The Stranger Society: The Case of Economic and Social Development in the Tropics¹

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Abstract

The economic and social prosperity of nations are usually attributed to functional requirements—such as honest government, effective transport and communication networks, health care and education—and development strategies such as investment in infrastructure. However, beyond a certain point peak economic and social success relies as much on human ingenuity as on capital investment. The article proposes that the world's most prosperous societies have three recurring characteristics that foster such ingenuity: (1) they are all closely connected to trading portals, (2) they nourish paradoxical belief systems that underscore a proclivity for intellectual abstraction and pattern-based interaction, and (3) they are stranger societies that encourage high levels of interaction between unknown persons.

Key terms economic development, creativity, portals, paradoxical thinking, strangers

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Tow do nations get to be economically and socially Lprosperous? The answer is partly and straightforwardly functional. Honest government, sound budgets, intensive transport and communication networks, effective primary health and education, effective higher education, efficiency in government and industry, and a decent market size are all basic building blocks of social and economic prosperity. So is the readiness to adopt technology and an increase in the amount of services in an economy. The experience of the past century, though, is that most middle-income countries (those today with an average income per capita of around \$10,000) will not make it into the top income tier of countries. Beyond a certain definable point, the classic development strategy of investing in infrastructure stops working. You see that today in China. Emerging economies find it difficult to convert an infrastructure-driven primary and secondary economy into a technology-based consumer and service economy. In the latter case, labor-replacing productivity is a key to growth and such productivity ultimately relies on creativity and problem-solving ingenuity.2

Portals, Patterns, Paradoxes, and Impersonality

Peak economic and social success deep down relies as much on human ingenuity as it does on capital investment. That then raises the question: where does such ingenuity come from? What is its source? In this article I propose that there are three essential social drivers of ingenuity: (1) portals, (2) paradoxes and patterns, and (3)

² See the comments of Damien Ma, a China analyst at the Paulson Institute, in conversation with Zack Beauchamp. Zack Beauchamp, "China's Real Economic Problem Is Way Bigger than the Stock Market," Vox, July 9, 2015, http://www.vox.com/2015/7/9/8922727/china-economy-stock-market-problem.

impersonality. Briefly put, the world's most prosperous societies have three recurring characteristics. Firstly, they are all closely connected to trading portals. Second, they nourish paradoxical belief systems that underscore a proclivity for intellectual abstraction and pattern-based interaction. Third, these societies are stranger societies. They encourage high levels of interaction between unknown persons. Both their portal character and their comfort with abstraction underpin this third trait.

Let us then consider how this model works in the world's poorest geographic zone. The tropics today are the most hard-up of the world's major geographic regions.³ Climate—i.e., heat and humidity once played a decisive role in tropical economies. Since the spread of air-conditioning, working in the tropics and the subtropics has become much more pleasant. So climate now is only a peripheral factor in economic performance. Geography nonetheless remains a central element in economic and social success. Overall today, the world is a lot less poor than it was three decades ago. In 1981, 52 percent of the population in developing countries lived in extreme poverty; by 2010 that figure had fallen to 21 percent. In the tropics, the number of extreme poor over the same period dropped from 51 percent of total population to 28 percent. In the rest of the world, extreme poverty fell from 53 percent to 14 percent of the population.⁴ The whole globe has improved markedly, the tropical zone though least so.

The most improved parts of the tropics have been Southeast Asia and Central America, while extreme poverty in Central and Southern Africa has gotten worse. A key reason for the latter's

³ ". . . more than two-thirds of the world's poorest people live in the tropics," *State of the Tropics 2014* report, James Cook University, Cairns, Australia, p. xiii and chapter 6.

⁴ State of the Tropics 2014 report, James Cook University, Cairns, Australia, 2014.

worsening condition is the geography of Africa—or rather its coast.⁵ Simply put: coastal Africa has few natural harbors or ports and hence a poor history of portal trade.⁶ In contrast three out of nineteen of the most commonly top-ranked economically and socially prosperous nations today (see Tables 1 and 2) are in the tropics: Hong Kong, Singapore, and Taiwan. In fifty years these countries went from poverty to wealth. They achieved this major advance because they emerged as nodes in a major maritime zone (see Table 3); Singapore today is the number two container port in the world; Hong Kong is number four. Taiwanese ports are ranked fourteenth (Kaohsiung); fifty-three (Keelung and Taipei) and ninety-three (Taichung) respectively.⁷

The idea of "the port" does not only signify a functional economic node. It is also a metaphor for ceaseless "in-and-out" transactions. A transactional society is only possible where process and paperwork, the life-blood of bureaucracy, are kept to a minimum. Hong Kong, Singapore, and Taiwan are at times called 'Confucian' societies, meaning that they are structured around family, bureaucratic authority, and patronage. Yet in the case of Hong Kong, Singapore, and Taiwan, the more decisive if less obvious developmental influence has been the diffuse heterodox minority religion of Taoism. In Taiwan, a third of the population identifies as Taoist; 11 percent of Singaporeans do as well; and 14 percent of Hong Kong citizens. Taoism is part popular religion and part popular philosophy. Most significant of all, it is a belief system filled with paradoxes.

⁵ David S. Landes, *The Wealth and Poverty of Nations* (London: Abacus, 1999); Thomas Sowell, *Wealth, Poverty and Politics: An International Perspective* (New York: Basic Books, 2015).

⁶ Cf. the "very limited number of good natural harbours along both coasts of Africa." Peter Duignan and L. H. Gann, *Colonialism in Africa 1870–1960*, vol. 4 (Cambridge: Cambridge University Press, 1975),296.

