

Strong Family, Weak Economy?
Family Loyalty as an Impediment to Economic Development

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Introduction

Democratic Capitalism is the unquestioned winner of the war of politico-economic systems. Yet capitalism continues to be relegated to the role of democracy's embarrassing, uncouth, tag-along brother. Certainly capitalism suffers from a number of contradictory images, not the least of which is the perception that it thrives on, and even induces, ruthless competitive behavior. From this pessimistic perspective, capitalism is the institutional expression of humankind's worst traits—greed, envy, insatiability, and lust. It rewards self-centeredness, and set neighbor against neighbor in a vast struggle for wealth, driving each one to take advantage of everyone else.

Another perspective is more optimistic and ultimately prevalent. Because all associations in free markets are voluntary, a profit-seeking participant realizes that she can obtain some benefit from others only by giving them something they want in exchange. Anyone wishing to earn a profit therefore must ask, initially and continuously, what the other parties want. Since participants to any transaction are volunteers, they will only engage in transactions that are to their benefit; thus, transactions in free markets are generally described as “win-win.” Despite popular opinion, the reality is that free market capitalism requires and therefore encourages a concern for others, even a gregariousness that is not required under socialism.

Certainly, scarcity requires allocation of resources, and competition of some variety or other as a means of bringing about that allocation. Rather than competition for scarce resources decided by family ties, political clout, physical threats or other means, the competitive advantage under capitalism goes to those firms that are best able to satisfy the wants of the consumer. Thus, the unique feature of competition in free markets is its outward focus, with results in improvement of products and processes; identification and fulfillment of consumer wants; efficiency of production and delivery methods; and on a grand scale, progress.

Competition also produces an often-overlooked result--cooperation. All parties hoping to benefit from a firm's success find that it is to their mutual benefit to work together to advance common goals. It is more efficient for the owners, creditors, employees, managers, and even customers and suppliers of a firm if they face the outward

competition together rather than separately. This requires an enormous amount of cooperative effort, as Francis Fukuyama notes:

“Spontaneous sociability is critical to economic life because virtually all economic activity is carried out by groups rather than individuals. Before wealth can be created, human beings have to learn to work together, and if there is to be subsequent progress, new forms of organization have to be developed.”¹

Sociability, by definition, is learned in the context of a group, and the primary training ground since humankind’s beginning has been the family. As the most basic level of social life, the family provides the training in cooperative behavior that is essential to successful interaction in broader society. In traditional cultures, strong family associations provide security of life and property through the strength of numbers, as well as through diversification of wealth, health, age and skills.

Besides these advantages, the family is the primary vehicle by which cultural values are transferred from one generation to the next. Members of the family--and in its extended form, the tribe or clan--are bonded by a common ancestry and history. These bonds are reinforced by its traditions and customs, which have expression in common values that both promote trust among its members and impose on them specific mutual obligations. The family articulates, models, and enforces its common values and ethics to strengthen these bonds. Further, it defines the radius of associations to whom its values and ethics apply, and to whom its support extends. If that radius is limited by strong family loyalty, its members can be incapable of developing the broader associations that are necessary for economic success in a modern society.

As a result, we observe a “paradox of the family.” Meaningful family relationships are important to healthy socialization of its members. However, strong family loyalty is associated with lower levels of trust extended to those outside the family. Low levels of trust tend to undermine the basis for broader associations required for social and economic development in a modern economy. Strong family loyalty adversely affects the development of relationships outside the family, including social and economic relationships, and hinders the development of private institutions, including social, civic, and business associations. The end result is that strong family loyalty is negatively associated with economic progress, and weak family loyalty is positively associated with economic progress.

Culture, the Family, and Trust

Culture is well established as a critical factor in explaining differences among nations in their rates of economic development and the means of achieving development. Among cultural influences, those relating to religion and family, which are often intertwined, dominate. Cultures characterized by relatively strong family loyalty are less prone to economic development in a modern economy than cultures with comparatively weak family loyalty.

