The Chinese Family and Economic Development: Obstacle or Engine?

Martin King Whyte

George Washington University

Perhaps the central problem in the social sciences is the riddle of economic development: Why do some countries, groups, and individuals prosper economically while others do not? One of the founding figures of sociology, Max Weber, spent much of his intellectual life attempting to explain why the Industrial Revolution had occurred first in England rather than in, say, China or India. The quest by scholars and policymakers toward an understanding of the sources of economic development remains no less pressing today. Over the years a variety of answers have been offered to explain the riddle of economic development. Weber, as is well known, focused on the role of the Protestant ethic in England in explaining why a small and not very rich country was able to leap ahead of more advanced countries in other parts of the world and into the industrial age. Others have focused on the role played by key inventions and by governments. I want to focus attention here on a variety of arguments that have been offered in regard to another factor—the role of the family in economic development, and the role of the Chinese family in particular.

The claim that family patterns may have an impact on development represents a reversal of the more usual causal argument. We have abundant research on the ways in which economic development produces changes in dominant family patterns in societies around the world.¹ Often, the family is seen as a relatively passive institution, buffeted and altered by powerful economic and political forces. The view that family patterns can affect whether and how rapidly economic development occurs has been advanced much less often, but it will be a central focus in the pages that follow.²

In late imperial times, the modal patterns of family life in China were qualitatively different in many ways from those in the West.³ There was a cultural preference for building joint families, in which several sons and their wives and children would continue to reside

© 1996 by The University of Chicago. All rights reserved.
0013-0079/97/4501-0002$01.00

Copyright © 1996. All rights reserved.
under the parental roof (with each son having an equal claim to inherit family property); families were seen as entities that spanned the generations from ancestors long past to descendants yet unborn, rather than being established de novo with each marriage; kinship relations were patrilineal and patriarchal; marriages tended to be strictly arranged, with brides and grooms often not meeting until the day of the wedding; and in some cases entire lineages of several thousand members held property in common and worshiped founding ancestors together. Perhaps the most frequently noted distinctive feature of Chinese family life was the overwhelming emphasis on family obligations. According to one observer, “family loyalty has been an overriding motive in Chinese life at every social level to an extent generally considered to have few if any parallels.” If family patterns affect the likelihood of economic development, it is reasonable to assume that the impact of Chinese families would be quite different from that of Western families.

When we examine what scholars over several decades have said about the role of the Chinese family in economic development, we discover that there has been an extraordinary, 180-degree flip-flop in prevailing views. A generation or so ago, it was widely accepted that the Chinese family system posed a major obstacle to economic development. In contrast, it is now often argued that the Chinese family is a veritable engine of growth. In the pages that follow I elaborate on these two dramatically different images. Following that elaboration, I consider whether or how these conflicting arguments might be reconciled.

The Chinese Family as an Obstacle to Development

In elaborating the claim that the Chinese family constitutes an obstacle to economic progress, I ask the reader to suspend disbelief for a moment by disregarding the actual record of economic performance of various Chinese populations in recent years. Instead, try to imagine being a graduate student back in the 1960s, being exposed to that era’s prevailing arguments about China and development. Two related questions dominated those arguments. The first was Weber’s question: Why had the Industrial Revolution occurred first in the West? The follow-up question was expressed as follows: Why after 1868 was Japan able to respond successfully to the Western challenge and begin to develop economically, while China in the same period failed? The 1960s was also a time when modernization theory was in its heyday. In addition to Weber, some of the most important contributions to these discussions were made by sociological theorist Talcott Parsons, another sociological theorist with research experience in China, Marion Levy, Jr., and historian Albert Feuerwerker.

A variety of arguments were offered in those years to explain why Chinese family patterns were bad for development. A central claim
was that the family and modern work organizations were like oil and water—they didn’t, or shouldn’t, mix. Weber had spoken of China being held back by the “sib fetters of the economy,” encouraging us to visualize family bonds as grasping tentacles, preventing the economy from growing. Modernization theorists made this point about the defects of family-run enterprises in general, and not just about the Chinese case. Clark Kerr and his coauthors in an influential 1960 book argued, “[The family] provides shelter and food for all its members, regardless of their individual contributions, so that the indigent and the indolent alike are cared for. . . . Working members are expected to pool their earnings for the benefit of everyone; individual saving is discouraged. . . . Family loyalty and obligations take precedence over other loyalties and obligations. Thus, the extended family tends to dilute individual incentives to work, save, and invest.” If family obligations are particularly strong, as in the Chinese case, then the interference with efficient economic operations should be especially severe. Lest it be thought that this kind of argument has completely gone out of fashion, let me quote a 1992 book by a historian of China, William Jenner: “[The Chinese family] is a backward-looking institution that faces the past even when investing in the future and does all it can to ensure that the children will put their parents’ and seniors’ interests before their own . . . these pressures . . . work well enough to make Chinese cultures conservative and to cramp individual initiative and independence.”

What is it about family-run enterprises that makes them inefficient, in the view of obstacle proponents? A central problem concerns nepotism. Family-run enterprises cannot appoint, reward, discipline, and fire enterprise members according to their qualifications and performance, since individual treatment is always skewed by the obligations attached to family roles. As the quotation by Kerr et al. implies, the obstacle view assumes that family firms take on many extra relatives as employees, even when those relatives contribute little or constitute a drain on firm resources. This problem involves the behavior of the head of the firm as well as its employees. A head of a family firm who is no longer able to make wise business decisions cannot be replaced easily by a more competent or up-to-date individual (family member or not). The flip side of this nepotic tendency of family firms to attract incompetent relatives is the way in which obligations to parents and the family prevent talented and ambitious young people from taking advantage of better job opportunities elsewhere. Insofar as this occurs, individual career aspirations are thwarted, talents are not utilized fully, and geographic mobility may be damped.

Another way that Chinese family patterns are seen as hindering economic progress is that the overriding strength of family loyalties makes it difficult to form close and cooperative relationships with non-
relatives, creating what one analyst called "a thick social wall separat-
ing the untrustworthy world outside from the reliable circle of family
and kin inside." Sun Yat-sen, the leader of China's Republican revo-
lation, spoke in frustration of the tendency of Chinese society to re-
ssemble a "sheet of loose sand," with each family "grain" caring only
for its own interests and refusing to cohere with others. Sun was speak-
ing more of political unity than economic cooperation, but the prob-
lems in the latter realm also seem clear in the writings of obstacle
proponents. There is prejudice against hiring nonrelatives to work in
the family firm, even if they are quite competent. If such individuals
are hired, they will always feel like second-class employees whose
mobility chances are blocked by the monopolization of managerial
roles by family members. As a consequence, the morale of nonkin
is likely to suffer, and they will readily leave the firm when other
opportunities beckon.

The difficulties of cooperating with nonrelatives outside the firm
are also described as severe. The Chinese, it is claimed, have an aver-
sion to forming business dealings with individuals and firms with which
they have no personal relationship—the sort of impersonal, rational
relationships that modernization writers claim are emblematic of indus-
trial societies. To be sure, Chinese are avid and skilled builders of
wide networks of personal relationships with nonrelatives, the guanxi
networks that are such a central feature in descriptions of Chinese
economic activity at the grass roots. But reliance on guanxi networks
in order to conduct business is seen as a central problem in Chinese
economic life. Cultivating such ties takes abundant time and energy
and generates extensive graft and corruption. The importance of such
interpersonal networks also, it is claimed, makes it difficult for start-up
firms to succeed, since they lack guanxi networks extensive enough
to compete with established firms.

