Non-Economic Factors Impacts on Economy: On Interphase Operating Principle

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The famous China's economic anthropology theorist Yang Tingshuo proposes an interphase operating model according to China's national conditions. This theoretical model, from the economic anthropological perspective, fully illustrates the non-economic factors of economic and social development in the country's ethnic minority-dominated areas. It puts forward a new strategic proposal, from an economic anthropological way of thinking, to convert the non-economic factors into positive ones to promote socio-economic development of minority dominated regions. This theoretical model has made a meaningful contribution to the development of economic anthropology with Chinese characteristics in the process of localizing economic anthropology in China.

INTRODUCTION

Professor Zhou Daming of Sun Yat-Sen University, a well-known Chinese applied anthropologist, proposes that the study of human economic behavior and non-economic factors of economic development process helped create the interdisciplinary field of economic anthropology (Zhou 2013). Economic anthropology explores different social production, distribution and consumption processes, adhering to the inherence of criticism to the discipline of anthropology by studying the world of “otherness”, to reflect the world of “our own”, by rethinking basic concepts, propositions, and inferences of western economics, and making inferences on overall reflection, and aims at restoring the originally moral meaning in economic phenomenon of human life, such as exchange, currency or market economic activities and social interactions. As such, issues of non-economic factors in economic and social development have long been an important research topic in the field of economic anthropology (Hann and Hart 2011).

Since the reform and opening campaign launched by the late Chinese leader Deng Xiaoping and his colleagues at the end of 1970s, China's economic system has been able to complete the transition from a centrally-planned economy to a socialist market economic system, resulting in pan-marketization (Tian and Dai 2012). In this process, under the guidance of the central government's macroeconomic strategies, the economic and social development of China's ethnic minority areas, broke the constraints of traditional product-oriented economy and natural economy, began to gradually shake off self-enclosed economy and reshape the development pattern to formulate a new strategy.
Meanwhile, the exchanges became more frequent and extensive inter-ethnically, inter-regionally, as well as internationally through multi-channel, multi-level, multi-form in fields of economy, technology, and culture. Under this new type of pattern and trend, it is worth mentioning here that impacts of many non-economic factors, including cultural, religious and traditional values, on the economy of China’s ethnic minority areas have become increasingly prominent, forming an inconvenient economic and social development constitute that demands thoughtful consideration by Chinese economic anthropologists (Zhao 2013).

Economic anthropology studies demonstrate that the effect of non-economic factors on economic and social development is multifaceted, but compared with developed regions; this effect is much stronger in the ethnic minority areas. Chinese economic anthropologist Yang Tingshuo, a tenured senior professor of Jishou University in Hunan province, once conducted a long-term systematic study on non-economic factors and their impact on the economic and social development in ethnic minority areas in Guizhou province.

Based on his prolonged economic ethnographic work, Yang has formatted his unique identity insights about the non-economic factors and their impacts on economic and social development in ethnic minority areas. He put this type of unique insight into his interphase operating model principles. In his most well-known work, Interphase Operating Model Principles (hereafter refers to Interphase Book), Professor Yang Tingshuo indicates that facing the new situation and the new pattern of international and domestic economic development, and at same time taking the overall economic and social development of ethnic regions into consideration, we must have our vision of development expanded from economic areas to non-economic areas. While designing overall strategic development programs for the ethnic minority areas, we must study the economic issues from various angles, without limiting it to cultural, religious, traditional consciousness, ethnic and inter-ethnic interaction, rather treating these non-economic factors at a higher strategic level (Yang 1995). This paper intends to elaborate and discuss the analyses of non-economic factors contained in Interphase Book from different angles (Tian 2013).

Economic anthropology is a product of dialogue between anthropology and economics, which takes human economic behavior as research subject but differs from the economics understanding on it. Economic anthropology has gone through different development stages, now it is high time that anthropologists need to study the world economy further as a whole to push the development of economic anthropology enters to a new era. The traditional economic anthropology studies human economic behavior taking the Western intellectual history as background, which has its own limitations. Therefore, a broader perspective is required to examine people's economic activities and their needs, aspirations and motivations (Hann and Hart 2011).

The spreading and development of economic anthropology in China has obvious Chinese characteristics. After the establishment of the People’s Republic of China, the Chinese central government organized a large-scale survey of social economy in its ethnic minority areas to promote overall socio-economic development in these areas, which had laid a good and solid foundation for the development of economic anthropology in China. Subsequently, the creation of ethnic minority economics and the study of development in western China have largely accelerated promoting process of localizing economic anthropology in China (Shi 2002). It is in the process of economic anthropology localization that economic anthropology theorist Yang Tingshuo proposed interphase operating theoretical model, which has made a new contribution to the development of economic anthropology theory in general and to the localization of it in Chinar (Tian and Luo 2013).