¹ Fukuyama, *Trust*, p. 47

Sociologist Max Weber was, in the early 1900s, among the first to identify and formally posit cultural values as the main engine of economic progress. Investigating the differences in development of primarily Protestant versus Catholic countries in Europe, he identified features of ascetic Protestantism² that, in contrast with Roman Catholicism, encouraged behaviors conducive to economic achievement. There were two aspects to this advantage. First, Protestantism set high ethical standards, advocating virtues such as thrift, frugality, honesty, a sense of duty to others, personal responsibility, and a high regard for work. Weber believed that the Protestant belief system was more demanding than that of Roman Catholicism:

“The Calvinist God did not demand isolated “good works” from His faithful; rather, if salvation were to occur, He required an intensification of good works into a system. There was no mention of that genuinely humane cycle, followed by the Catholic, of sin, repentance, penitence, relief, and then further sin. Nor was there any discussion in Calvinism of devices or mechanisms that would balance one’s entire life account and then provide, through the means of grace offered by the church, atonement for sins.”³

According to Harrison, the more flexible Catholic ethic put Catholics at a disadvantage to Protestants in this life, since, “A rigorous ethical code is likely to increase levels of trust, so important to political pluralism and economic efficiency. Clearly, the rigor of the ethical code influences and is influenced by the sense of community.”⁴

The second aspect of the Protestant advantage is that this rigorous ethic was to be applied universally. Protestantism, according to Weber, required consistent adherence to high levels of honesty and fairness in dealing with everyone, regardless of familial or tribal associations. This universalism of this code undermined the traditional, particularistic ethical double standards by demanding that everyone be accorded an identical high standard of ethical regard. As a result, Protestantism fostered trust, the foundation for the development of large, hierarchical institutions that were similar to the modern corporation, with dispersed ownership and professional management.

High levels of family identity tend to produce the inverse with regard to relationships with non-family. There is no better exposition of this than Edward Banfield’s study of the cultural norms of a poor, backward town in southern Italy in the 1950s. His interest in the social structures of this town, code-named *Montegrano*, was initially raised by the near total absence of community organizations in the community. Banfield’s research reveals a community rife with envy, a low regard for manual labor, a fatalistic view of life, and pessimism regarding the possibility of one improving his circumstances. Although various factors contributed to this miserable mindset, he identified the overarching factor to be “the inability of villagers to act together for the common good or, indeed, for any end transcending the immediate, material interest of the nuclear

² In fact, the features Weber identified with Protestantism are more correctly applied to the more Puritanical forms, including the Puritans, Anabaptists, and Quakers. The more “liberal” Protestants such as Lutherans and Anglicans would be more like Roman Catholics in certain views of the inevitability of sin, intercession by clergy, individual responsibility for salvation, “flexibility” of morality, and duty to “outsiders.”

³ Weber, *The Protestant Ethic and the Spirit of Capitalism*, p. 70.

⁴ Harrison, *The Pan American Dream*, p. 37.

family.”⁵ The Montegratesi exhibited a strong and exclusive sense of responsibility for the nuclear family that Banfield defined as *amoral familism*, living by the rule: “Maximize the material, short-run advantage of the nuclear family; assume all others will do likewise.”⁶

This extreme regard for family resulted in almost no regard for other associations, and community associations were almost nonexistent. There is little wonder that southern Italy is characterized, even within Italy, and even now, as backward, superstitious, and corrupt. The strong inward focus prevented the *Montegratesi* from building the more extensive associations and institutions requisite for success in a modern market economy. Banfield articulated the implications of this cultural mindset for development: “Lack of such association is a very important limiting factor in the way of economic development in most of the world. Except as people can create and maintain corporate organization, they cannot have a modern economy.”⁷

In general, the extreme and self-destructive version of family loyalty revealed in Banfield’s research is not found in such an onerous form in central and northern Italy. However, Robert Putnam’s more recent study of civic traditions in Italy confirmed Banfield’s findings in southern Italy⁸, and Fukuyama finds manifestations of relatively strong family orientation in the structure of northern Italian industry as well.⁹

Granted, it is an oversimplification to classify family loyalty as either strong or weak. Still, some societies clearly exhibit a degree of family identity that would put them on the “strong” end of any “loyalty” spectrum that might be constructed. Italy would be such a society, along with other predominantly Latin cultures in Europe and the Americas. Lawrence Harrison’s tenure with the USAID in Latin America from the 1960s into the 1980s prompted his study of the causes of that region’s chronic underdevelopment. The culprit, Harrison argued, was not among the set of “usual suspects” of underdevelopment – lack of natural resources, poor infrastructure, exploitation by multinational corporations, exploitation by superior military powers, oppressive political regimes, and unequal division of land. Instead, he identified the culture--the “state of mind”--of Latin America as the root of its problems. Harrison’s unique contribution was his case approach, by which he paired less-developed Latin American countries with countries with similar natural resources or beginnings, but which had markedly different cultural heritages. His comparisons included Nicaragua to Costa Rica, Argentina to Australia, and Haiti to the Dominican Republic, to name a few. Harrison focused on the attitudes and practices underlying developmental differences, and pinpointed culture as the primary explanatory factor. Much of the book is an indictment of the Spanish (and Roman Catholic) legacy in the Americas, and one of his key criticisms is that that legacy prescribed a “radius of trust (that) rarely extends beyond the family. . . . It is an important

