureaucrats must make an effort to find out (i.e. "solicitation") as they are expressed ("articulation"), clarified when unclear ("communication"), compromise when in conflict ("aggregation") to determine the package of outputs flows (legislative, judicial and executive).<sup>17</sup>

Since, according to David Hume<sup>18</sup>, the stability of assets possession (i.e. private property including the means of production) is so important for the smooth functioning of the market system, the political "factory" will have to produce laws and order (i.e. including national defense, protection of private property right, settlement of contractual disputes) plus a minimum package of public services (roads, transportation, flood controls in traditional China, public health, water reservoir and housing in Hong Kong) that can only be produced efficiently by the government publicly.

The well-known Laissez Faire (or positive non-intervention) in Hong Kong essentially means that the "factory outputs" do not go very much beyond the minimum package that interferes with and obstructs the operation of the "horizontal" component. It implies, in particular, that the "factory output" will not aim at "income transfers" between social classes (e.g. in welfare programs) that violate the cardinal principle of income distribution justice based on the equalization of opportunity.

Laissez Faire is not only a British culture since Adam Smith, but also has a long Chinese tradition (藏富於民, 輕徭薄賦, 無為而治) in Taoism and Confucianism that also saw the importance of the stability of assets possession (有恒產乃有恒心).<sup>19</sup> As tuned up by their traditional cultural values, the Chinese feel they have no right to make demands on the part of the government (a political culture, see 3.3a below) as they know that they should take care of themselves (see 3.1 below) in the economic domain.

c) The "Independence" of Political Nomination from "Representative" Polity

Prof. King refers to the polity (i.e. the vertical components) of Hong Kong as having an existence independent of economics (i.e. that the former is not an "epiphenomenon" of the latter.<sup>20</sup>) If "Laissez Faire" is a value consensus, whatever "outputs" produced by the political "factory" beyond the minimum package becomes irrelevant to the story of social political stability. But then the "inputs" (i.e. all the interest articulation, solicitation, communication and aggregation) into the "factory" become trivial too as they are merely window dressing formality because everyone agrees on the desirability of minimization of "factory outputs" with or without the formalism of consultation.

The "joint rule" (i.e. the synarchy) of the "absorbed elite" and the "positively non-intervening" Governor (which can now be equated with the Monarch), perpetuated through time by the rotational class mobility,

serves a purpose other than what is to be "produced" by the government technically. The formalism of the hierarchical class structure, with all the implied unequal distribution of the "benefits" (affluence, status, and power), is, nevertheless, important for a good rational reason conducive to both economic prosperity and political stability, in both traditional China and Hong Kong. The political nomination (or "recruitment") is but a small part of the rotational process that must be explored from the viewpoint of the political-economic incentive effect of a principle of income distribution justice based on "egalitarianism".

### **3. A Cultural Deterministic Thesis of Prosperity and Stability**

To develop a cultural-deterministic thesis of economic prosperity and political stability, we shall identify the "fundamental" cultural values (3.1). Since it does not recognize "disciplinary" boundaries, we shall explore its operational significances in the economic domain (3.2), the political domain (3.3), where the "mainline" thinking on the "political culture" will be examined. A synthesis will be attempted (3.4).

#### **3.1) The Fundamental Cultural Values**

##### **a) Fundamental Cultural Values**

Certain traditional cultural values can and did stand the test of time so well that we may refer to them as "fundamental". The subtitles of the short volume, "A Look Into the Contemporary Significance of Chinese Culture from the View Point of Value System" (從價值系統看中國文化的現代意義) by Prof. Yu,<sup>21</sup> provide certain "lines" that deserve to be paraphrased with slight distortions.

First of all, "from the time of Confucius, human integrity was firmly established" (人的尊嚴自孔子以來便鞏固地成立了, p.51) so that the "cultivation of the internal strength is the heart of Chinese moral" (中國思想史上,

個人修養一直佔著主流的地位 (p. 102). The proper rules of conducts governing the "five pairs" (五倫, i.e. "father-son", "husband-wife", "older-youngster", "one-his friends", and, to a lesser extent, "emperor-subordinate") are but manifestations of that "individual strength" as social obligations toward "other parties" that one encounters unavoidably (五倫是以個人為中心發展出來的人際自然關係 p. 73). Thus, to the Chinese, human "right" is an alien concept subordinative to a sense of "contractual social obligation" (中國人的權利意識一向被壓迫在義務觀念之下, p.95) that is readily extendable (e.g. to teacher-student, employer-employee, buyer-seller, renter-rentee, doctor-patients, etc.) at modern time that incidentally renders the high-density living of H.K. tolerable and peaceful.<sup>22</sup>