A further problem with Chinese families is that the high premium
placed on family loyalty, filial piety, and reverence for ancestors con-
licts directly with the entrepreneurship, risk-taking, and innovation
that are required for success in modern industrial societies. The quo-
tation above from the recent book by Jenner stresses this point. In my
own research on rural family patterns, I found that some rituals ob-
served during funerals in contemporary Guangdong Province villages
are virtually identical to those described in the Li Ji, a compendium
of ritual texts compiled during the Han dynasty more than 2,000 years
earlier. This sort of continuity hardly seems indicative of families that
will readily shed old ways to take up new business practices. The
tendencies to revere past ways and defer to family authority seem
incompatible with modern entrepreneurial behavior. Indeed, one of
the central themes of the literature on the nineteenth-century Chinese
economy was the relative dearth of entrepreneurs and of an ethic of entrepreneurship.12

A final feature of Chinese families that may constitute an obstacle to economic development concerns limits on size and expansion. As long as the family is the organizational basis of an enterprise, firms tend to remain small and undercapitalized, unable to compete with modern capital- and technology-intensive nonfamily firms. The family mode of organization also produces a tendency for firms to have a short-term outlook and to be more concerned with maximizing current profits than establishing firm reputation and product name recognition, a tendency that may foster shady commercial practices. Efforts of family firms to expand are thwarted not only by the limited number of reliable relatives who can manage operations, but also by the Chinese custom that each son receives an equal share of the family estate. This custom contrasts with the traditional patterns in Japan and many parts of Europe, where the family firm usually is passed on to a single heir. As a consequence of the Chinese custom, brothers and their wives and children would inevitably squabble and complain, eventually producing a dividing up of accumulated firm assets. Jenner observes, "it was almost impossible to build up over many generations a business that could be secured against a future family quarrel and the consequent splitting up of assets."13 Insofar as firms need to be large and stable in order to realize economies of scale and mobilize capital for long-term investment, these limitations of family firms should make it difficult for them to compete with nonfamily corporations.

If we consider the range of arguments discussed thus far, we can see some underlying assumptions among obstacle proponents about what a modern economy requires. To oversimplify, it is assumed that two distinct roles have to be filled: the entrepreneur and the diligent worker. A modern industrial society needs some daring and ambitious individuals willing to take risks and innovate, and it also needs large numbers of footloose laborers willing to go wherever they find the best job opportunities. Both entrepreneurs and workers need to be imbued with universalistic orientations that enable them to form relationships easily with strangers, differentiating their treatment of others by the training, skills, and performance of the latter, rather than by ethnic, religious, or other ascribed characteristics or any personal connections.14 Such personal orientations seem likely to be produced in small, nuclear families that stress independence training for their children—precisely the kinds of families that abounded in the West, even prior to the Industrial Revolution.15 Needless to say, these were not the kinds of families that were commonly found in nineteenth- or even twentieth-century China.
Paralleling this generalization was an assumption that a certain kind of economic enterprise is required in the modern industrial age. Family firms had of course predominated in the West in earlier centuries, but it was only as such firms gave way through a series of historical innovations and transitions to the modern limited liability corporation that the “fetters of kinship” (to paraphrase Weber) were left behind and a rationally efficient, nonfamily based form of enterprise emerged. It was this new organizational form as much as specific innovations in power, machinery, and assembly lines that produced the triumph of industrialism. If these assumptions are accepted, then the conclusion follows that while Chinese families and Chinese family-run firms may be well adapted to the conditions of life in an agrarian society, they are out of place in the modern industrial age.

Based on this assumption of incompatibility, many analysts argued that for China to develop it would be necessary to find ways to free individuals from family obligations and controls so that they could learn and display rational economic performance without the fetters of kinship. As Feuerwerker expressed the point in his 1958 book, "The substitution of universal and specific criteria of managerial ability and business success for such diffuse and particularistic considerations as kinship ties and overriding obligation to family and clan would have greater influence on China’s economic development than the completion of a railroad trunk line." This same set of assumptions led some to assess the socialist transformation of the economy in the People’s Republic of China in the mid-1950s in at least partially positive terms. However coercive the transition, at least it was designed to eliminate the family as a production unit and substitute more modern and bureaucratic forms of organizing the economy. Indeed, complex, bureaucratic production enterprises were as much a feature of state socialist economies, such as the Soviet Union and China, as of capitalist ones. For many modernization theorists, socialism and capitalism were seen as alternative routes to industrialization.

My discussion thus far has focused on the supposed obstacles to development that were built into Chinese family-run enterprises. There were additional negative factors that were cited in this literature. One concerned the problem of overpopulation. China’s Confucian family ideology, it was claimed, was highly pronatalist. Families wanted to have sons rather than daughters, and there were numerous popular sayings that communicated the assumption that the more sons you had, the more prosperous you were likely to become. As a consequence of strong cultural pressure to continue the family line, Chinese families often had more children than they could reasonably hope to support. Even family heads who did prosper tended to take concubines in order to display their wealth, with yet more children being produced. Any surplus resulting from family economic activity would be used to feed
the extra family members, making it less likely that such a surplus would be invested in economically productive ways. As a consequence, family economic success tended to be short-lived, with cycles of poverty-prosperity-poverty over a few generations commonly observed.  

It was also argued that the suppression of female talent that resulted from the patriarchal nature of Chinese families was more severe than in Western societies. With the great majority of women remaining illiterate, many of them hobbled by bound feet, and with a culture that expected them to be subordinated throughout life to men—fathers, husbands, and eventually sons—the opportunities for women to contribute to nondomestic economic activity and to other realms were severely constrained. A final important obstacle stemmed from the way the family system intersected with the Confucian status hierarchy. Merchants were held in low esteem in orthodox Confucian thinking, and this fact encouraged a tendency for families that did prosper through commercial activity to try to escape from merchant status, purchase land, and train their sons for official careers. As a result, proud merchant families that plowed their profits back into modern economic activities were harder to find in China than in Europe or Japan.  

The open class nature of late imperial China, which allowed peasant and merchant sons to rise and become landlords and officials, ironically proved a liability in making the transition from an agrarian to an industrial society.  

In a large number of different ways, the proponents of the obstacle view developed plausible arguments about why the family system of late imperial China constituted an impediment to economic progress. This obstacle argument was voiced not only by Westerners. Many eminent Chinese thinkers expressed quite similar views—particularly the reformers of the May 4th era, individuals who dominated Chinese intellectual discourse in the 1920s and 1930s. These critics of the old order attacked Confucian family patterns and values in part because they saw them as a source of personal misery and unhappiness. However, they also contended that Chinese family traditions were a major source of China’s weakness and inability to stand up to Western powers. Only if China reformed or shed many features of traditional family patterns—arranged marriages, subjugation of women, filial piety training, and the extraordinary emphasis on obligations of individuals to their families—could China hope to become a dynamic and modern society. Curiously, this negative view of the role of Chinese families finds echoes today in Taiwan, the place that is used most often by proponents of the “engine” argument to prove that Chinese family firms are not incompatible with modern economic development. Periodically the government of the Republic of China issues statements criticizing the excessive dominance of family firms in Taiwan’s devel-
oment experience. (Estimates suggest that even today anywhere from 80% to over 95% of the firms in Taiwan are family based.)24

It might be pointed out that arguments about the Chinese family as an obstacle to development were elaborated at a time (primarily the 1950s and 1960s) when some evidence to the contrary was already available. Indeed, critical voices were raised at the time, pointing to the behavior of overseas Chinese in Southeast Asia and, of less direct relevance, to Japan's success. Critics noted that throughout Southeast Asia it was the Chinese who dominated local commerce, and that these Chinese had no difficulty sustaining family commercial traditions. Even though Japanese and Chinese family patterns were not identical, these critics also claimed that the strong Confucian emphasis on family obligations was the primary motivation for economic performance in both cultures. Japan's success in responding to the West and developing rapidly after 1868, such critics claimed, disproved the idea that strong family obligations and modern economic activity did not mix.25

The proponents of the obstacle argument responded to such criticism in a number of ways. The success of overseas Chinese merchants in Southeast Asia and elsewhere was explained partly in terms of selective migration—the most ambitious and entrepreneurial individuals in China tended to be overrepresented among those willing to take the risks of emigration. Furthermore, coming from a more highly developed and commercialized society and arriving in countries where commercial skills were in short supply (and where other routes to upward mobility were blocked), migrants were able to succeed much more readily than would have been the case back in China. Finally, the obstacle proponents fell back on the claim that it was never the ability of Chinese families to engage in commerce that was problematic, but only their ability to build modern industrial enterprises.