⁵ Banfield, *The Moral Basis of a Backward Society*, p. 10.

⁶ *Ibid*, p. 83.

⁷ *Ibid*, p. 7.

⁸ Putnam, *Making Democracy Work*.

⁹ Fukuyama, *Trust*.

facet of Hispanic culture that impedes the kind of broader association that facilitates political compromise and economic activity.”¹⁰

Harrison later extended his work, identifying ten factors that distinguish progress-prone from progress-resistant societies. One of these is the *sense of community*, which in progress-prone cultures “extends beyond the family to the broader society in the progressive culture. The sense of community—a wide radius of identification and trust—nourishes the ethical code and the sense of justice as it is nourished by them.”¹¹ In progress-prone cultures, the ethical standard that applies to outsiders is not markedly different from that which applies to family. Ethical consistency engenders the trust needed to build robust secular organizations, including civic organizations, social groups, and businesses, as well as vibrant churches and other religious associations. “In traditional societies, including Latin America, identification and trust are largely confined to the family. Those outside the family are inconsequential, possibly hostile, and certainly outside a felt community.”¹²

More recently still, Francis Fukuyama isolated the level of trust in a society as *the* principle determinant of its level of economic progress, and identified the role of the family as *the* chief determinant of that level of trust. He identifies and evaluates four “low-trust” societies—Italy, France, China and Korea—all of which are characterized by relatively strong family orientation.

The aforementioned studies have identified family loyalty as a critical cultural factor that strongly influences the level of economic development that a society can achieve. The general conclusion of these studies is that cultures characterized by strong family identity are deficient in the level of trust required to develop the associations that give rise to the social and economic organizations that characterize a modern market economy. But how is this lack of trust manifested in society or, more directly, in the economies of such societies? The remainder of this paper will focus on summarizing the evidences of strong family loyalty in selected societies and considering their impact on economic development.

Evidence and Impact of Strong Family Loyalty

As Fukuyama notes, “the most crucial area of modern life in which culture exercises a direct influence on domestic well-being and international order is the economy.” “In any modern society, the economy constitutes one of the most fundamental and dynamic arenas of human sociability.”¹³ Furthermore, “one of the most important lessons we can learn from an examination of economic life is that a nation’s well-being, as well as its ability to compete, is conditioned by a single, pervasive cultural characteristic: the level of trust inherent in a society.”¹⁴ For purposes of identifying and evaluating the impact of

¹⁰ Harrison, *Underdevelopment is a State of Mind*, p. 143.

¹¹ Harrison, *The Pan American Dream*, p. 35.

¹² *Ibid*, p. 36.

¹³ Fukuyama, *Trust*, p. 6.

¹⁴ *Ibid*, p. 7.

trust on social and economic development, Fukuyama distinguishes between “Low-Trust” and “High-Trust” societies, identifies the manifestations of trust in those societies, and discusses the implications for political, social, and economic development, both historically and prospectively. The remainder of this paper will focus on the manifestations of low trust in a society and to issues of economic development prospects. The argument and conclusions may be outlined as follows:

Strong family loyalty limits the trust extended to those outside the family, resulting in

- a. limited association within the larger community, producing smaller, shorter-lived business firms, and
- b. nepotism and corruption, which discourage innovation and creativity within business firms.