Although the general proper rules of conduct (禮) has, as a by-product, social "orderliness", it is again the individualistic strength that is basic (「禮, 雖有重秩序的一面, 但其基礎却在個人」, p.86). Thus, in a modern rendition, "crime prevention" takes precedence over "punishment" as clearly stated by the sage (禮訟吾猶人也, 必也使無訟乎). The values of a belief in "one self"<sup>23</sup>, that is to be persistently cultivated by learning and practices (學而時習之) gentlemanly endeavorous to the extreme (君子無所不用其極) with optimism (樂以忘憂) is exemplified by the cosmos (天) that is busily renewing itself all the time (苟日新, 日日新, 又日新) as ordained by heaven (天行健, 君子以自強不息).

b) Rational Egalitarianism and Secularism

While the Western culture had to go through a long process of secularization,<sup>24</sup> China has always had a secular (i.e. economic) culture long before the time of Confucius. Indeed, the Chinese wanted to remember their legendary political leaders (e.g. 三皇五帝) by associations with specific pragmatic inventions (such as 黃帝 for compass, 螺祖 for silk, 燧人 for fire, 有巢 for house, 神農 for agriculture and medicine,

伏羲 for animal husbandry, 大禹 for flood control, 軒轅 for vehicle, 彭祖 for boats(?), and 倉頡 for written letters) that benefited economic life. After Buddhism was imported into China, the Chinese, instead of being celestialized, has in fact secularized Buddhism.<sup>25</sup>

Elsewhere in this volume,<sup>26</sup> I have referred to the fundamental Chinese cultural values as rational egalitarianism(R.E.), interpreted as believing in equalization of opportunity by relying on one self, and secularism(S), interpreted as the devotion of their creative energies to the economic domain to survive and to be prosperous. As an abbreviation, these values would be denoted as RES. Prof. Yu is optimistic in believing that, with slight modification, the RES can survive the tests of time(傳統的自我觀念只要稍加調整即可適用現代中國人, p. 112), a prediction that I fully concur with.

### c) Implication on Rotational Justice

The fundamental cultural value (RES) immediately implies, as a consequence, a fairness of distribution justice when everyone finds a deserving right place in the ceaseless rotational class mobility. The system provides motivating force for endeavours because the enticing "benefits" (affluence, status and power) of the hierarchized class structure is unequal. Confucian scholars counselled complacency with one's right place (安分守己, 安仁守節) with a psychological preparedness for failure (a calm unperturbedness followed by tranquil repose(靜而後安) but only after one makes the utmost effort in self endeavour (盡人事以聽天命). This is obviously the cultural origin of economic prosperity and "political apathy"- a contributing factor to social political stability - in H.K.,<sup>27</sup> and traditional China.

When the modern political scientists uncovered a strange political cultural trait of traditional China, to the effect that the Imperial Government always took it upon herself to give "lectures" to the society on

"moral rules", they should perhaps pay a closer attention to the content of the fundamental values (see 3.3 below).

### 3.2) The Chinese Economic Culture

The Chinese were tuned up with a social personality described by Prof. Yu as :

" There are something good and bad about traditional cultural values. The good part is that the Chinese love freedom. The bad part is their "looseness" (散漫), like a "plate of loose sand" (一盤散沙). "Freedom" and "looseness" can almost summarize the entire social personality of the Chinese inclusive of all social groups at the higher (scholars, gentry) and lower (farmers) levels"<sup>28</sup>

Most economists would consider Prof. Yu, a very first rate scholar in philosophical thought, a poor economist. For the loose-sand-like independence of "self interest", when disciplined by the invisible hand of the market force, has always been equated with material well-being and moral strength, since the beginning of the modern growth epoch 200 years ago, by Adam Smith. Any form of collusion in the economic domain (monopoly or gentlemen agreement) is a cultural weakness, a cowardly fear for competition.