⁷ These rankings are measured by the total number of twenty-foot equivalent units (TEUs) handled by the ports.

Table 1. National Economic And Social Performance

	GDP Per Capita (PPP)	Human Development Index (HDI)**	Prosperity Index (PI)			
1	Qatar Norway		Norway			
2	Luxembourg	Australia	Switzerland			
3	Singapore	Switzerland	New Zealand			
4	Norway	Netherlands	Denmark			
5	Brunei	United States	Canada			
6	United States	Germany	Sweden			
7	Hong Kong, China (SAR)	New Zealand	Australia			
8	Switzerland	Canada	Finland			
9	Canada	Singapore	Netherlands			
10	Australia	Denmark	United States			
11	Austria	Ireland	Iceland			
12	Netherlands	Sweden	Ireland			
13	Sweden	Iceland	United Kingdom			
14	Iceland	United Kingdom	Germany			
15	Germany	Hong Kong	Austria			
16	Taiwan	Korea, South	Luxembourg			
17	Kuwait	Japan	Belgium			
18	Ireland	Liechenstein	Singapore			
19	Denmark	Israel				
			Japan			
20	Belgium	France	Hong Kong, China (SAR)			
21	United Kingdom	Austria	France			
22	Japan	Belgium	Taiwan			
23	France	Luxembourg	Malta			
24	Finland	Finland	Slovenia			
25	Israel	Slovenia	Korea, South			
Rank	Economic Freedom Index (EFI)	Global Competiveness Index (CGI)	Innovation-Business Sophistication (GCI)			
	Hong Kong, China (SAR)	Switzerland	Switzerland			
1	Hong Kong, China (SAR) Singapore	Switzerland Singapore	Switzerland Japan			
	Singapore	Singapore	Switzerland Japan Finland			
1 2	Singapore New Zealand	Singapore United States	Japan Finland			
1 2 3	Singapore New Zealand Australia	Singapore United States Finland	Japan Finland Germany			
1 2 3 4	Singapore New Zealand Australia Switzerland	Singapore United States Finland Germany	Japan Finland Germany United States			
1 2 3 4 5	Singapore New Zealand Australia Switzerland Canada	Singapore United States Finland Germany Japan	Japan Finland Germany United States Netherlands			
1 2 3 4 5 6	Singapore New Zealand Australia Switzerland Canada Chile	Singapore United States Finland Germany Japan Hong Kong, China (SAR)	Japan Finland Germany United States Netherlands Sweden			
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Singapore New Zealand Australia Switzerland Canada Chile Estonia Ireland Mauritius Denmark United States United Kingdom Taiwan Lithuania Germany Netherlands Bahrain	Singapore United States Finland Germany Japan Hong Kong, China (SAR) Netherlands United Kingdom Sweden Norway United Arab Emirates Denmark Taiwan Canada Qatar New Zealand Belgium	Japan Finland Germany United States Netherlands Sweden United Kingdom Denmark Israel Singapore Belgium Taiwan Austria Qatar Norway Malaysia Luxembourg			
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GDP per capita (PPP) [WSI Index of Economic Freedom data]; UN Human Development Index 2014; Index of Economic Freedom 2015; Legatum Prosperity Index 2014; Global Competitiveness Index 2014-215 (Competitiveness - Innovation-Business Sophistication). The United Nations Human Development Index measures life expectancy, literacy, education, standards of living, and quality of life. The Legatum Prosperity Index measures 89 variables grouped by economy, entrepeneurship and opportunity, governance, education, health, safety and security, personal freedom and social capital. The Heritage Foundation/Wall Street Journal Economic Freedom Index measures 10 variables grouped by rule of law, limited government, regulatory efficiency and open markets.

Singapore Norway **United States** Hong Kong, China (SAR) Switzerland Canada Australia Austria Netherlands Sweden Germany Taiwan Ireland Denmark Belgium United Kingdom Japan France Finland Nations appear in top 25 of 5 out of 6 performance indexes: GDP per capita (PPP) [WSJ Index of Economic Freedom data]; UN Human Development Index 2014; WSJ Index of Economic Freedom 2015; Legatum Prosperity Index 2014; Global Competitiveness Index 2014-

Table 2. Multiple-Listed High-Performing Nations

2015 [Competiveness + Innovation-Business Sophistication]

Countries*	Zone								
United States	Circumferential								
Canada	Circumferential								
Australia	Circumferential								
Ireland	Circumferential								
United Kingdom	Circumferential								
Singapore	Maritime East Asia								
Hong Kong, China (SAR)	Maritime East Asia								
Taiwan	Maritime East Asia								
Japan	Maritime East Asia								
Norway	Nordic								
Sweden	Nordic								
Denmark	Nordic								
Finland	Nordic								
Germany	SRMSMR and Baltic Zone								
France	SRMSMR Zone								
Switzerland	SRMSMR Zone								
Austria	SRMSMR Zone								
Netherlands	SRMSMR Zone								
Belgium	SRMSMR Zone								
SRMSMR Zone: Seine-Rhine-Meuse-Scheldt-Moselle Riverine Economies									
Circumferential Zone: Coastal, Island, Great Lake, Oceanic Economies									
Nordic Zone: Coastal, Sea, Oceanic Economies									
Maritime East Asia Zone: Coastal, Sea, Riverine, Island Economies									
*Nations appear in top 25 of 5 out of 6 performance indexes: GDP per capita (PPP) [WSJ Index of Economic Freedom									
data]; UN Human Development Index 2014; Index of Economic Freedom 2015; Legatum Prosperity Index 2014; Global									
Competitiveness Index 2014-2015 [Competiveness + Innovation-Business Sophistication]									