Smaller, shorter-lived businesses

Fukuyama identifies “three broad paths to sociability“: (1) family and kinship; (2) voluntary organizations outside kinship such as businesses, schools, civic clubs, churches; and (3) the state. There are three forms of economic organization corresponding to each of these: (1) the family business; (2) the professionally managed corporation; and (3) the state-owned or –sponsored enterprise. Where low levels of trust exist, economic activity is dominated by family businesses and state ownership of large enterprises.¹⁵

Of course, all paths are not equal. “Cultures in which the primary avenue toward sociability is family and kinship have a great deal of trouble creating large, durable economic organizations and therefore must look to the state to initiate and support them. Cultures inclined toward voluntary associations, on the other hand, can create large economic organizations spontaneously and do not need the state’s support.”¹⁶ Through the state enterprise, the range of behavior of individuals can be clearly defined and more closely regulated, a necessity in the absence of trust. Thus, the state intervenes to fill the vacuum created by a dearth of voluntary associations. It is evident by any comparison of the operating results of private versus state-sponsored firms which is the most efficient form.

Fukuyama’s analysis addresses four “low-trust” societies: China, France, Italy, and Korea. He acknowledges the various historical events that significantly shaped the cultures of these societies, but identifies a common thread in the very strong bonds within the family and weak bonds without. A common economic result concerns the size and structure of business firms in low-trust societies. Small family-owned businesses will be limited in size and unable to participate in certain industries where economies of scale are critical to success. They will also be short-lived compared to the professionally managed business with dispersed ownership. As evidence of the prevalence of small businesses in low-trust societies, Fukuyama cites abundant evidence from China, where “strong distrust

¹⁵ Ibid, p. 62.

¹⁶ Ibid, p. 62.

of outsiders usually prevents the institutionalization of the company.”¹⁷ He notes the distinguishing features of business structure in Chinese societies, including Taiwan, Hong Kong and Singapore:

1. the small scale of enterprises, most of which are family owned and managed, and characterized by nepotism;
2. the short life of businesses, usually lasting only three generations, producing a pattern of companies “being formed, rising, then going out of business;”
3. an absence of Chinese brand names, which “can only be established by companies able to exploit economies of scale and scope in marketing.”¹⁸
4. concentration of businesses in relatively labor-intensive sectors, versus those that are “highly capital intensive, or in which returns to scale are very large due to complex manufacturing processes—sectors like semiconductors, aerospace, autos, petrochemicals, and the like.”¹⁹

A cultural assessment of Italian business is complicated by the existence of significant variations between regions, most notably between the industrial north and the agricultural south. Still, the legendary strong bonds of the Italian family produce similar findings in regard to voluntary associations. Robert Putnam investigated “civic community” in Italy following a major government restructuring program in the 1970s. He sought to determine whether the institution of identical forms of government in the various regions of Italy would produce greater uniformity of behavior from region to region. In other words, would identical institutions produce identical behavior? To determine the tendency of people to socialize spontaneously in organizations not based on kinship, Putnam measured the number of and membership in voluntary associations such as hunting clubs, music groups, sports clubs, and such. He found that people in the South were much less likely to participate in such organizations. Southern Italians also expressed much lower confidence and trust in the law-abiding behavior of their fellow citizens. His findings strongly supported Banfield’s conclusions made thirty years prior.

What are the implications for business structure and economic growth? As in the case of China, the lack of social capital is evidenced in Italy’s economic structure. Consistent with expectations, “Italy has a much smaller number of large corporations than European countries that are comparable to it in terms of absolute GDP such as England or Germany; indeed, countries like Sweden, Holland, and Switzerland, with GDP’s only one-fifth to one-quarter of Italy’s, have comparably sized corporations. . . . Italy, like Taiwan and Hong Kong, has very few large, publicly owned, professionally managed, multinational corporations.”²⁰

Nepotism and corruption

Strong family loyalty will result in nepotism, which is contrary to a system of incentives that recognizes and rewards merit and achievement. In China, writes Fukuyama,

¹⁷ Ibid, p. 78.

¹⁸ Ibid, p. 79.

¹⁹ Ibid, p. 80.

²⁰ Ibid, p. 101.

nepotism “has been more tenacious in part because the family is more central to Chinese than to other sorts of cultures, and also because the Chinese have found ways of working around it.”²¹ He refers to the existence of network organizations that allow smaller firms to “achieve economies of scale and scope on the level of leading Western firms but within a looser organizational form that permits a greater degree of flexibility than the equivalent vertically integrated American firm.” Although similar in outward appearance to the Japanese *keiretsu*, these network organizations are in fact quite different. On average, there are fewer firms in them than in the *keiretsu*, those firms are smaller, and the networks themselves are largely based on family ties.²²