That the individualistically oriented fundamental culture value (RES) is still pretty much alive in modern H.K. is supportable by scholarly researchers of sociology. In his thesis on social political stability in H.K., the "utilitarian familism" of Prof. Lau is defined as the following:

" Briefly, utilitarianistic familism can be defined as a normative and behavioural tendency of an individual to place his familial interest above the interest of the society on any of its component individuals and groups, and to structure his relationship with other individuals and groups in such a fashion that the furtherance of his familial interests is the primary consideration. Moreover, among the familial interests

materialistic interests take priority over all other interests."<sup>29</sup>

Thus, a typical "head of the household" of the family is not a part of "politics" (i.e. "alienated from the social and political order"<sup>30</sup>) and, frankly, doesn't want to be bothered with it ( "most of them are unaware of any possible forms of interest articulation or interest aggregation, not to say interest representation at the governmental level."<sup>31</sup>), considering it a waste of time and energy. It is hard to ask him to even "think of the injustice of colonialism."<sup>32</sup> He would rather have nothing to do with his fellow citizens (i.e. "adopt an attitude of avoidance toward other social groups"<sup>33</sup>) unless his own pocket is at stake (i.e. "a certain amount of interaction with other social groups is allowable if utilitarian interests are involved."<sup>34</sup>) All he really cares is the maintenance of laws and order, by an authority he really trusts, so that he can have a peace of mind to go at full speed in chasing after money with a sense of urgency and immediacy.

Thus, when stripped of the jargon, the "utilitarian familism" is a perfect definition of an apolitical economic man, the money chasing profit maximizer in the economic domain glorified by the economists. This is no doubt a product of the fundamental cultural values of traditional China.

### 3.3) Chinese political Culture

#### a) The Moralizing Polity

All human societies have value-preserving institutions to imprint (i.e. to internalize) the "fundamental cultural values" in the minds of the young and the old in every new generation via the use of language, spoken and/or written. In this way, the cultural values survive to form a tradition (道統) that is well known for its continuity and longevity (道貫古今) in the case of China. However, the value-preserving institutions, typified by schools, organized religion, and , most important of all, families, should be



differentiated from the fundamental values themselves much as an ice box should be differentiated from the ice cream that it preserves.

A peculiar trait of traditional China with regard to the value-preserving institutions was that the government, (內聖外王: internally the saintly way externally the kingly way), played a paramount but secondary role subordinating to that of teachers (師道尤重於君道). That traditional China had a moralizing polity was very much "played up" by some modern political scientists in their attempt to analyzing political instability of contemporary China.<sup>35</sup> It is well-known that on account of her moralizing polity, China has no need for organized church such as the Catholic Church of the West. Chinese traditional religion comprises the loosely organized and localistic "cult of worshiping deities and ancestors, and the erection of temples,"<sup>36</sup> which is still very prominent in Hong Kong.

With regard to moral matters, the government has no choice but to be despotic and paternalistic (much as the Catholic churches), which leads to both positive and negative consequences. Positively, the government must look after the "interests" (i.e. the moral fibers) of the people (民為重), and in the absorption process the nominees must be those who are capable and, more importantly, virtuous (選賢與能). Negatively, the political son (子民) has no "right" to make any demand to the political "father" (父母官) and, even less so, to the son of heaven (天子) who is as "infallible" as the Pope on spiritual affairs.

The above is, in essence, the mainline interpretation of the political culture of traditional China (i.e. a stern lecturing "father" that employed "good teachers" to teach the "voiceless sons" to be good<sup>37</sup>). Just as the economists are snobbishly insisting in the "economic man" as essential, the political scientists overplay their hands when they insist that the only essential "content" of the "lectures" is "Thou shall not be aggressive", and that, supposedly, by such "verbalization" on moral values, the culture

itself has been preserved to be stable for more than 2000 years.

b) A Thesis of "authority crisis"

Once the moralizing polity disintegrates, authority crises appear.

Such a thesis of social-political instability reads:

"Having suggested a link between the repression of aggression and the tendency to verbalize moralistically about politics, we are in a position to...introduce the central thesis of this study. We argue that the Confucian tradition, both structurally and ideologically, created forms of authority that gained strength by denying the legitimacy of sentiments of aggression. Therefore, once this system of authority was disrupted, the problem of controlling aggression complicated the process of establishing new forms of authority....In a psychological sense one can indeed think of the prime function of government as this basic social need to control aggression; and therefore it is understandable that civic-oriented socialization processes would tend to focus on the control of aggression."<sup>38</sup>

When the traditional society evolves to become a technological one, the economy becomes so complex that the old-fashioned "ice box" is replaced by an electronic refrigerator. It takes a functionally specialized court of the government, with lawyers, to administer legal justice-attending to the minute details of voluminous law codes. The moralizing polity of China must be amoralized much as the Western Church that was constitutionally separated from government can never be merged again. The "authority crisis" thesis predicts that when the moralizing polity (indicated by a shining star in diagram 1b) is converted into an amoralizing one (i.e. one without a star in diagram 1a) the process is unstable.