The interphase operating model theory was initially proposed in 1995 by Yang in his Interphase Book published by Guizhou Minzu Press. The term of interphase operating is a new economic anthropology concept with Chinese characteristics, which was originally concise phenomena of economic operations in the ethnic minority areas in Guizhou province, China. Interphase is a translation of Chinese character xiang Phase (pronounced xiang, fourth tone) is extremely rich in meaning, which can be interpreted in the following ways: 1) it refers to the facial appearance of people, such as looks, photography, gentleness, ferociousness; 2) it refers to the surface appearance of objects, such as moon phase, metallurgical appearance, object surface; 3) it refers to the actions of observation or judgment, such as physiognomy, fortune telling; 4) it refers to the official titles or positions, such as prime minister; 5) it refers to a physical or chemical state of matter, such as
steam, water, ice, as three different phases; 6) it refers to sinusoidal physical changes, a value used to determine a time (or a position) status, which is termed as a phase or a phase angle (Tian 2014).

Therefore, the phase is a comprehensive concept of complex contents with multiple meanings. In Interphase Book, Yang specifically refers phase to the economy operating models, as well as the scope and characteristics of various models of different ethnic minority peoples in different natural, economic, social and cultural environments. It is necessary to emphasize that this type of economic operating models is constrained by multiple factors, including the geographical and administrative scopes, subject to certain restrictions contained various elements of nature, history, politics, and culture so on (Yang 1995:17-30).

In Interphase Book, Yang pointed out that human beings carry out economic activities under appropriate cultural value system and in a specific living environment, the government and its administrative functions have a direct impact on the culture and environment, therefore have direct impact on human economic activities. According to Professor Yang Tingshuo, the natural connotation of interphase concept refers to the aggregation of relations and effects generated by different economic operating models, scopes, and characteristics among various peoples under different natural, economic, social and cultural environments, including the relationship between numerous factors and the effects (Yang 1995:21-25).

The background for the formation of interphase concept consists of each people's own historical process, which also contains the political, economic and legal systems historical heritage through exchanges by the country, government and the nation states around. In addition, it also includes factors of recognition, reformation, and utilization of the environments in which human beings survive. Based on the above understanding and awareness, Yang highly condensed the society constrained by ethnic cultures along with the characteristics of natural beings into a concept of xiang (phase). His highly summarized abstractive idea, not only in accordance with the traditional Chinese classical philosophy, but also coincide with the modern natural science theme. As such, it is believed that speculative philosophy and interdisciplinary integration of interphase concept is over the more traditional meaning of inter-ethnic concept can express (Yang 1995:7-9).

It is suggested that the interphase operating model may serve as a milestone in localization of economic anthropology in China, its theoretical contributions and significant guidance on actual economic development in ethnic minority areas are obvious. The Interphase Book provides correct answers to a series of questions pertaining to socio-economic issues related to development in China, especially related with non-economic factors that affect the economic development in western part of China where ethnic minorities are concentrated in large numbers. It explores the history and origins of some key non-economic factors, evaluates the functions of those non-economic factors to the local community development by identifying the positive energies that those non-economic factors can have in terms of promoting economic development. Moreover, it suggests the way to avoid and overcome the adverse effects of non-economic factors to economic development. The facts of history and reality compel people to understand that only by systematic studying on non-economic constraint factors, the solution to promote socio-economic development for the developing countries and their peoples can be arrived at (Yang 1995:2).

**Economic Way of Thinking Non-Economic Factors**

Classical economic theory suggests that the purpose of economic activity is to make the product available to the market and to gain profits by doing so; the goal of economic activities is to pursuit profit and to maximize efficiency. The main economic activities include the production and consumption activities, which are not completely separated but closely linked. During human economic activities people must make necessary choices to maximize the benefits, either choice of consumption or choice of production effectiveness, will be the subject to a hard constraint of limited resources, as well as to soft constrains by non-economic factors, such as legal, ethical, cultural, and psychological issues. It is these two constraints that largely determine what to do, how to do, and the outcomes during people’s economic activities (Wilk and Cliggett 2007).

Traditional economic anthropology theory holds that cultural, psychological values and other non-economic factors directly affect people's needs and their satisfaction, thus affecting people's expectations for economic activities as well as their understanding about and motivations for economic interests. As such, economic operation mechanism of distinct cultural groups will vary. Moreover, in view of economic
anthropologists, the impact of non-economic factors on the economy is broader, more direct and more active than that is being recognized by economists, numerous factors will generate different impact is, and some non-economic factors even directly involve in the economic activities (Stammler 2008:12-18). We believe that in the economics theory system economists put cultural factors into the category of non-economic factors is a choice they must make for no other choices, in fact these so called non-economic factors are economic factors, we need to understand and explain from the economic point of view.