Besides the fact that nepotism means promotion of some who may be poorly suited, or even averse to running the business, it creates a barrier between family and non-family workers within the business, with detrimental effects. Nonfamily employees do not favor working for the company long-term, rather aspiring to start their own businesses. Also, “nonfamily managers are not given large equity interest in their businesses and often complain of a lack of openness when dealing with the boss.”²³ The distrust of outsiders means that family members are promoted above better qualified nonfamily, producing the small, short-lived businesses noted earlier, and relegating them to a cycle of growth described as the “Buddenbrooks” phenomenon.²⁴ In addition, by excluding outsiders from management, such businesses also exclude meaningful consideration of their diverse insights and perspectives. The participative management cultures of many modern Western corporations do not have a counterpart in the economy typified by close-knit family businesses.

Another result of strong family loyalty is widespread corruption, in economic and political arenas. Failing to identify with others, as co-workers or as fellow citizens, people are less averse to taking advantage of others or to breaking the law. Although corruption may be defined in various ways, Lipset and Lenz draw on a definition from political science, defining corruption as “efforts to secure wealth or power through illegal means—private gain at public expense.”²⁵ Because there is no sense of duty to those outside the family, there is no aversion to using position or opportunity to help oneself. Harrison thereby explains the political norm in Latin America—once elected, the politician is expected to use his office to advance personal (family) interests. In southern Italy, Banfield found these unwritten principles in place:

The law will be disregarded when there is no reason to fear punishment.²⁶

²¹ Ibid, p. 76.

²² Ibid, p. 73.

²³ Ibid, p. 76.

²⁴ The Buddenbrooks phenomenon refers to a three-generation family in a Thomas Mann novel, in which the first generation built wealth; the second generation was born to wealth and sought social position and comfort; and the third generation, born to money, comfort and position, devoted themselves to music. The phenomenon refers to the pattern of a first generation entrepreneur who sacrifices to build wealth; a second generation who maintain the wealth; and the third who consume the wealth. A Chinese student shared this proverb: “Riches last three generations.” The notion is widespread, and the Irish express it colorfully: “Shirtsleeves to shirtsleeves in three generations.”

²⁵ Lipset and Lenz, *Corruption, Culture and Markets*, in *Culture Matters*, p. 112

²⁶ Banfield, p. 90.

An office-holder will take bribes when he can get away with it.²⁷

Any person or institution claiming to act in the public interest will be regarded as a fraud.²⁸

A person will value gains to the community only to the extent that he and his family are likely to share them.²⁹

One will assume that whatever group or individual is in power is corrupt and self-serving.³⁰

Naturally, assuming ill motives and behavior of others tends to justify it in oneself. Corruption pervades all types of associations, not just the political. The Corruption Perceptions Index of 1998 ranks countries from least corrupt (Denmark at number 1) to most corrupt (Cameroon at number 85). Italy was ranked 39th, well below the other western European countries. Corruption in Latin America is legendary, and this is supported by the CPI rankings. Only one Latin American country is ranked in the first quartile, and only four in the top half. The remaining eleven included in the rankings fall in the last half, including five countries of the last ten.³¹

To investigate the connection between family loyalty and corruption, Lipset and Lenz first created a “scale of familism.” The scale was constructed from measures of three values:

1. Respect for parents, measured by “the percentage of people who agreed that regardless of the qualities and faults of one’s parents, one must always love and respect them;”
2. Commitment to marriage, measured by “the percentage of people who think that divorce is unjustifiable;” and
3. Family size, measured by the average number of children per woman.³²

Lipset and Lenz relate this familism scale to the Corruption Perceptions Index (CPI), a measure of political corruption constructed by Transparency International. They find that the familism scale and CPI relate strongly, noting: “Those nations that score high on this scale tend to be among the more corrupt.”³³

Conclusion

The purpose of this paper was to investigate the association between family loyalty and economic progress. Considerable evidence exists to suggest that strong family loyalty undermines the extension of trust to those outside the family, trust that is requisite for the development of the broad extra-familial associations that characterize a modern, progress-prone society. The manifestations of the lack of these associations are fewer

²⁷ Ibid, p. 92.

²⁸ Ibid, p. 95.

²⁹ Ibid, p. 98.

³⁰ Ibid, p. 99

³¹ Lipset and Lenz, *Corruption, Culture, and Markets*, p. 113

³² Ibid, p. 120.