However, authority crisis did not materialize in H.K., as predicted, despite that her Chinese population is no less aggressive than elsewhere and the fact that her polity was amoralized. The colonial government of H.K. is not known to be an inculcator of Confucian (or other) moral values.

What is wrong with the "authority crisis thesis" is its "formula" that equates the fundamental cultural values of China (i.e. the RES) with "aggression suppression" (i.e. "denying the legitimacy of sentiments of aggression"). While crime and punishment is a part of Confucianism, it is only a small part of it (導之以政, 齊之以刑, 民免而惡恥; 導之以德, 齊之以禮, 有恥且格 ). The following quotation of what the sage has said is very illuminous of the other far more important part:

"Those who loaf around with a full stomach all day long are far worse than a busy gambler that, to the extent of his earnest dedication, is virtuous."

(飽食終日, 無所用心, 難足哉, 不亦有博奕者乎, 為之猶賢乎哉)

If the "prime function" of the government is only "to control aggression", the civilization obviously can not be a prosperous one. Thus, what can not be explained (i.e. the prosperity) by the celestialism of "Thou shall not be aggressive" can be explained by the secularism of "Thou shall gamble "aggressively" in "this" world (and how, in H.K.) to survive and prosper.

### 3.4) Competition in the Economic and Political Domain

That what I have just said is meant to be serious can be sensed from the following quotation from the last chapter of the General Theory of Keynes, touching on social psychology and distributional justice and aggression:

"For my own part. I believe that there is social and psychological justification for significant inequalities of incomes and wealth, (i.e. rational egalitarianism).... There are valuable human activities which require the motive of money-making and the environment of private wealth-ownership for their full fruition. Moreover, dangerous human proclivities (i.e. aggression) can be canalized into comparatively harmless channels by the existence of opportunities for money-making and private wealth, which, if they can not be satisfied in this way (i.e. in the economic domain), may find their outlet in cruelty, the reckless pursuit of personal power and authority,

and other forms of self-aggrandizement (i.e. in the political domain). It is better that a man should tyrannize over his bank balance than over his fellow-citizens; and whilst the former is sometimes denounced (e.g. by the leftist) as being but a means to the latter, sometimes at least it is an alternative."<sup>39</sup>  
(parenthesised expression supplied)

If one takes a pessimistic view of human nature to equate competition (e.g. in markets, exams, Majon Parlor, beauty contest, or Olympic Games) with "aggression", Keynes argued that the killer's instinct can be channeled constructively in the economic domain. The Utilitarian "familisms" in H.K. did just that. (see above 3.2) It is entirely reasonable to view their earnest competition as a cultural trait and that the Chinese, at all time, are "Keynesian" in relishing "income distribution inequality", and the fruit of their prosperity induced by "valuable human activities".

But the same killer's instinct can be channeled in the political domain too, "as an alternative", stated somewhat pessimistically and facetiously by Keynes. No one can doubt the fierceness of the competitive Imperial Examination System in China ( still evident every summer in Taipei), nor the fairness of the elite absorption system in H.K. (see 2.2c). The rotational selection of the capable and the virtuous to the top of the social ladder was a firm part of the political culture of traditional China.

As long as only a small fraction of the total population are competing earnestly, fairly and orderly for "self-aggrandizement" in the nomination process, it is not so destructive. The aggressive instincts are channeled for the minority of players (i.e. the elites) and satisfactory , emotionally, for the majority of the watchers (i.e. the non-elites) of the "games" of fair play for which they may become "players" as well in the future.

The above quotation from Keynes reads on as :

"Though in the ideal commonwealth men may have been taught or inspired or bred (e.g. as in Imperial China) to take no interest in the stakes (i.e. income or profit), it may still be wise and prudent statemanship to allow the game to be played, subject to rules and limitations (e.g. non-aggression by monopolistic parties), so long as the average man, or even a significant selection of the community, is in fact strongly addicted to the money-making passion."<sup>40</sup>  
(parenthesised expression supplied)

Wise and prudent politicians must always be less than candid in being vocal on popular views and silent on unpopular views for which they have deep convictions (e.g. the necessity of a drive to make money as a precondition of prosperity and political stability).