Table 3. Portal Zones

Taoism is well known for encouraging its adherents to think in opposites: solid-and-void, black-and-white, presence-and-absence, abundance-and-scarcity, above-and-below, agreement-and-disagreement, entrance-and-exit, internal-and-external, frequent-and-rare, hardand-soft, and so on. This mental approach has myriad implications. Thinking-in-opposites—fusing them, combining them—is the essence of creative thinking. Merging antitheses is what the imagination does. Forms, patterns, and shapes are created by the coalescence of opposites.8 The act of creation—in art, business, science, technology, in life in general—occurs when we look at something going up and can see it in our mind's eye going down simultaneously, like an E.M. Escher lithograph. The person who says "let us meld Amazon's retail model and the sale of enterprise software" or "let us put themes into amusement parks" or "let us blend academic citations and web searches"— takes two things not normally connected and associates them in an act of creation.9 The more radical the association, the more it has the feel of being uncanny; the more it resembles the quantum paradox that a wave is a particle and vice-versa.

We see this uncanny both-and mentality echoed in the ambidextrous attitudes of the Taiwanese today who are both armed

⁸ Where do form and pattern come from? The primary source of them is paradox. A paradoxical mind is a creative mind. Creative societies are forged from the well-spring of paradox. Paradox is crucial because it unites opposites into a singularity. An economy is a blend of income and expenditure. Each is an expression of the other. So it is with creation in general. Patterns arise when yin and yang coalesce into one form. Sensation and concept, body and mind, matter and spirit, relaxation and tension: what forges these into a creation is not their counter-position but rather their fusion into a single entity. This has application in all aspects of life not just in the arts. The arts are a litmus test for something more general, a sign of the depth and breadth of creativity in any society.

⁹ The allusions are to Sales force [the customer relationship management company], Disney Corporation, and Google. Jeff Dyer, Hal Gregersen, and Clayton M. Christensen, *The Innovator's DNA: Mastering the Five Skills of Disruptive Innovators* (Boston, MA: Harvard Business Review Press, 2011), 17–40.

against mainland China and yet do vast business in that country. The case of Hong Kong is similar. It is a part of China and yet it is a Special Administrative Region (SAR) with its own ways of doing things. Mainland China is a bureaucratic state. In sharp contrast the background Taoist ambience of Hong Kong shies away from the deliberate action of the state. The Taoist attitude is: "Let it be": leave it alone. Adapt to the cycles of the world rather than try and rule or direct them.¹⁰ Background Taoism looks to the tacit "pattern of things" rather than to methodical state, institutional or bureaucratic intervention and organization. Hong Kong, Singapore, and Taiwan are not libertarian societies by any means. They have plenty of laws and regulations. Yet, by orthodox Confucian standards, they are relatively free. They have a greater tolerance for the spontaneous order of markets, industries, cities and publics than their neighbors. They are more ready to pay attention to patterns rather than persons, impersonal abstractions in place of patrimonial connections.11

The case of maritime East Asia can be fruitfully compared with that of Central America and the instructive example of Panama. The

¹⁰ The ethos of "let it be" directly parallels the view of one of the principal architects of Hong Kong's powerful economy, Sir John James Cowperthwaite (1915–2006), who was the thencolony's Financial Secretary between 1961 and 1971, and who advocated "positive non-intervention." In 1962 Cowperthwaite insisted that "[over] a wide field of our economy it is still the better course to rely on the nineteenth century's 'hidden hand' than to thrust clumsy bureaucratic fingers into its sensitive mechanism." (Lawrence W. Reed, "The Man Behind the Hong Kong Miracle," *The Freeman*, February 10, 2014). Positive non-intervention meant that "[personal] taxes were kept at a maximum of 15 percent; government borrowing was wholly unacceptable; there were no tariffs or subsidies. Red tape was so reduced that a new company could be registered with a one-page form. Cowperthwaite believed that government should concern itself with only minimal intervention on behalf of the most needy, and should not interfere in business. Reflecting on what became the world's most successful economy, Cowperthwaite remarked 'I did very little. All I did was to try to prevent some of the things that might undo it'." (Obituary, "Sir John Cowperthwaite," *Telegraph*, January 25, 2006).

¹¹ On Taiwan, Hong Kong, and Singapore as low-trust familial societies, see Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: Free Press, 1996), 10, 29, 30, 50, 56, 57, 84–95.

latter is mid-ranked economically and socially in the world. It has some good prospects of climbing the global ladder. Yet it also illustrates the difficulties that nations have in achieving this ascent. In the 2000s and 2010s, Panama was one of the fastest growing countries in the Americas. Its GDP growth rose from 2.2 percent in 2002 to 8.6 percent in 2006 to 10.7 percent in 2012. The two pivotal factors of (1) portal and (2) paradox and pattern played a part in this.

The Panama Canal connects the Atlantic and Pacific Oceans. Colón port is ranked the fortieth busiest container port in the world, Balboa, forty-fifth; Melbourne is fifty-eighth; and Oakland sixtysecond in contrast. Panama has a portal economy. A vast "in-andout" traffic goes through the Canal. Panama's economy reflects this gateway condition. Its service sector, including financial, insurance, flagship registration and legal industries, makes up 80 percent of the country's GDP. The expansion of the Canal fueled Panama's GDP growth in the 2010s. In terms of a conventional (that is to say, a functional) model of an economy, Panama has distinct strengths and weaknesses. Its transport infrastructure is a factor of strength as are its efficient business regulations. Starting a business takes six days and five steps. Panama has an open economy with low tariffs and a lean fiscal regime. In 2013, public expenditure was an economical 26 percent of GDP and public debt a relatively modest 41 percent of GDP. Fiscal consolidation had reduced public debt from 66.2 percent of GDP in 2005. Finance and capital markets are run soundly with high capital and liquidity ratios. 12 However, property rights in Panama are insecure and the rule of law is weak. Both of these deficits reflect a patrimonial economic and social mentality.