The success of Japan was met by proponents of the obstacle argument by stressing the many distinctive features of Japanese families and society in comparison with China. Japanese kinship was bilateral, rather than patrilineal; Japanese families practiced adoption quite freely as well as disinheritance and impartible inheritance, so that unlike in China, a lazy biological son could lose out to a competent adopted son who would inherit the bulk of the family estate; most Japanese families were small and highly mobile, as in the West; Japanese society was characterized by countervailing loyalties to larger units than families (originally feudal domains, later companies) to a much greater extent than in China; and the feudal nature of the Tokugawa era meant that merchant families proudly passed on their calling to their offspring, rather than trying to escape into landlordism and officialdom.26 Using arguments such as these, those who adopted the obstacle view of the role of the Chinese family in development discounted these two types of apparently contradictory evidence.
The Chinese Family as an Engine of Development
The primary reason why a very different view of the relation between the Chinese family and development has arisen is, of course, the record of economic performance of Chinese populations since the 1950s. East Asia has been the most dynamically growing region of the world economy during this period, and Japan’s success has been followed by the spectacular growth rates of the four mini-dragons, three of which are Chinese—Taiwan, Singapore, and Hong Kong. Since 1978 the remarkable performance of the People’s Republic of China (PRC) has entered prominently into this debate. Many analysts attribute at least part of the success of China’s recent reforms to the decollectivization campaign that swept that country in the 1980s, reestablishing the family farm as the predominant unit of production in rural areas, and to the market reforms that allowed the revival of private, family-operated firms in both city and countryside.

Taken as a whole, this record of performance of Chinese populations has led a number of analysts to conclude that China did not develop more rapidly earlier primarily because of the predatory and irrational policies of various Chinese governments. Once Chinese governments (both on Taiwan and on the mainland) got out of the way, the positive contributions of Chinese families to development became apparent. In the words of sociologist S. L. Wong, once external constraints are removed, “Chinese familism will fuel the motor of development.”

What are the elements of Chinese family organization that proponents of the engine argument claim are responsible for this growth potential? The central argument is that loyalty to the family is a very strong source of motivation and performance. For the sake of the family, young Chinese study diligently, pursue advanced education, and strive to maximize their qualifications. Once on the job they are willing to work very hard and put in extremely long hours, again more for family than personal benefit. They are willing to accept lower pay than those who are not members of the family would, take pay cuts if needed to allow the family business to succeed, or even work for room and board alone. Family loyalties and entrepreneurial aspirations also lie behind the high rates of savings that are characteristic of Chinese families. The mobilization of family sentiments also makes it possible to make use of the energies of underutilized family members, such as grandparents and young children, to help the firm succeed. Family members are likely to stay with the firm even when better paying opportunities arise elsewhere, contributing to continuity in firm management. (Note that here a supposedly bad feature of Chinese families is reinterpreted as a good feature.)

The use of family roles to organize management also provides a cultural basis for enterprise authority, reducing conflict with the boss.
and inhibiting strikes and other disruptive behavior. Family loyalty also helps maintain secrecy about firm operations and plans, making it easier to protect proprietary information. Family loyalty provides powerful incentives for the heads of family firms as well as for family member employees. The obligation to provide for an entire family, for multiple heirs, and for a family or lineage estate creates a powerful source of entrepreneurial drive. Even Chinese farm families display this tendency. In the words of anthropologist Margery Wolf, "a peasant farmer does not think in terms of his own welfare and that of his immediate family; he calculates his accomplishments in terms of their benefits to all of his descendants."30 In a large number of ways, then, the proponents of the engine argument see family loyalties as a positive force rather than as fetters.

According to this point of view, a variety of alleged bad tendencies built into Chinese families are either beneficial for development or neutral. Those who favor the engine argument claim that there is no automatic obligation to hire any and all kin, no matter how distant or incompetent. Rather, competence and performance are central in the differential selection and promotion of family members (particularly sons, but in some cases even daughters), with the employment of cousins and other extended kin more the exception than the rule. Furthermore, contrary to a quotation cited earlier from Kerr et al., Chinese family-run firms typically do not pool all of their resources into a common pot. Rather, while a major portion of the funds is set aside for common use, salaries and retained profits are used to stimulate and reward the managers (usually sons) of the various diversified enterprises that Chinese family firms tend to spawn. Sons who succeed in running a subsidiary firm gain funds that they can invest on their own, without parental or family approval. Competition among sons thus provides an added stimulus to economic performance, and the resulting diversification is a competitive asset. At the same time, the existence of a pool of common family resources can be used to provide security against failure, through the ability to shift funds from one subsidiary to another to survive an economic downturn. According to Susan Greenhalgh, "The Chinese family offers its core economic actors, traditionally adult males, a package of individual incentives and group insurance against failure that encourages the emergence of highly motivated, risk-taking entrepreneurs."31 Other observers make similar observations, which contrast dramatically with the earlier claim that entrepreneurship was a scarce commodity within China. For example, Stevan Harrell claims that a family-based ethic of entrepreneurship is almost universal among Chinese, and Wong writes similarly of ubiquitous "entrepreneurial familism."32

Proponents of the engine argument also claim that the small size of families and the family basis of investment capital of most Chinese
firms are actually advantages. These traits minimize start-up costs and make possible rapid and flexible responses to changing market conditions. Furthermore, fertility rates among all of the Chinese populations in East Asia have dropped sharply, despite the supposedly pronatalist tendencies built into the Confucian worldview. The decline in population growth rates combined with the growing preference for economic over political careers has led to a high potential that the profits of family businesses will be reinvested in the firm, rather than wasted on consumption, land purchases, or the pursuit of political office. The result is the emergence of strong family business traditions, a phenomenon that Robert Bellah has termed "bourgeois Confucianism." Another way in which traditional Chinese family patterns could be said to be advantageous for development is more controversial. Some argue that the sharp sex-role segregation in Confucian cultures has an economic benefit. Daughters and daughters-in-law sometimes participate in firm operations, often as financial managers, accountants, and bookkeepers, and occasionally even as managers. However, their primary contribution occurs via child rearing. By pouring their energies into ensuring that children are reared to be highly motivated and loyal to the family, they provide a guarantee that the dynamism of family firms will persist. If no such clear differentiation of male and female roles existed and most Chinese women were as fully involved in firm management as are men, so the argument goes, loyalty to the family and other central motivations would not get passed on to the new generation.

In the eyes of the proponents of the engine argument, even the tendency to rely on guanxi interpersonal networks to conduct economic activity is more a plus than a minus. These carefully cultivated personal ties can help overcome the limited size of the family group and enable the firm to expand and operate in an increasingly far-flung way. As fertility declines, classmates, hometown residents, friends of friends, and others can be recruited to fill the gap and occupy positions in a growing family firm. At least diluted versions of the exchange of paternalism for loyalty and effort that characterizes pure family firms can be expected to distinguish such guanxi-expanded enterprises. Obviously Chinese family-based firms would not be as successful as they are if they had been unable to incorporate significant numbers of non-family employees into the organizational culture of the family firm.

Reliance on guanxi networks externally is also seen as highly advantageous. Such networks prove trustworthy in unstable political and economic environments and provide access to capital when bank loans are not readily available. Such networks are highly flexible and adaptable, and can be expanded or contracted as business conditions change. This flexibility makes it possible to meet changing market demands through subcontracting and other arrangements, without in-
curring large fixed costs. Reliance on personal ties and trust also decreases the likelihood of commercial disputes, lawsuits, and other kinds of interfirm conflict. Even though reliance on personal ties may appear parochial, such ties have been shown to stretch readily across national boundaries, as, for example, when Taiwan firms form alliances with Chinese intermediaries and subcontractors in Southeast Asia and make deals with software companies in California's Silicon Valley. The increasing integration of the economies of the PRC, Taiwan, Hong Kong, and overseas Chinese in Southeast Asia, an integration produced through webs of guanxi connections, has led several commentators to speak of the emergence in the 1990s of "greater China." Guanxi connections appear to be an effective glue holding together this most dynamic sector of the world economy.