Keynes have, unwittingly, described the moralizing polity of traditional China where, inspite of a deprecation of merchantile activities (輕商) on "doctrinal" ground, the merchants have always been left alone to pursue their pecuniary interests in the economic domain. Furthermore, during the last 300 years, the merchants have been fully "legitimized" by the Confucian Scholars as one of the four occupational classes (四民). their hearty merchantile endeavours (用心) was viewed quite comparably with the hearty scholarly devotions of the gentry class as the two classes are integrated, value-wise, to promote a cause of social interclass mobility long before the arrival of the modern epoch.<sup>41</sup>

#### 4. Stability and Prosperity in an Evolutionary Perspective

While the traditional Chinese economy was "agrarian", H.K. is a modern technological state. To bring these two different economies into the same

framework of analysis is based on a hypothesis that cultural values of the latter (i.e. H.K.) are the results of an evolutionary adaptation of the former. We shall first examine the definition of "economic prosperity" for agrarianism in an evolutionary perspective (4.1) before Chinese agrarianism is examined (4.2). This paves the way for a speculation on the roles of traditional Chinese cultural values in the evolutionary adaptation process on mainland China in the years ahead (4.3), and elsewhere in the more remote future (4.4).

#### 4.1) Economic Prosperity in Agrarian Societies

In a modern technological society, economic prosperity is routinely defined in terms of gains in labor productivity (i.e. per capita GNP) or material welfare. This special definition emerged gradually in an evolutionary process that started with the rapid population expansion that accompanied the Industrial Revolution at the beginning of modern growth epoch.<sup>42</sup> The demographic transition enlightened human race, after Malthus, to the effect that our species would not become extinct so easily, due to the fact that our production capability will always be more than adequate to ensure our survival as a species.

However, before we gain such self-confidence under agrarianism in the historical past, gains in material welfare were subordinated to that of the animalistic instinct to survive. It was in this term that "economic prosperity" was defined by all thoughtful ancient wisemen. Obviously, no cultural value, no matter how superior, has the slightest chance to

survive (to say nothing of growth) unless the stomachs were filled (民以食  
为天). Prof. Hayek, in an article awkwardly entitled "The Rules of  
Morality are not the Conclusion of our Reason", puts forth an evolutionary  
thesis involving morality and stomach in the following words:

"Our moral heritage (i.e. 道統 in China) becomes an autonomous  
endowment, a treasure distinct from--and in some respects even  
superior to--reason because it allows us to take account of  
*effects* of our actions which our senses and therefore our individual  
reason could not. In short, it was men's *un*-understood moral  
traditions, and not their rational knowledge, that enabled them to  
form that extended order of individual interaction (in economic and  
political domains) that enables us today to sustain something like  
200 times the number of human being that existed 5000 years ago.

I am convinced that this expansion of humankind, and of what  
we call its civilization, was made possible-- at least as much if not  
more than by the growth of knowledge or intelligence-- by some  
moral beliefs that asserted themselves, not by men increasingly  
understanding their advantages, but simply and solely by the  
selection of those groups which by adhering to them (e.g. RES in  
China) becoming able to build much better than they knew and  
succeeding to "be fruitful and multiply, and replenish the world and  
subdue it" as already the book of Genesis (or Confucianism)  
describes the destiny of human groups."<sup>43</sup>  
(parenthesised expression supplied)

There can not be any serious doubt, after Darwin, that the survival  
instinct that guides activities in the economic as well as the political  
domains, without reasoning, is the strongest instinct at least for the  
gregarious animal species that do not reason about moral rules.<sup>44</sup> Prof.  
Hayek now upholds the same principle for the human species (that,  
unfortunately, does make such attempts) too.

#### 4.2) Economic Prosperity in Agrarian China

In traditional China, certainly, the regeneration of population was

glorified at both the micro (family) (家後為大) as well as the macro (society) (有民斯有土) levels. There is no difference between the wisemen of the West and the East that, if anything, were even more pronounced on this score on account of their secularism. When economic prosperity is equated with the population regeneration capacity, the Chinese, a quarter of the mankind, was obviously the most prosperous and "selected" race, in the past.