¹² Corinne Deléchat and Svetlana Vtyurina, "Panama: Growth to Remain Buoyant," IMF Survey Magazine, March 28, 2013, http://www.imf.org/external/pubs/ft/survey/so/2013/car032713a.htm.

Panama's judiciary is personalized, politicized, corrupt, and inefficient. Much of the land in the country is lacking in legal title.

These conditions point to a persistent difficulty countries have in achieving full modernity. Peak modern societies are "automated societies." They are dominated by four self-organizing systems: industries, markets, cities, and publics. In peak highly automated societies, patrimonial connection is edged aside by impersonal order. This impersonal order begins with "the rule of law." Laws replace personal direction and connection. But eventually laws in their turn are displaced by impersonal patterns. Cycles and ratios emerge as more important than procedures, policies, and rules. It is not that the latter disappear—any more than personal interaction disappears in an automated or self-organizing society. It is not a matter of either-or. Rather it is a matter of relative weighting. In the most advanced societies, that is, in the peak automated societies, patterns, abstractions, and quasi-aesthetic qualities like ratios and proportions acquire increasing and outsized significance in the overall way that a society functions.

Can we measure this development? To an extent we can via proxies such as the percentage of employment in a society devoted to copyright industries. This is not to say that copyright industries are where "the wealth of the future" lies. More simply the relative size of these industries is a proxy to measure the value that societies generate through paradox or pattern in contrast to patrimony or procedure. This is a proxy for the extent to which a given society is able to turn enigma into economics and aesthetics into assets. Copyright industries produce economic value through the broadcasting, distribution, and sale of legally protected works. There are a variety of types of copyright industries: core copyright industries, ancillary hardware

industries, artefact and experience industries, and support industries.¹³ Leading economies have (relatively speaking) sizable copyright industry sectors. Eight percent of employment in Australia is in that sector; Netherlands, 8.8 percent; the United States, 8.5 percent. In Panama the figure is 3.3 percent.¹⁴ It grew by 0.25 percent between 2002 and 2006.¹⁵ The contribution of copyright industries to Panama's GDP is 6 percent compared with 11 percent in the United States and 10.3 percent in Australia.¹⁶ In Singapore the sector contribution is 5.6 percent. That latter figure points perhaps to a long-term weakness in the Singaporean economy and in the powerful Chinese portal economies more generally, notwithstanding their great achievements.

¹³ The economic contribution of each of these industries has to be weighted according to the degree of their contribution to copyright value (Jorge Castillo Martinez, Tables 5A and 5B: Adjustment Factors to the Contributions of the Copyright-based industries in Panama: 2006, in The Economic Contribution of Copyright-Based Industries in Panama, 242). Core industries include press and literature; films and video; music, theater production, operas; radio and television; photography; graphic and visual arts; software and databases; advertising services. Hardware industries include physical media, equipment, device and instrument producers. The artefact industries include garments, textiles, shoes; jewelry; furniture, porcelain; glassware, and household goods design; carpets, rugs, toys and games design; architecture and engineering; and interior design and museum design. Experience industries produce copyright value when for example copyrights are collected for music in nightclubs, discotheques, bars and restaurants, http://www.wipo.int/export/sites/www/copyright/en/performance/pdf/econ_contribution_cr_pa.pdf

¹⁴ Martinez, Figure 14: Percentage Comparison of the Copyright-based Industries Contribution to Employment Worldwide, in *The Economic Contribution of Copyright-Based Industries in Panama*, 287. http://www.wipo.int/export/sites/www/copyright/en/performance/pdf/econ_contribution_cr_pa.pdf. The study's methodology is based on that of the World Intellectual Property Organization (WIPO).

¹⁵ Martinez, Table 1: Participation of the Copyright-based Industries in the Total Employment, according to Industry Category in the Republic of Panama, in *The Economic Contribution of Copyright-Based Industries in Panama*, 229. In the core copyright industries, between 2002 and 2006, music, film, video, television, software and databases, advertising grew; visual and graphic arts and photography declined. Press and publishing, and music and theater, were the major subcategories of employment.

¹⁶ Martinez, Figure 13: Percentage Comparison of the Copyright-based Industries Contribution to Value Added Worldwide, in *The Economic Contribution of Copyright-Based Industries in Panama*, 286.

The emerging auto-industrial age is exacerbating such weaknesses. In many global economies automation is increasingly replacing office work and sales work by machines (computers and robots).¹⁷ The age of the white collar "knowledge economy" is winding down. This also means that today "creative work" (in the broadest sense of that term; work of a non-routine, problem-solving kind) is becoming increasingly important as a means of replacing work that is being replaced by machines. The post-industrial path from agricultural and manufacturing work to routine service and office work is being computerized out of existence. The paradox-and-pattern path to prosperity is thus becoming ever more important.