This extensive reliance of the Chinese on guanxi relationships in business might be seen as contradicting the engine view, since these ties specifically involve those who are not family members. However, the counterargument is that family metaphors are such a pervasive model for social relationships in Chinese culture that these guanxi ties often involve the incorporation of nonrelatives into quasi- or even fictive kin relationships. In any case, these networks are a development of centuries-old patterns of establishing particularistic relationships in order to do business, rather than the universalistic ties that the obstacle proponents argued were necessary for modern economic activity. The power of this particularistic tendency is visible in the dramatic growth of China's township and village enterprises (TVEs) in recent years, the most dynamic sector of the world's most rapidly growing economy. Much of the capital fueling the growth of the TVEs comes from overseas Chinese, and particularly from those in Hong Kong and Taiwan. Whatever the combination of kinship links, nostalgia for one's native place or other sentiments that motivate such investment, it appears to provide additional evidence that reliance on particularistic ties is not anachronism in today's competitive world economy.

Given these glowing accounts of the many virtues of Chinese families as economic actors, one may wonder whether there are any obstacles left in the picture. Most of the proponents of the engine argument admit that there are some weaknesses of Chinese family-run firms. They acknowledge a tendency of such firms to operate with short time perspectives, to engage in questionable business practices (spawned by a strong "our family vs. the world" mentality), and to have difficulty raising large sums to invest in research and development. The primary weaknesses that are noted, however, are the built-in limits on expansion of family firms, their difficulty in managing succession after the firm founder passes from the scene, and their vulnerability to fission. Some proponents of the engine argument believe that reliance on family-run enterprises may be only a limited stage in the development
process, although in the case of Taiwan there is little sign so far of the expected decline in family-run enterprises.\textsuperscript{36}

One additional, major criticism raised by some engine proponents is that Chinese family firms perpetuate rigid gender inequalities. As noted above, most important positions in Chinese firms are held by fathers, brothers, and sons, with wives, daughters, and daughters-in-law confined to minor or even unpaid positions, or not involved in the firm at all.\textsuperscript{37} The perpetuation of sharp sex-role differences is portrayed as revealing that Chinese family-based development does not entail all family members cooperating freely and benefiting equally. The image presented in such critiques is closer to Engels's depiction of the exploitation of family members by bourgeois family heads in early capitalist Europe than to any kind of idealized Confucian family harmony.\textsuperscript{38}

However, unlike the obstacle proponents, these critics do not contend that economic growth would be more rapid if women were fully involved and treated equally. Instead, this gender discrimination is simply portrayed as the dark side of a very effective, family-based growth strategy.

These are only minor qualifications in an overall positive portrait presented by engine proponents. They marshal a wide variety of evidence and logic to reach a conclusion directly contrary to the obstacle view—that Chinese families are an extraordinary source of economic dynamism, a major factor accounting for the recent economic success of diverse Chinese populations. Sociologist Peter Berger reports imagining Max Weber returning to life and being installed in a downtown Taipei high-rise office building. Berger has him looking out the window and confessing, "Well, I was wrong!"\textsuperscript{39}

**Interpretations of the Contradictory Arguments**

How can we reconcile such apparently plausible but quite contradictory arguments? Ideally we could contemplate using micro-data from a particular Chinese society to compare the performance of family versus nonfamily firms, and of family firms with more versus fewer of the traditional traits mentioned in this literature. Unfortunately, I am not aware of the availability of any data sufficient to the task. There exist studies indicating that in Taiwan during the 1960s, small firms were as efficient as or more efficient than large firms in many sectors of the economy, and that during the 1960s and 1970s Taiwan's small firms grew even more dominant in terms of manufacturing value-added. However, the degree of family orientation and control was not measured in these studies.\textsuperscript{40} One study in Hong Kong found that there was no correlation between the rate of growth of industrial firms and the extent to which kin were employed in them.\textsuperscript{41} However, these few bits of evidence are a far cry from what we would need in order to adjudicate the arguments reviewed here.\textsuperscript{42} In the absence of such mi-
cro-data, it is necessary to fall back on the less rigorous procedures of macro-sociological analysis—primarily on logic, suggestive evidence, and rough comparisons across time and space.

One possible interpretation would be that if two such plausible but contradictory arguments can be advanced about the same causal process, perhaps neither claim is correct. Maybe the nature of Chinese family life is irrelevant to the type and speed of economic development, which are governed by other, more powerful factors. However, this interpretation seems quite dubious in view of the general consensus of experts that "remarkably strong familial institutions . . . dominated nearly every feature of social, economic, political and cultural life in the centuries before large-scale contacts with the West."\(^{43}\)

It also seems undesirable simply to accept Berger's view that Max Weber was wrong, and to conclude that the engine argument is therefore correct. There is ample evidence in recent studies of Chinese firms to suggest that family obligations can interfere with economic performance, and such evidence indicates that the engine view is, at the very least, oversimplified.\(^{44}\) It seems most productive to pursue the idea that there is some degree of truth in both the obstacle and the engine arguments, and to see whether, despite their apparent negation of each other, these views can be reconciled.

The key to reconciling the contending arguments comes from taking note of the fact that among the proponents of the engine view there are important differences in emphasis and assumptions. We might label the alternatives as the culturalist and the contingent or social structural versions of the engine argument.\(^{45}\) To draw the contrast in stereotyped form, the culturalist view contends that the entrepreneurial tendencies of Chinese families are embedded in Confucian values and ancient family traditions and will find expression under a wide variety of circumstances. The contingent view is that whatever entrepreneurial potential Chinese families have as a result of historical and cultural influences can only be reinforced or unleashed under favorable conditions. This second, contingent version of the engine argument may have the potential to reconcile the contrary claims reviewed earlier, and the rest of this article will be devoted to exploring that possibility.

I start with the premise that Chinese families in the late nineteenth and early twentieth centuries contained a mixture of traits and tendencies, some of them potentially favorable to modern industrial activity and entrepreneurship and some of them potentially unfavorable. The conditions of life in China during that period tended to tip the balance in the unfavorable direction. In particular, a combination of extreme poverty, inequality and insecurity of land tenure, political and military instability, and vulnerability to arbitrary taxation and other burdens prevented many families from pursuing ambitious economic strategies and led to great anxiety about simple survival.\(^{46}\) Even families who
were able to look beyond simple survival and mobilize family resources to get ahead often found official or military careers, money lending, or other pursuits more rewarding than an effort to build up a family-run firm in this uncertain environment. Family-run firms did get established nonetheless, and some managed to prosper, but this success did not come easily.47

If we shift our attention ahead to the latter part of the twentieth century and to the four successor Chinese regimes—in Hong Kong, Singapore, Taiwan, and the People’s Republic of China—we can see that several things have changed dramatically. There are two distinct types of transformations involved—changes in the dominant patterns of Chinese family life, and changes in the surrounding political and economic environment.

Let me start by discussing the nature of family change. Although there are certain distinctive patterns visible in these very different Chinese regimes—the city-states of Hong Kong and Singapore, capitalist and Western-oriented Taiwan, and the state socialist-market reforming PRC—the primary features of change and continuity in Chinese family patterns are quite similar in all of these locales.48 In many important ways, Chinese families today are very different from our picture of the Chinese family in late imperial times.49 Joint families, while always more the ideal than the reality for most Chinese, have become rarer still, with families now overwhelmingly organized in nuclear or stem form. The proportion of parentally arranged marriages has declined dramatically, with an increasing share of young people taking the initiative to find themselves mates.50 A variety of situations that used to result from parental arrangement—child betrothals, adopted future daughters-in-law, marriages of mature women to immature males, and so forth—have virtually disappeared, with the overwhelmingly dominant pattern now one in which males in their mid- to late twenties marry females in their early to mid-twenties. These changes are not unrelated to dramatic shifts in access to formal education, with almost all males and females now completing at least primary school and, in the more developed parts of the PRC and in the other Chinese locales, increasingly secondary school or even college as well.