The paternalistic government, indeed, took good care of both the "people" and the "commonwealth" by drilling in the minds of the common folks the value of population regeneration which, when faltered, could be a cause of great anxiety (寡人之民不加多, 何也?). In the moralizing polity (see 3.3) of traditional China the society, as a whole (i.e. the government and society included), was merely controlled by an "instinct" to survive, without reasoning, according to Prof. Hayek. I firmly believe that this is the basic reasons for the resilience of traditional Chinese polity, where after temporary rebellions, the Chinese always returned to the same rotational system because their "instinct" told them the old model has been proved to be so effectively "prosperous".

#### 4.3) Experimentalism on Moral Values

The Confucian scholars, that always referred to the animal instinct derogatively (堯父無君乃禽獸也) would have certainly protested an evolutionary view that labels their classics (四書五經) as "unreasoned". And yet, it was, after all, a Chinese, Lao Tze, that first invented the thesis of the "impossibility of reasoning on moral rules" (道可道非常道) denouncing all cultures and sages (絕聖棄智) and glorified the "genes" (i.e. 自然 nature) at the same time. Perhaps Confucius also unwittingly subscribed to the same thesis when he claimed:



I only elaborate, and have faith in, what has proved to be effective from ancient time and make no claim in originality  
(信而好古,述而不作)"

How modest is this statement when compared with the arrogance of the "Party" of mainland China that had made a "full claim" of such an originality in their ideological struggle, before 1978 (and in 1987), to imprint new values of "socialistic man" by political forces and "reasons".

The disastrous "ineffectiveness" of that futile experiment (1949-1978) provided a good testimony to the sagacity of the Colonial government in H.K. that adopted a laissez faire approach in the economic as well as moral (ideological) domains. It was this moral non-interference that allowed the traditional cultural values (RES) to assert itself and follow a natural course of evolutionary adaptation, without reasoning, that has contributed to the Postwar prosperity and social political stability in H.K..

In the "Decisions by the Central Committee on the Guidelines for the Reconstruction of 'spiritual values'" in 1986 (中共中央關於社会主义精神文明建设建設指導方針的決議), the Party frankly admits that "serious errors were made in the past for too much emphasis on ideological struggle"<sup>45</sup> while attempting to blueprint, for "Chinese Socialism", a value package including elements from the West, Marxism, and traditional China, to fill in the current state of "vacuum". The Party authority now finally subscribe to the thesis of "impossibility of reasoning" to uphold an experimentalism on moral matters (以實踐為檢驗真理的標準). The Party also upholds freedom in "debates", "criticism", "creative writing" and "academic researches", which is obviously essential to accommodate an experimentalism on moral rules. It is my unconditional prediction that one of the components (i.e. fundamental Chinese cultural values- RES), proved to be so effective in H.K., Taiwan, and Singapore in the Postwar

years, will be "selected" in the not very distant future in spite of the attempt to revive "reason" on moral rules in 1987.

The only assumption is that, aside from the animalistic aggressive instinct (性本惡), there is, optimistically, also something innate (羞惡、惻隱之心) in the human "heart" (i.e. inwardly-oriented transcendental values: 內在超越之良知、良能、良心) that knows what is good instinctively. In addition to this, to the Chinese there is always an association of "heart" with "endeavour" (用心、盡心、勞心、費心), a truly important fundamental Chinese cultural values.

#### 4.4) Evolutionary Adaptation of Cultural Values

By the social Darwinism of Prof. Hayek, the moral values of the Chinese in H.K. in the past, and/or those on the mainland in the future, can not be anything more or less than an evolutionary adaptation of traditional cultural value to meet the requirements of a modern technological society. There is no need for a moralizing polity as the powerful fundamental values would assert themselves inter-generationally, and, alter only when proved to be no longer effective by experiments in the future.

Many Chinese cultural values highly treasured in the past (e.g. monarchy, moralizing polity, preference for population expansion, family clan, the deprecation of the merchant class, one-man virginity of females (貞節), just to mention a few) were abandoned in the evolutionary adaptation process. However, these are not the fundamental values (see 3.1a). But as long as economic scarcity prevails that makes endeavour a virtue, as long as human beings have the genes of aggression (i.e. desire for power, distinction and self aggrandizement), and hence as long as the benefits (affluence, power and social status) must be somewhat unequally allocated, and as long as the rotational justice in a hierarchical class

structure (with a polity integrity) is a workable solution, and , most importantly, as long as personal integrity (恆誠, 心源) matters, there is no immediate threat of extinction of the fundamental traditional cultural values-i.e. rational egalitarianism and secularism- that will, hopefully, be proved conducive to political stability and economic prosperity in the 21st century.

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