This then raises the question: are some societies more creative than others? The answer is "yes" to the extent that some societies rest more easily on "paradox, pattern and impersonality" than others do. But if that is so, why is it so? Is there some kind of social "paradox factory"? If there is such a thing, then its source is probably religion—or at least a subset of religions. I have already pointed to the role of Taoism as an agent of paradox in maritime East Asia. What about in the Central American isthmus? Panama is a predominately Catholic country. An estimated 75–85 percent of the population identifies as Catholic; 15–25 percent is evangelical Protestants. (The government does not collect exact figures.) A

¹⁷ Carl Benedikt Frey and Michael Osborne, Technology at Work: The Future of Innovation and Employment, Oxford Martin School, Feb. 2015; Carl Benedikt Frey and Martin Osborne, The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, Oxford University, September 17, 2013; David H. Autor, Frank Levy, and Richard L. Murnane, "The Skill Content of Recent Technological Change: An Empirical Exploration," Quarterly Journal of Economics 118, no. 4 (2003): 1279–333; David H. Autor, Lawrence F. Katz, and Melissa S. Kearney, "The Polarization of the U.S. Labor Market," American Economic Review Papers and Proceedings 96, no. 2 (2006): 189–94; David Autor and David Dorn, "The Growth of Low-Skill Service Jobs and the Polarization of the U.S. Labor Market," American Economic Review 103, no. 5, (2013): 1553–97.

¹⁸ US Department of State, "Panama: International Religious Freedom Report 2007," United States Department of State Diplomacy in Action, http://www.state.gov/j/drl/rls/irf/2007/90262.htm.

small but visible religious group is the 20,000- to 40,000-strong body of Mormons. ¹⁹ The Mormons make up 1 percent of Panama's population compared with their 2 percent counterpart among the American population. Small perhaps—but size is not the only measure of influence. Jewish Americans, who make up 2 percent of the US population, constitute 7 percent of US corporate board members. The presence of Mormons in American business is similarly outsized.²⁰

By the measure of mainstream Christianity, the doctrinal views of Mormons are clearly heterodox. However what is important for the present discussion is neither doctrine nor creed but rather the way in which certain belief systems generate paradoxes. The American literary and religious scholar Terry Givens calls the Mormons a "people of paradox." 21 He argues that the Mormon mind is structured by a series of paradoxes: those of "authority and radical freedom," "searching and certainty," "the sacral and the banal" and "election and exile." The thing about paradoxes is that they are not dualisms but rather dualities that are compressed successfully into singularities. Thus, in the Mormon case, the divine is found in everyday life, moral freedom is achieved through thoughtful obedience, certainty makes searching possible, and religious election leads to exile in the larger culture. While this matrix might reflect the specificities of the Mormon mind it also has some generalizable implications. The Mormon divinization of the material, a classic paradox, for example parallels the Protestant spiritualization of work. Both are types of paradox that energize a material civilization.

¹⁹ The Mormons belong to the Church of Jesus Christ of Latter-day Saints.

²⁰ Jackson Lears, "The Mormon Ethic and the Spirit of Capitalism," The New Republic, October 19, 2012.

²¹ Terry L. Givens, *People of Paradox: A History of Mormon Culture* (Oxford: Oxford University Press, 2007).

They invest inert matter with a dynamic sense of spirit. They animate the inanimate. The compression of duality into singularity is the way that creation in general works. So perhaps it is then not so surprising that the *New York Times* would report in 2014 that the most successful Americans today are from Iranian, Lebanese, Indian, Chinese, and Mormon backgrounds.²² The Mormons have been especially successful in corporate America because they fruitfully interpolate the paradox of freedom and authority—a paradox tailored to innovation in plodding institutional environments. Notably, many high-achieving Mormons come from modest backgrounds. This fact is both a metaphor for countries climbing the economic and social ladder and a pointer to the kinds of social groups that engineer such upward mobility.

This kind of mobility does not arise from conventional economic formulae. That is not to say that conventional fiscal, market, education, and health prescriptions and functions are not important. They are. But behind such formulae lie more subtle considerations. In 1945 the Republic of Korea was in a state of absolute poverty. Today it ranks thirty-fourth in per capita GDP (PPP) at \$33,000 per head. This compares with Australia which is ranked seventh at \$43,000 per head. Syngman Rhee, the strong-man first president of the Korean Republic, was a Protestant convert and many members of his inaugural cabinet were Christians. This at the time when in the country, only two percent of the population was Christian (by 2005, 30 percent of South Koreans were Christians). South Korea adopted a flag whose centerpiece was the Taoist *yin-yang* symbol. At one point in his life Rhee had also been a Taoist convert. The latter is

²² Amy Chua and Jed Rubenfeld, "What Drives Success?," New York Times, January 25, 2014, http://www.nytimes.com/2014/01/26/opinion/sunday/what-drives-success.html?_r=0.

significant not just to underscore the role that heterodox religion plays in the promethean labors of social creation but also to point to a weakness of the yin-yang theory.

For generally implied by the yin-yang theory is the notion that opposites are properly kept in balance. They are best to remain clear-and-distinct and in equilibrium with each other.²³ That is not without practical or conceptual value. But creation requires more than this, namely, the paradoxical fusion of opposites. No one understood this better than the English Catholic convert Gilbert K. Chesterton, whose own writings are permeated with paradox, and who thought of Christianity as a religion of paradox. What is being suggested here is that if paradox is a crucible of social creation then the social and economic effects of Christian minorities are crucial. This is not a question of the role of doctrinal belief but rather the effects of an ethos laced with paradoxical assumptions.