All of these changes are, of course, connected to transformations in the status of women in each society. The days in which most women were illiterate and many had bound feet are long gone. Even though women still tend to receive less education than men, earn less income, and have very little influence in the political system in all of these societies, the extent of sexual inequality has decreased significantly. In addition to their increasing access to education, large numbers of women in all of these societies now work outside the home, with their incomes making an important contribution to the family livelihood.51 These changes have particularly enhanced the situation of young
women. The stereotype of the new Chinese bride in late imperial times involved a very young and timid woman forced to marry into a household of strangers. There she could expect to be bossed around unmercifully by her mother-in-law, with little support from her new husband—at least until she could bear a son and heir for the family. Today, in contrast, most new brides are adults, they have played a role in choosing whom they will marry, and the couple will have established some emotional ties prior to the wedding. The newly married couple may have no in-laws present in the household. Even if brides follow the traditional pattern and move in with their husband’s family, their education and income mean they are likely to continue working at least for some time after they marry, leaving their mothers-in-law to handle household chores and, when they come along, to care for the grandchildren. In combination with the decline of arranged marriages, this change indicates that the power of the older generation has weakened substantially in Chinese families, with the power of the younger generation thereby enhanced.

A further, dramatic change in family patterns in all of these locales involves the sharp decline in fertility. Although the mechanisms through which this decline has occurred have varied across these regimes, the result nonetheless is that the average number of children a woman can expect to bear in her lifetime dropped in a generation or less from five or six to less than three, and increasingly to no more than two. Although this is not an exhaustive list of the common changes in family patterns visible in these four Chinese regimes, together they present a stark contrast with any notion of an “enduring Chinese family” that, empowered by deeply held Confucian values, manages to survive intact through a variety of political and economic storms.

At the same time, however, not every aspect of Chinese families has been so dramatically transformed. Some features of Chinese family life appear not to have changed, while others appear to have undergone only slow or very limited changes. Universal marriage was one characteristic that made Chinese families very different from those in the West, and this tendency has changed only slightly. When Chinese families do take an extended form, these are still overwhelmingly patriarchal, with residence with the bride’s parents continuing to be strongly disfavored. Even though there is some increase in older Chinese living by themselves, still the great majority of Chinese spend their final years living with a grown child and his or her (usually his) family.

For the purposes of this article, perhaps the central aspect of Chinese family life that has not been transformed is the overwhelming loyalty that Chinese in all settings continue to feel toward their families. Obligations to the larger family are heavily stressed in child socialization in all of these Chinese locales, and young people seem to accept
the message and fulfill this obligation. Of course, it is much more
difficult to be precise about the strength of family obligations than
about fertility rates or marriage ages. However, a variety of kinds of
evidence points toward behavior patterns that are quite different from
those commonly found in Western families. For example, unmarried
young people who are working elsewhere, and sometimes even over-
seas, generally remit healthy portions of their earnings to their parents
back home. The continued prevalence of the younger generation liv-
ing with, and caring for, their aging parents has already been noted
above. Table I presents some data from a survey on intergenerational
relations conducted in the summer of 1994 in the medium-sized city of
Baoding, Hebei, in the PRC. Although there is an apparent genera-
tion gap in other aspects of the lives of Baoding parents and their
grown children, none is visible in attitudes toward family obligations.
In fact, on balance Baoding children express even stronger obligations
toward parents and families than do their parents. Although these data
come from a particular locale in only one of the societies under consid-
eration, I think they speak to a more general phenomenon in con-
temporary Chinese societies. Despite the hectic pace of economic de-
velopment, an often turbulent political environment, and substantial
weakening of the power of the older generation in Chinese families,
obligations to parents and the larger family seem robustly intact.

What is the relevance of these observations to questions about
the role of the Chinese family in economic development? If the over-
view just presented is accepted, it indicates that many of the features
of Chinese families in the past that appeared to conflict with modern
economic life have been altered—traits such as high fertility, extreme
subjugation of women, and the autocratic power of the senior gener-
ation. In particular, the softening of the power of the older generation
means that founders of family-run firms need to provide more incen-
tives and autonomy for their grown children (most commonly still their
sons) within the firm in order to be successful—both as a firm and as
a family. By the same token, the elements of family life that have
not been substantially altered, and particularly the continuing strong
family obligations, make it possible to mobilize individuals very suc-
cessfully for family-based entrepreneurial activities. In other words,
the selective nature of family change means that in all four Chinese
regimes, the balance of family traits potentially favorable to, and po-
tentially hostile to, modern economic activities has shifted over the
last century in a more favorable direction.

Turning now to the external environment faced by Chinese fami-
lies, we can see a number of other important changes. In all four
Chinese regimes under consideration, including the PRC since the on-
set of reforms in 1978, a more supportive role by the state and more
secure legal and other institutions created an environment in which
<table>
<thead>
<tr>
<th>QUESTION CONTENT</th>
<th>PARENT</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree (SA)</td>
<td>Agree (A)</td>
<td>Disagree (D)</td>
<td>Strongly Disagree (SD)</td>
<td>Don't Know (DK)</td>
<td>Total %</td>
<td>Strongly Agree (SA)</td>
<td>Agree (A)</td>
<td>Disagree (D)</td>
<td>Strongly Disagree (SD)</td>
<td>Don't Know (DK)</td>
<td>Total %</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Contribute to family</td>
<td>3</td>
<td>48</td>
<td>48</td>
<td>2</td>
<td>...</td>
<td>101</td>
<td>4</td>
<td>59</td>
<td>36</td>
<td>1</td>
<td>...</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Contribute to parent comfort</td>
<td>36</td>
<td>62</td>
<td>1</td>
<td>0</td>
<td>...</td>
<td>99</td>
<td>43</td>
<td>55</td>
<td>1</td>
<td>1</td>
<td>...</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Child vs. parent obligation</td>
<td>3</td>
<td>42</td>
<td>51</td>
<td>3</td>
<td>...</td>
<td>99</td>
<td>2</td>
<td>30</td>
<td>65</td>
<td>4</td>
<td>...</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Filial obligation</td>
<td>...</td>
<td>95</td>
<td>4</td>
<td>...</td>
<td>1</td>
<td>100</td>
<td>...</td>
<td>96</td>
<td>3</td>
<td>...</td>
<td>2</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Career vs. parent obligation</td>
<td>...</td>
<td>72</td>
<td>22</td>
<td>...</td>
<td>6</td>
<td>100</td>
<td>...</td>
<td>38</td>
<td>49</td>
<td>...</td>
<td>13</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Family obligation</td>
<td>...</td>
<td>33</td>
<td>59</td>
<td>...</td>
<td>8</td>
<td>100</td>
<td>...</td>
<td>36</td>
<td>52</td>
<td>...</td>
<td>12</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note.**—Parent total $N = 1,002$; grown child total $N = 753$; percentages do not always total 100 due to rounding.