³³ Ibid, p. 120. Lipset and Lenz, in another model, add a variable for the percentage of Protestants in the society. They find that the prevalence of Protestantism “reduces corruption, in part because of its association with individualistic, non-familistic relations.”

and weaker civic and social institutions, small and short-lived businesses, and nepotism and corruption. The existence of these manifestations will alter the structure of business in those countries and limit economic potential in various ways.

Modern cultures have witnessed much change in families and family structures in the past half-century. Many have observed the disintegration of the family in the United States over that period, and a number of social ills have been attributed to it, including high crime rates, increased civil litigation, and the increased incidence of single-parent families. Fukuyama notes that the U.S. continues to withdraw from a diminishing fund of social capital, a legacy of our predominantly Protestant past. The need for family orientation strong enough to perform the role of socialization without undermining associations outside the family presents a complex paradox:

“ . . . the impact of family values on economic life poses a complex and contradictory picture: it is possible for families in some societies to be too strong to permit the formation of modern economic organizations, while on others they can be too weak to perform their basic task of socialization.”³⁴

³⁴ Fukuyama, *Trust*, p. 67.

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The old saying, “it takes a village to raise a child,” speaks of such arrangements. The child is raised in the context of an extended family; as the child is nurtured by the village, so he or she grows to nurture others in that village when he is able. Eventually, in old age he comes to depend once again on the family to care for him.

Low-Trust and High-Trust Societies

That strong bonds of trust within the family produce the inverse in relationships with outsiders comes as a surprise to many. One would imagine that children nurtured with care and concern by their families would in turn extend this trust to outsiders. However, along with instruction as to what trust means is instruction as to whom it applies, the “radius of trust.” In low-trust societies, the bonds of trust are strong, but restricted in application to a small circle of associations. This is better appreciated with the understanding that, in a community of few resources and many demands, there are limits to how many “needy” people the community can support. In other words, in a poor economy, strong family bonds provide security against catastrophe, but the family can only extend help to those who may be expected to reciprocate when the time comes. In terms of a primitive society, those relationships have existed only within the family, or in its extended form, the tribe or clan. The community’s resources must be husbanded for the welfare of the family, because only the family can be counted on to reciprocate when the time comes.

In summary, Banfield found that each family stands together, but alone, against all others. What Banfield discovered in 1950s Italy, Putnam found again in the 1970s. And the pairing of strong family loyalty and weak community organizations that both reported in Italy, Lawrence Harrison identified in Latin America. Harrison’s research, conducted partly while working with the U.S. Agency for International Development (USAID), including thirteen years in Latin America, turned up a number of cultural factors that influence the way a society develops. One of these concerns the “extent of identification with others,” that is, the “importance for progress of a radius of identification and trust that embraces an entire society.” The lack of a wide radius of trust in a society forebodes weak political and civic institutions, as Samuel Huntington explains:

. . . the absence of trust in the culture of the society provides formidable obstacles to the creation of public institutions. Those societies deficient in stable and effective government are also deficient in mutual trust among their citizens, in national and public loyalties, and in organization skills and capacity. Their political cultures are often said to be marked by suspicion, jealousy, and latent or actual hostility toward everyone who is not a member of the family, the village, or, perhaps, the tribe. These characteristics are found in many cultures, their most extensive manifestation perhaps being in the Arab world and in Latin America . . . In Latin America . . . traditions of self-centered individualism and of distrust and

hatred for other groups in society have prevailed. Huntington, *Political Order in Changing Societies*, p. 28

On the positive side, “A whole set of possibilities opens up when trust is extended beyond the family, possibilities that are likely to be reflected in both economic and social development.” P. 8 underdevelopment is a state of mind The extension of trust finds expression in the socio-political ideals of planning, equality, social welfare, and perhaps democracy. Myrdal, *Asian Drama*, p. 122 In the economic realm it is manifested in large business firms, participative management styles, modern production techniques, and concern for relationship-building. “When the idea of compromise—i.e., that a relationship is important enough to warrant seeking to avoid confrontation, even if some concession is necessary—is weak, the likelihood of confrontation is increased. Constant confrontation undermines stability and continuity which . . . are crucial to development. P. 8 underdev

2. In less-developed countries, strong family loyalty results in a drain on the resources of high achievers, producing
 - a. discouragement of achievement, and
 - b. perverse economic behavior by achievers to “hide” wealth or to transform it into forms not easily accessible to family members.