In Panama, Singapore, Taiwan, and Hong Kong, Christian heterodoxy contributes something key to the latent background of social creation. Singapore has 11 percent Protestants, 7 percent Catholics (and 10 percent Taoists); Taiwan 4 percent Christians (and 30 percent Taoists); Hong Kong 7 percent Protestants, 5 percent Catholics (and 14 percent Taoists). Panama has 19 percent Protestants in a country where 72 percent of the population identifies as Catholics. The argument is not that many people say they are "Christians" and that therefore "creative activity" follows from being Christian. That is an implausible proposition when religious identification in a modern society is often nominal. Rather

²³ "The *yin* and *yang* principles act on one another, affect one another and keep one another in place" (Chuang Tzu).

it is arguable that religion is most relevant where small, not large, heterodox religious groups play an outsized role in the generation of economic and social dynamism. Accordingly, the spread of Protestantism in contemporary mainland China is not just an effect but also one of the causes of the economic rise of China's coastal provinces.²⁴

The Stranger Society

Heterodoxy often appears in unusual forms. Take the case of the Sephardic Spanish and Portuguese Jews who were forcibly converted by the Inquisition to Christianity and migrated to Panama.²⁵ Does the migration of the *conversos* ("converted") and the *anusim* ("forced") in the sixteenth through the eighteenth century still subtly influence what happens today in the Central American isthmus? Did these families inhabit two worlds simultaneously—living crypto-Jewish private lives and Catholic public lives? Does the simultaneous inhabitation of two worlds make a person more adept at the kinds of paradoxical fusions that creation requires? Do the two become one, duality turning eventually into singularity? Can such a mind-set be relevant across hundreds of years? Does it leave subtle traces across time? Given that Panama in the twentieth century had a tiny Jewish population but two Jewish heads of state,

²⁴ Historically, the merchant in China was socially-defined as a stranger and an outsider. Gary G. Hamilton, *Commerce and Capitalism in Chinese Societies* (New York: Routledge, 2006), 59; Daniel Chirot and Anthony Reid, eds., *Essential Outsiders: Chinese and Jews in the Modern Transformation of Southeast Asia and Central Europe* (Seattle: University of Washington Press, 1997).

²⁵ "The Virtual Jewish World: Panama," *Jewish Virtual Library*, http://www.jewishvirtuallibrary.org/jsource/vjw/Panama.html; *Be'chollason*. "Spanish and Portuguese Speaking Jews," http://www.bechollashon.org/projects/spanish/spanish.php#anusim; *Family Search*, "Panama Jewish Records," https://familysearch.org/learn/wiki/en/Panama_Jewish_Records; Yvonne Garcia, "A Brief History of Crypto Jews of Spanish and Portuguese Descent," *The Association of Crypto-Jews*, http://www.cryptojew.org/the_history_of_the_beni_anusim.html.

the only state apart from Israel to have done so, one wonders about such latent long-term effects.²⁶

So then can we expect Panama to eventually become the Hong Kong of Central America? Maybe—but also maybe not; social forecasting is uncertain. In part, this uncertainty is because any society at a given instant in time is a curate's egg. Some things point one way; others point another way. One looks at a mid-tier country like Panama and observes forward momentum and backward drag. A society without secure property rights will not advance to the top tier of countries. The absence of clear and firm property rights in turn hints at a larger existential problem. High-achieving modern countries tend to be stranger societies. That is, a significant portion of their social interactions take place between strangers. In these societies, the world of personal connection has been displaced and complemented to a visible degree by impersonal interactions, or more precisely relations between strangers.²⁷

This shift applies to even the most private interactions. Forty percent of American singles today use online dating sites.²⁸ In less intimate spheres in stranger societies, patrimonial governmentality, patron-client relations, kinship networks and communitarian behaviors are overwritten to a significant degree by the need to deal with people about whom we have little or no knowledge. The interactions can be direct or indirect, face-to-face or virtual, but they are not mediated by social direction, etiquette, brokering or status but rather by the impersonal patterns of markets, industries, cities,

²⁶ Max Delvalle (1911–1979), President of Panama in 1967; Eric Arturo Delvalle (born 1937), President of Panama from 1985 to 1988.

²⁷ The anthropological and historical background to this is outlined by Paul Seabright, *The Company of Strangers: A Natural History of Economic Life* (Princeton: Princeton University Press, 2010).
²⁸ Erika Ettin, "Online Dating in U.S. Continues Climbing," *Tribune News Service*, August 16, 2015.

and publics. These are actions that are induced by what the sociologist Georg Simmel called the "objectivity of the stranger." Advanced economies and societies rely heavily on these types of interactions. Less developed countries, arguably, less so.

Thus even societies that rank high on global indexes of economic freedom, with honest government and secure property rights—and that even fulfill some of the principles of nineteenth-century liberal small government—still might not ascend the ladder of prosperity. For example, Estonia ranks number eight on the *Wall Street Journal's* index of economic freedom and yet is forty-third in GDP per capita. Perhaps its GDP rank is simply a matter of time-lag; if so, Estonia will catch up after having been once a captive nation of the old Soviet Union.²⁹ That scenario is plausible. However, in the state of post-Communism, Estonia exhibits only moderate levels of social trust. Thirty-six percent and 34 percent of Estonians when surveyed respectively say that they have "recently helped a stranger" and that they "generally trust people."³⁰ Those percentages are better figures than in the case of Japan or Singapore but they are also still significantly lower than most high-performing societies.

The point is that impersonal interaction with strangers is a major dimension of vibrant markets, industries, cities, and publics. Substitutes for it can be found but finding these substitutes is often difficult to do. Japan's discomfort with the *Gaijin*, the outsider or the unfamiliar person, is well known; at the same time Japan's national identification with Western technology and culture, also well known, balances this. Singapore may be officially a multicultural state, but its

²⁹ Chile is similar. It ranks 7th on the WSJ index of free economies but 53rd in GDP per capita. Among the Chileans, 51 percent say they have helped a stranger in the past month, around the global average, but only 15 percent of them say that most people can be trusted.