* Detailed question wording: (1) “When married children have a steady income and live with their parents, they should use most of their income for the well-being of the whole family” (SA/A/D/SD). (2) “Even when a child is married and lives in a separate household, he or she should still do as much as possible to make sure that [his/her] parents have a comfortable life” (SA/A/D/SD). (3) “People should be more concerned about caring for their children than about caring for their parents or parents-in-law” (SA/A/D/SD). (4) “No matter how they were treated when they were young, grown children should show filial piety toward their parents” (A/D/DK). (5) “Young people should pay more attention to their own careers than to caring for their parents” (A/D/DK). (6) “Family obligations should be more important than any other obligations” (A/D/DK).
family-based entrepreneurial activities can flourish as they could not in China during the century prior to 1950.61 Families now plan how to get ahead through the mobilization and coordination of the efforts of family members, with some confidence that the rules of the game will not change and that their efforts will be rewarded. More is involved than simply governments getting out of the way. The governments of all of these regimes base their legitimacy on economic success and improved living standards, and they try to create conditions that will enhance the incentives for hard work and entrepreneurial efforts. However, in some cases the proliferation of family firms is a response to governmental and institutional restrictions, as much as support. In both Taiwan and the PRC, in particular, official hostility toward large, privately owned firms and weaknesses in the banking system that make it difficult for private individuals to secure loans provide advantages to small, family-run firms that can mobilize their own capital.

Perhaps equally important in unleashing the economic potential of Chinese families have been changes that have occurred in the world economy. Specialists in economic organizations tell us that in roughly the century from 1850 to 1950, there was a rise to dominance in the world economy of capital-intensive, vertically organized, industrial corporations. This economic form took advantage of economies of scale to concentrate their capital and build complex, bureaucratically organized hierarchies in which relatively poorly educated labor forces operated mass production machinery. For the most part these corporations were oriented to producing goods for domestic markets, with mass production techniques used to turn out standardized products cheaply to meet relatively slowly shifting consumer demands. Some analysts refer to this organizational type as “Fordist” and to this period as “Fordism,” after the bellwether Ford Motor Company, whose vertically integrated plants took in coal and iron ore and carried out all the production stages necessary to produce finished automobiles.62 As noted earlier, this Fordist organizational form was also characteristic of state socialist economies, such as the Soviet Union and China. In fact, the dominance of large industrial bureaucracies and giant firms was even greater in state socialist economies than in capitalist ones.

Since the 1950s, dramatic changes have swept the world economy, and these have altered the conditions necessary for economic success. Even in many developing societies, the work force is now quite well educated; there is less reliance on mass production machinery, and more use of advanced technology and electronics; consumer tastes and demands shift rapidly; market competition is increasingly global; the world economy is knit together by networks of high-speed telecommunications; and quality has become a key issue in economic performance. For late developers, substantial technical information and advanced technology itself are fairly readily accessible, as are consumer
markets in the major industrialized countries. The legal, financial, transportation, and other institutional frameworks in industrialized countries provide an even more secure and profitable set of opportunities than many firms in late-developing countries could find in their own domestic markets. At the same time, rapidly changing market conditions and the danger of worldwide recessions give advantages to small and adaptable firms that can keep labor costs down (particularly through relying on underpaid or unpaid family labor). In this altered world economy, a development strategy stressing export promotion has particular appeal and potential. And within the sort of export-oriented industrialization strategy that has been followed, with variations, in all four Chinese regimes in Asia, the potential contribution of family-mobilized efforts and family-based entrepreneurship is enhanced.

Of course, the relative importance of family-based firms varies across (and in the case of the PRC also within) the four regimes under consideration. Family firms are particularly predominant in Taiwan, as noted earlier. They share the stage with large, nonfamily and often multinational firms to some degree in Taiwan, even more so in Hong Kong, and particularly in Singapore. Within the PRC the booming rural industries are made up of a confusing combination of private, family-based firms; village-owned collective enterprises; and formally collective firms, which are really disguised private firms. Joint venture investments, particularly involving capital from Hong Kong and Taiwan, are thrown into the rural mix as well. In urban areas of the PRC there are still relatively few family-run firms, with state, collective, and foreign enterprises and joint ventures the predominant forms. Despite this variety, in all of these settings the opportunity to establish a private, family-run firm constitutes an important lure and incentive for diligent work efforts, the acquisition of new skills, and careful saving. To state this idea in a different way, the positive potential of Chinese "entrepreneurial familism" may be manifested most clearly when family-run firms are involved, but may have an impact even when individuals are employed in larger, non-family-based firms.63

Conclusion
The evidence reviewed here suggests that both the obstacle and the engine views are oversimplified. Chinese families do not have immutable qualities that conflict with the requirements of modern economic activity, or for that matter that can fuel growth under all circumstances. Instead, the dominant family patterns among Chinese families in Hong Kong, Singapore, Taiwan, and the People’s Republic of China appear to have changed markedly over the last century, while at the same time preserving certain distinctive features and tendencies. The
altered nature of Chinese families has reduced some of the traits seen as obstacles to modern economic activity, while enhancing more positive traits. However, this potential cannot be fully expressed unless a number of contingencies are present, including relatively secure property and contractual rights, open channels to upward mobility, government policies that foster entrepreneurial familism, and a world economy that creates niches that are suited to Chinese family-run firms. In three of the regimes under consideration—Hong Kong, Singapore, and Taiwan—these contingencies were generally present from the 1960s onward. In the PRC these contingencies were by and large absent during the era of Mao Zedong (1949–76), when public ownership, hostility toward mobility aspirations, and an economic strategy based mainly on capital-intensive firms and autarky were the orders of the day. Since 1978 conditions more favorable toward entrepreneurial familism have been instituted in the PRC as well, and arguably the unleashed entrepreneurial behavior of Chinese families is at least part of the story behind the PRC's dramatically improved economic performance.

I would not argue, however, that entrepreneurial familism is the sole or even the most important reason for this improvement in the Chinese economy. There are a great many contributing elements to this improvement, including specific development strategy decisions, the legacy of earlier human capital investments, trends in labor costs in other countries, the special priority given China by the World Bank, and geopolitical considerations. The PRC's success might be said to be "overdetermined," with the relative contribution of any particular factor hard to disentangle from the rest. Given this complexity, the most that can be said is that it appears that the Chinese family has played some positive role in this economic improvement, although it is hard to say whether this mattered a little or a lot.64

What role will Chinese families play in economic competition in the future? One widespread view is that their success to date is only temporary. According to this view, the tendencies built into Chinese families—to form relatively small and flexible firms able to respond to rapidly changing market conditions and motivate maximum efforts for modest pay—are most suited to low- and medium-technology industries operating in an export-oriented environment. These tendencies enabled the Chinese regimes of Asia to move into the niches in the world market that had been occupied earlier by Japan, and to compete very successfully within those niches. However, as those niches close or are taken over by countries like Vietnam and the Philippines, these regimes are under pressure to make the transition to high-technology industries, and here family orientations may yet prove to be obstacles.

In Taiwan, Hong Kong, and Singapore, those pressures are already
being felt, with investment in plants in the PRC one way in which firms from these locations can find cheap labor and postpone the day of reckoning with modern industrialism.

Whether this scenario develops remains to be seen. From the evidence to date, however, I think it would be rash to conclude that the phase of economic growth based on Chinese entrepreneurial familism is about to pass from the stage. As noted earlier, the continued dominance of family-based firms on Taiwan even today raises particular questions about the supposed difficulties such firms increasingly face. We have been told all too often that Chinese families encourage anachronistic tendencies and are unsuited to the modern world. Given the impressive record of such families in adapting and taking advantage of new opportunities, is it not possible that Chinese entrepreneurial familism will continue well into the twenty-first century to pose a major competitive challenge to modern corporations in the West?

Notes

1. The classic statement is William J. Goode, World Revolution and Family Patterns (New York: Free Press, 1963). Central to Goode’s work is the claim that modernization produces converging trends in societies around the world toward a more “conjugal” emphasis in family life, which means that husbands and wives make decisions about how to organize their lives and raise their children with little interference from their parents or other extended kin. Most families in Western societies were fairly conjugal, in this sense, even before the Industrial Revolution.

2. It should be noted that Goode, in his classic work on the topic, did discuss the view that relatively “conjugal” family patterns helped to explain why capitalism arose first in Western Europe, although his primary concern was with the impact of modernization on family patterns.