³⁰ Legatum Institute, Legatum Prosperity Index 2014, November 3, 2014, figures for Estonia.

social media still has to provide tips on "How to Talk to Random Strangers in Singapore and Make New Friends." This kind of advice is not one that, for instance, many Australians need. The philosopher Roger Scruton has noted how the success of modern English society was closely correlated with its ability to create institutions where strangers readily mingled with each other without crowding each other.³²

These kinds of institutions rest on "the freedom of weak ties." The Internet is an excellent example of a technology that mediates stranger interaction by facilitating this kind of freedom. In a more general sense, self-organizing entities of all kinds rely on large numbers of people connecting freely through weak ties—seller and buyer, technology expert and forum browser, sports player and sideline watcher, music performer and music fan. These types of interactions are the opposite of those where strong ties prevail. Most human beings have a handful of strong ties.³³ Strong ties imply "hightouch" relationships literally and metaphorically. A part of human happiness rests on such relationships. Conversely a part of human happiness rests on weak ties, especially in the modern age. Societies that are modelled on strong ties today mostly underperform economically and socially. ³⁴ High-performing markets, industries,

³¹ Nicholas Chen, "How to Talk to Random Strangers in Singapore and Make New Friends," The Smart Local, February 20, 2015, http://www.thesmartlocal.com/read/strangers-singapore

³² Roger Scruton, England: An Elegy (London: Continuum, 2006).

³³ The British anthropologist, Robin Dunbar, in the 1990s estimated that the number of people human beings could know in a personal sense was about 150, the size of the Neolithic village. But in a modern society we physically interact with at least 80,000 people in a lifetime (78.3 average lifespan minus 5 years of being a small child x 3 persons x 365 days a year = 80,263 people).

³⁴ One of the reasons for this is the dynamics of innovation. Referring to studies on the diffusion of innovation, Mark Granovetter made the point in his classic 1973 paper on the paradox of the strength of weak ties that persons with weak ties were "best placed to diffuse... a difficult innovation." M. S. Granovetter," The Strength of Weak Ties," *American Journal of Sociology* 78, no. 6 (1973): 1367.

cities, and publics are in large measure automated. That is to say, they are self-organizing. A self-organizing tie is one (simply put) that is not bureaucratic. It does not rest on rules, directions, policies, or committees.³⁵

Weak ties have strong economic and social outcomes. Once we step outside the sphere of family and friends, the efficacy of modern life in many ways relies on those self-organizing orders (viz., markets, industries, cities, and publics) where weak ties flourish. These entities are characterized by large numbers of ephemeral connections—that is, quickly passing relations between individuals. These ties bring persons together briefly. Such ties work when the connection is not elaborate and the transaction between persons is done swiftly, without fuss, and in minimum time. These relations are economic, efficient, and rapid. They are thin rather than thick, yet in their own way they are satisfying. They are timesaving and cost effective, yet they generate high levels of gratification because of their implicit aesthetic qualities. Generally speaking we do not organize our personal lives in this way, although perhaps even that is changing. But certainly in broader social life, when we install technology, buy things, use transport, or read the news, the preference in peak societies is that things are done smartly, without being convoluted or highly wrought. Avoiding multiple steps, delays, obtuse complexity, and baroque complication is typically favored. For this reason, simple abstract patterns become the basis of social interaction rather than multiple rules or elaborate etiquette.

³⁵ The introduction of strong processes in place of strong ties was the one of the great experiments of the twentieth century. This was "the organization age." Organization, documentation, and application replaced personal connections in major economies. Committees and formal criteria substituted for clubs and fraternities. Generally, though, strong process worked no better than strong ties in economic and social life. The high-touch bureaucratic simulations of thick ties that proliferated in the voluminous modern care-and-concern industries proved on the whole to be neither efficient nor affectionate.

That is to say, markets, industries, cities, and publics organize themselves not via explicitly formulated rules, regulations or expectations but rather via tacit aesthetically recognizable ratios, cycles, meshes, fractals, proportions, and the like. Take a group of students who have never met before and a stock of chairs massed against a wall. Ask the students to pick up a chair and sit themselves down. They will do so in a spontaneous pattern; for example following the configuration of the golden ratio. That is the way that strangers who know little or nothing about each other spontaneously interact.

The interaction of strangers increasingly matters in economic and social affairs. Take the case today of the heavily bureaucratized and overpriced education and health sectors in major economies. These sectors are very costly. For this reason, medical and educationdriven visitation-and-retirement is a foreseeable major future industry in mid-tier countries. Panama is a good example. It has low costs (half of the US cost of living), a decent infrastructure, and a qualified work force. The expatriation retirement industry magazine International Living's Global Retirement Index 2015 ranked Ecuador, Panama, Mexico, Malaysia, and Costa Rica as the best places to retire that year.³⁶ Eleven out of the top twenty retirement countries were tropical zone nations. The number two country, Panama, has a growing expatriate retirement population and a visa system that services this cohort. In 2012 the Wharton Business School noted that 350,000 American retirees were receiving retirement benefits outside the US and that the travel industry was estimating that upwards of 3.3 million US baby boomer retirees were planning

³⁶ International Living, http://internationalliving.com/2015/01/the-best-places-to-retire-2015/

expatriated retirement due to the high cost of living in the United States especially medical costs but also housing costs.³⁷ Long-living older populations with substantial assets are common now in high-cost advanced economies.

A large-scale expatriation industry, though, assumes a high tolerance for interactions with strangers. Responding to global poll questions in 2013 and 2010, 45 percent of Panamanians answered "yes" to the question "have you helped a stranger in the past 12 months?" compared to a world average of 48 percent and 55 percent in Hong Kong; while 21 percent of Panamanians thought that "most people can be trusted" compared to 24 percent internationally and 30 percent in Hong Kong.³⁸ In the United States 79 percent of people reported helping a stranger and 37 percent of people said that "most people can be trusted." (Note the spread of figures in the US case.) In Australia, the figures were 65 percent and 46 percent respectively; Switzerland, 54 percent and 45 percent; Denmark, 55 percent and 62 percent.

The correlation between social and economic ranking and the stranger society is high (see Table 4). In recent survey data, 26 percent and 33 percent of Japanese respectively said that they recently had helped a stranger and that they generally trusted people; 24 percent and 32 percent of Singaporeans said the same. The measure of confidence in strangers roughly mirrors the social and economic ladder: "high trust" exists in Australia and Hong Kong; "medium trust" in Japan and Taiwan; and "low trust" in South

³⁷ "What's Driving Americans to Retire Abroad? Money—or Lack of It," *Knowledge @ Whatton*, July 18, 2012, http://knowledge.wharton.upenn.edu/article/whats-driving-americans-to-retire-abroad-money-or-lack-of-it/.

³⁸ Legatum Institute, "The 2014 Legatum Prosperity Index," drawing on Gallup World Poll data. http://www.li.com/activities/publications/2014-legatum-prosperity-index.

Korea and Thailand. This rank-order broadly parallels GDP per capita (PPP).³⁹ Exceptions like Singapore rely on an unusually high level of impersonal procedure instead of impersonal relationships. This pattern suggests that (however it is defined) development is not just an expression of functional factors, important as these are, but is mediated in, through and by the capacity of human beings to interact with strangers.

	GDP Per Capita (PPP)						Mean of Foreigners
Nation	2014	Family	Neighbors	Different religion	Foreigners	Strangers	and Strangers %
Australia	\$43,073	94.8	86	84.3	85.2	56.7	71.0
Hong Kong	\$52,722	98.5	75.4	64.7	59.3	16.9	38.1
Taiwan	\$39,767	98.8	77.3	61.7	43.7	16.7	30.2
Japan	\$36,899	98.3	79.5	29.6	28.2	33	30.6
South Korea	\$33,189	99.1	79.2	37.6	24.3	16.6	20.5
Thailand	\$9,875	99.4	92.4	23.1	20.8	10.3	15.6
Mean % for each o	ategory of trust	98.2	81.6	50.2	43.6	25	

Adapted from Table 1, Paul R. Ward, Loreen Mamerow, and Samantha B. Meyer, "Interpersonal Trust across Six Asia-Pacific Countries: Testing and Extending the "High Trust Society" and "Low Trust Society" Theory PLoS One, 2014; 9(4).

Table 4. Proportion of Respondents Indicating Higher Trust in Various Groups or Individuals

³⁹ Paul R. Ward, Loreen Mamerow and Samantha B. Meyer, "Interpersonal Trust across Six Asia-Pacific Countries: Testing and Extending the 'High Trust Society' and 'Low Trust Society' Theory," *PLoS One* 9, no. 4 (2014): 1–17.

Conclusion

The essence of the matter is that interaction with strangers is the sinew of markets, industries, cities, and publics. Accordingly broad economic and social performance is conditioned by the weak ties of stranger societies because these ties facilitate and animate human creation. Because they are brief, weak social connections easily multiply. Such multiplicity diversifies sources of information. Such diversification encourages creativity due to the fact that the creative process entails the bringing together of a wide range of ideas that are not normally associated. It requires the fusion of what normally stands apart. Quick connections (due to weak ties) expose individuals to things that are distant or removed in nature. In some cases at least, this functions as a crucible of creativity. Creation melds the distant with what is more familiar and closer-to-hand.

In a parallel vein effective dealing with strangers requires a kind of two-world cognition—an intellectual and intellectual-emotional facility for stitching together the worlds of ego and alter, mine and thine. This process requires melding what is known (mine) with what unknown (thine). This melding can range from a very loose stitching to an intense fusion of worlds. The latter in particular is closely connected with creation, which is an act of synthesis. It combines things that are otherwise set apart. There are many kinds of creative synthesis. These can range from the synthesis of existential worlds, and the arts and sciences to products, processes, and personalities. The act of synthesis is underwritten by acts of pattern thinking.

Creation is a mode of human action. Its importance varies from society to society. In a very general sense creation is one of three key modes of social action. The other modes are patrimonial action and procedural action. Patrimonial behaviors are modelled after family

relations, the most familiar of all modes of human interaction. The familial is the key model for familiar action. In the familiar social world, one person knows another person—or else does business by "getting to know" another person. This world consists of clients, patrons, personal service, and high-touch behavior. Procedural action in contrast does not rely on personal knowledge. Rather persons interact through rules and procedures, that is, they engage with each other via formal rules and regulations usually involving large amounts of paperwork. Familiar (including patrimonial) modes of interaction rely on one-world cognition. Procedural action assumes multiple worlds but a single defined formal rule-governed process. Creative action is different again. It places low reliance on rules. It does not assume familiarity. Rather it operates through aesthetic media—simple tacit patterns such as ratios, equilibria, unions of opposites, meshes, and so on.

That typology in its turn is a pointer to economic and social development. All societies have elements of familiar, procedural, and creative action. These types are fundamental modes of social action. Societies distinguish themselves according to the relative weight that they allot to personal, procedural, and pattern behavior. Some place priority on close relations, some on formal relations, and some on strangers acting through patterns. The latter are especially conducive to markets, publics, industries, and cities. These (essentially self-organizing) kinds of social order are closely connected with the generation of modern economic and social prosperity. This correlation suggests that societies that wish to climb the ladder of economic and social development face tacitcultural pressure to convert personal to distant and formal to archetypical relations.

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