3. The fact that industrialization occurred first in the West and altered family patterns there widened the differences between Chinese and Western family patterns. However, even in the preindustrial era, Western family patterns were quite different from those in agrarian China. For example, young people in preindustrial England tended to have substantial freedom of mate choice, they often lived and worked separately from their parents before forming their own families, there was no joint family ideal, kinship was traced bilaterally rather than patrilineally, and corporate lineage structures of the type found in China did not exist. See John Hajnal, “Two Kinds of Pre-Industrial Household Formation Systems,” Population and Development Review 8 (September 1982): 449–94; Alan MacFarlane, Marriage and Love in England: Modes of Reproduction, 1300–1840 (New York: Basil Blackwell, 1986). Jack Goody has devoted much of the last 3 decades to arguing that the differences among family systems in all of Eurasia, from England to Japan, were minor in comparison with the qualitative differences between the family patterns of Eurasia and sub-Saharan Africa. See, e.g., Jack Goody, The Oriental, the Ancient, and the Primitive (Cambridge: Cambridge University Press, 1990). While accepting Goody’s argument about the contrasts between Eurasia and Africa, I would still contend that the differences between northwestern European and Chinese family patterns prior to industrialization were systematic enough to be considered qualitative rather than simply quantitative.


8. Again, these are not problems unique to Chinese family firms. One thinks, e.g., of the way in which the Ford Motor Company lost its early lead in car sales to other companies when the patriarch, Henry Ford, refused to listen to advice and kept producing the same models year after year and in only one color—black.

9. Geographic mobility generally has an important beneficial impact on income distribution and the transmission of knowledge in society at large, and insofar as such mobility is impeded, the gaps between rich regions and poor ones are likely to widen. On the beneficial effects in the case of Taiwan, see Susan Greenhalgh, "Networks and Their Nodes: Urban Society on Taiwan," China Quarterly 99 (September 1984): 529–52.


12. See the discussion in Feuerwerker (n. 5 above); see also Sherman Cochran, Big Business in China: Sino-American Rivalry in the Cigarette Industry, 1890–1920 (Cambridge, Mass.: Harvard University Press, 1980).

13. Jenner (n. 7 above), p. 80. Sociologist S. L. Wong, based on his research on textile firms in Hong Kong, argues that there is a natural life cycle of family firms with four phases: emergent, centralized, segmented, and disintegrated. See Wong, "The Applicability of Asian Family Values to Other Sociocultural Settings" (n. 6 above), pp. 140–41; also see S. L. Wong, "The Chinese Family Firm: A Model," British Journal of Sociology 36 (March

Copyright © 1996. All rights reserved.
1985): 58–72. Once again, this tendency of family-run firms to end up being splintered by family feuds is not confined to China, as the recent bitter court battles of auto parts and bookstore magnate Herbert Haft, his estranged wife, and two sons illustrate.

14. The contrast between universalism and particularism and between achieved and ascribed status are central dichotomies in Parsons’s version of modernization theory. Obviously the image of modern individuals as operating as *homo economicus* is at the root of such images.


19. In modern societies generally the poor tend to have more children than do the prosperous. However, there is at least some evidence that in China the opposite was the case in the nineteenth century and presumably earlier, with the wealthy having more children than the poor. See, e.g., H. D. Lamson, “A Study of the Relationship of Education to Family Size,” *China Critic* 3 (August 1930): 799–802.


21. This argument was stressed particularly by Marion Levy, Jr., in his article “Contrasting Factors in the Modernization of China and Japan” (n. 5 above).

tacked Confucian culture during this period as essentially cannibalistic, devouring the young in order to conserve the old ways.

23. These themes reemerged strongly in the 1988 PRC television documentary series Hetshang (River Elegy), which echoed May 4th reformers in contrasting the vibrant and individualist West with the static and more collectivist China. The series was eventually banned from the airwaves, and the leading figures who produced it ended up in exile in the West after 1989.


25. This contention gained added force from the fact that the Meiji Restoration led to a "Confucianization" of family patterns throughout Japanese society, with customs such as arranged marriages, which had been confined generally to the samurai and other elites, spreading to ordinary townspeople and peasants as well. It was during this period, when Japanese families were becoming more similar to those found in China, that Japanese development began to take off.


27. The other "mini-dragon" is South Korea, and many of the same arguments that have been made about Chinese families can be and have been made about the Confucian-influenced families in South Korea. See the discussion in The World Bank, The East Asian Miracle (New York: Oxford University Press, 1993).

28. See the discussion in Greenhalgh, "Land Reform and Family Entrepreneurship in East Asia" (n. 10 above).

29. Wong, "The Applicability of Asian Family Values to Other Sociocultural Settings" (n. 6 above), p. 146. See also S. L. Wong, Emigrant Entrepreneurs: Shanghai Industrialists in Hong Kong (Hong Kong: Oxford University Press, 1988). Prominent among the proponents of the engine argument are sociologists such as Wong and Ezra Vogel; anthropologists Greenhalgh, Stevan Harrell, Myron Cohen, and Donald DeGlopper; historians Wellington Chan and Andrea McElderry; economist Ramon Myers; political scientist Hung-chao Tai; and management specialist S. Gordon Redding. See in particular Redding's book, The Spirit of Chinese Capitalism (Berlin: de Gruyter, 1990). However, there are important differences among these advocates of the engine view, which will be discussed in a subsequent section of this article.


32. Harrell; Wong, "The Applicability of Asian Family Values to Other Sociocultural Settings" (n. 6 above); Newsweek (October 25, 1993), p. 37,
similarly observes that the PRC is in the midst of a "great economic hyperventilation," with everyone trying to set up companies and get rich.

33. The causes and nature of both the fertility declines and the reduced attractiveness of political careers vary among the various Chinese populations in question. Fertility control has been imposed in a draconian fashion in the PRC, but in a more voluntary form elsewhere; aversion to politics stems from a variety of factors—e.g., due to colonial rule in Hong Kong, mainland Chinese discrimination against Taiwanese in Taiwan, and the declining prestige of the Chinese Communist Party in the PRC.

34. This argument has been articulated most directly about Japan, rather than China, by Ezra Vogel. See his book, Japan as Number 1: Lessons for America (New York: Harper & Row, 1979). See also James Fallows, Looking at the Sun: The Rise of the New East Asian Economic and Political System (New York: Pantheon, 1994), p. 414. Analysts of Chinese families present a somewhat different view, which will be discussed below.


36. See the discussion in Greenhalgh, "Families and Networks in Taiwan's Economic Development" (n. 24 above); Greenhalgh agrees with the view that Taiwan may be entering a period in which the dominance of family firms will decline in favor of larger, nonfamily enterprises. However, she acknowledges that as of the mid-1980s there was little sign of such a decline. Since then there has been a major shift of investment by Taiwan firms into factories located in mainland China, and particularly in Fujian Province. It is unclear whether this shift has had any impact on the role played by family firms in Taiwan.


42. It would be difficult to collect the systematic data needed for such a test, since family-run firms are notoriously secretive about their internal organization and economic performance.


44. See, e.g., the discussion in Robert Silin, Leadership and Values: The Organization of Large-Scale Taiwanese Enterprises (Cambridge, Mass.: Harvard University Press, 1976); Lindy Li Mark, "Taiwanese Lineage Enterprises: A Study of Familial Entrepreneurship" (Ph.D. diss., University of California at Berkeley, 1972). I will assume that the reader does not need convincing that the obstacle view is also too simple, and I will not develop that proposition here.

45. The works cited earlier by Harrell and by Redding generally emphasize what I call the culturalist view. Greenhalgh, in contrast, generally espouses a more contingent, social structural view. Wong has in some writings (particularly in his article "The Applicability of Asian Family Values to Other Cultural Settings" [n. 6 above]) advocated a culturalist view, but in his book Emigrant Entrepreneurs (n. 29 above), he develops a more contingent and social structural view.

46. In this summary I am influenced by the work of Greenhalgh, who has tried to specify the conditions necessary for Chinese entrepreneurial familism. See, in particular, her article "Land Reform and Family Entrepreneurialism in East Asia" (n. 10 above).

47. One major sociological study of routes to social mobility in China during the 1930s and 1940s can be read as indicating that getting ahead often depended on luck or resorting to violence and intimidation. See Chow (n. 20 above). One case study featured in Chow's monograph involved a family that made its fortune by robbing and murdering a competitor.

48. See the discussions in William Parish and Martin Whyte, Village and Family in Contemporary China (Chicago: University of Chicago Press, 1978); Martin Whyte and William Parish, Urban Life in Contemporary China (Chicago: University of Chicago Press, 1984); Robert Mitchell, Family Life in Urban Hong Kong (Taipei: Orient Cultural Service, 1972); Janet Salaff, State and Family in Singapore (Ithaca, N.Y.: Cornell University Press, 1988); Arland Thornton and Hui-sheng Lin, Social Change and the Family in Taiwan (Chicago: University of Chicago Press, 1993). For reasons of space, my discussion in this article is in the nature of a quick overview. I do not attempt to discuss here the specific details and variations of these changes, the documentation for which can be found in the works just cited.

49. Obviously there were regional and class differences in family patterns in late imperial times, so that any account of "the traditional family" involves considerable oversimplification. Nonetheless, there was enough historical continuity and cultural coherence in the Chinese imperial system to create more uniformity in family patterns than most other societies exhibited. See the general overview discussion of the family patterns of late imperial China in Hugh Baker, Chinese Family and Kinship (New York: Columbia University Press, 1979).
50. Marriages in which parents make the decision and the bride and groom do not meet until the day of the wedding have virtually disappeared from all Chinese locales. Even when parents take the initiative, as is still common in rural areas of the PRC, it is generally necessary for them to arrange that the prospective bride and groom meet, and the younger generation can veto parental choices. Increasingly in the urban PRC and in Taiwan generally, not to mention in Hong Kong and Singapore, parental influence occurs via grown children asking parental opinions about romantic partners and potential spouses.

51. The extent of employment of married women outside the home does differ significantly across these locales. In urban areas of the PRC, generally 90% of married women work full time outside the home. In Taiwan, Hong Kong, and Singapore, the rates of employment of married women are substantially lower, although the importance of family-run firms in these other locales means that many married women can combine family responsibilities with employment. For a general overview of the extent of sexual inequality in the PRC in comparative perspective, see Martin Whyte, “Sexual Inequality under Socialism: The Chinese Case in Perspective,” in Class and Social Stratification in Post-Revolution China, ed. J. Watson (Cambridge: Cambridge University Press, 1984).


53. Other changes that could be noted include the virtual elimination of concubinage, modest increases in divorce rates, some increase in premarital sexual activity, and in urban areas particularly, some weakening of the strength of the patrilineal basis of kinship relations.

54. See the discussion in Hajnal (n. 3 above). In Taiwan the proportion of women older than 50 who had ever been married declined only slightly, from over 99% in 1903 to about 97% in 1985. See Thornton and Lin (n. 48 above), p. 204.

55. Data from Taiwan indicate that for surveyed respondents 20–39 years old the proportion of widowed parents who lived with a married son declined from more than 87% in 1973 to about 79% in 1986. See Thornton and Lin, p. 318. It is unclear from these figures what the proportion of widowed parents was who were living with a married daughter or an unmarried child, rather than on their own. Figures for married elderly show modestly higher rates of independent living, and they also display a small trend toward less coresidence with sons over time.

56. For the PRC, the evidence that strong family obligations have survived traumatic changes and Party-inspired efforts to weaken such obligations is reviewed in Martin Whyte, “The Social Roots of China’s Economic Development,” China Quarterly 144 (December 1995): 38–58. The evidence indicates, however, that in the PRC such strong family obligations have survived better in the countryside than in the cities.

57. A particularly striking case of this sort concerns Hong Kong villagers who are now running restaurants in Great Britain, but who nonetheless continue to orient their lives to their families back in the New Territories. See the
discussion in James Watson, *Emigration and the Chinese Lineage* (Berkeley: University of California Press, 1975). For Taiwan, the evidence on remittances of young unmarried women workers presented in Thornton and Lin (n. 48 above), p. 123, indicates only a very slight decline in the percentage of such women who sent most of their earnings home to their parents—from 81% for those who married between 1955 and 1959 to 73% for those who married between 1980 and 1984.

58. The survey was carried out through a collaboration involving the Department of Sociology at the University of Michigan, the Department of Sociology at Beijing University, and the China Research Center on Aging. In the survey, a random sample of 1,002 individuals older than 50 in 30 randomly selected Baoding urban neighborhoods were interviewed, and for each older respondent a randomly selected child older than 18 and living in Baoding was also an interview target. The total of grown children interviewed was 753.

59. Some might argue that family loyalties have stayed strong precisely because of the hectic pace of social change in all these societies. Although most of the changes in Chinese families listed earlier fit nicely with Goode’s argument (in *World Revolution and Family Patterns* [n. 1 above]) that modernization everywhere produces trends toward a more conjugal pattern of family life, the continued strength of extended family obligations arguably contradicts his thesis.

60. Greenhalgh relies on a study of 25 Taiwanese firms she studied during the 1970s to conclude, “Family obligations notwithstanding, if his father was excessively authoritarian, refusing to give him room to develop, a son might think of leaving the business to work elsewhere. . . . To avoid such a debacle, fathers had to find ways to make work in their businesses attractive, or at least tolerable, to their sons” (quotation from her article “De-Orientalizing the Chinese Family Firm” [n. 37 above], p. 762).

61. The case for this claim in regard to the PRC and Taiwan has been made by Greenhalgh in her article “Land Reform and Family Entrepreneurialism in East Asia” (n. 10 above). Greenhalgh refers to the set of changes surrounding decollectivization and the household responsibility system in the PRC since 1978 as a “second land reform” (with the first in the PRC occurring during the period 1950–53). However, she also notes that the institutional structure and legal protections of cultivators in the PRC are significantly less secure than they are in Taiwan, without full private property rights in land, and with continuing vulnerability of farmers to excessive demands for taxes and fees from local officials. In Singapore and Hong Kong, of course, the legacy of the British legal system created an even more secure institutional structure within which families could operate.


63. However, the case of the PRC suggests that certain kinds of non-family-based firms may be organized in ways that discourage the expression of these positive tendencies. The large, state-owned enterprises that dominated the economy prior to 1978 were plagued by low productivity, absenteeism, and other problems, and even in the reform era, they have found it difficult to stimulate performance and improve productivity. The tendency of state
workers to view their employment as an entitlement and form of security, rather than as a route to a better income, more skills, and family progress, seems a particular problem.

64. A large number of factors helping to explain China’s economic success since 1978 are explored in a special issue of China Quarterly, vol. 144 (December 1995).

| Mobile Capital and Latin American Development | Technopols  
Freeing Politics and Markets in Latin America in the 1990s |
---|---|
JAMES E. MAHON, JR. | EDITED BY JORGE I. DOMINGUEZ |
"The problem of capital flight has been important for understanding constraints on development in Latin America and the turn toward neo-liberalism in the past decade, and this book offers a focused discussion of the issue particularly valuable for highlighting its political dimensions. It is a timely work that should be of interest to scholars beyond just those specializing in Latin American studies." | "This is the first 'deep' comparative analysis of the men and women who have reshaped Latin American politics and economics. The biographies make these technocrats much more than generic ideal types as they detail their intellectual and political formation." |
—Manuel Pastor, Jr., Occidental College | —Miguel Angel Centeno, Princeton University |
232 pages | 352 pages 5 illus. $18.95 paper |
Available in December | Available in December |
Published in collaboration with the Inter-American Dialogue and the Harvard University Center for International Affairs |

Available in bookstores or from
PENN STATE PRESS • 820 N. University Drive • University Park, PA 16802
Orders: 1-800-326-9180