In this regard, Yang made a very clear argument in the Interphase Book by pointing out that there is a clear distinction between economic anthropologists and economists on the internal meanings and understandings of non-economic constraints. The modern economics is the science for the nations and societies that enjoy fully developed market economy and social development, its values will be reduced greatly if applied to the nations and societies that have undeveloped market economy. This type of incongruity is difficult to explain in economics because it is incompatible with the existing economics theory (Yang 1995:5-9).

Usually it does not completely negate the principles of economics but appears as the phenomenon reflected outside the social and economic life. Thus, economists will attribute all the interphase operational confusions cased by economic life difference among diverse groups into the scope of non-economic constraints. However, for economic anthropologists, these interphases operating confusions because of difference are directly economic factors, which is a consequence of the differences of economic activities due to relative interphase operational process, and which is unavoidable due to the ethnic differences (Yang 1995:112).

To probe non-economic factors in economic theory in an economics way of thinking is another significant contribution by Yang to economic anthropology in its localization process in China, which is also a reflection of the traditional economics theory. In the process of China's economic reform, some so-called economists use their economic theory and policy research power to fully introduce the Western economic theory into China without critically analyzing, which has already brought inmeasurable loss in the national economic life order, and thus really needs to be critically rethought. Yang elaborated with such a view that the non-economic factors in the interphase operational model are very complex, full of variables and uncertainties, because compatible but unique factors existed between distinct phases (Yang 1995:170-191).

It is necessary to pay attention to and to deal with various intersected non-economic factors between distinct phases, and make them become positive factors in the social and economic development. At same time, it is also important for the minority people to get rid of narrow minded, old local and ethnic consciousness, accordingly to nurture and develop creative sense of innovation, innovative culture and innovative ideas that are consistent with national and regional socio-economic development goals, only by doing so western China minority areas can realize their long-term social economic development goals (Yang 1995:227-235).

**Cultural Factors in Social Economic Development**

In the theoretical framework of economists, culture is the most active and direct factor among all the non-economic factors to generate impact on the economy. Numerous studies by Economists demonstrate that in the past 20 years, most Eastern Asian countries have achieved miracle in development, while at the same time the development process of Africa and Latin America has trailed behind. Although Africa, Latin America and Asia have followed the identical development ideas that come from the transition model of economic reform and development, emphasized the formation of capital, the importance of market economy model, the use of foreign capital investment and education in economic development. However, on the identical basis with the same market economic development model, there was a distinct developmental outcome (Wilk and Cliggett 2007).

Get to the bottom of its inherent key reasons economists believe that the success of Eastern Asia countries is mainly based on their traditional cultures that contain indispensable positive and promotional factors, such as hard-work and savings mentality. These non-economic factors of cultural values are important to the prerequisite for the formation of capital, labor and other resources, which are crucial to...
economic development, and apparently Africa and Latin America lack these factors and cultural traditions precisely.

To economic anthropologists, culture is one of the most critical issues in research contents. Anthropologists believe that all activities by human beings are the subject to the cultural value system within which they are living, and economic activities are no exception. Economic anthropologists utilize the concept of culture in almost every aspect of their research. The principles of economic anthropology indicate that culture will create some specific preferences, views, or reference for exploring awareness of something in specific situations among groups and individuals. Culture as a factor in the economy is essential, just like other factors of labor, land, and capital. Of course, due to the different schools of thought and knowledge, the awareness of and understanding on culture differs among economic anthropologists, but this difference does not affect them in recognition of the importance of cultural factor to socio-economic development in terms of awareness of and understanding on culture (Carrier 2006).

Based on the economic anthropology tradition, Yang after conducting many field survey data analysis, concludes that in terms of engaging in economic activities, all the interphase business activities organized and implemented by specific individuals or groups, must base on the individuals and groups’ own culture inherent characteristics, as such they must be done in the appropriate cultural circle. During interphase business operations conducted by different individuals and groups with cultural differences, all the involved parties must face and try to adapt to the cultural differences between them. Yang also profoundly put forward that without cultural interaction the interphase business activities cannot be completed. Therefore, cultural interaction is an important part of business operations in the interphase occasions.

Yang further noted that interphase business activities, regardless how many ethnic groups or how many different environmental factors involved, must take place in a certain cultural value system, which functions as the basis of economic activities. The main actors as the subjects engage in the interphase business operations are within the base cultural system, the other participants as objects are passengers to the main system. This definition of cultural interaction and the statement of subjects and objects are an important theoretical contribution by Yang (Yang 1995:44-45).

Because culture has a major decisive influence on economic activities and economic outcomes, Yang put a lot of energy on profound cultural discourse. In his 560 pages of 500,000 words’ book, the discourse on culture makes up to 200 pages and 180,000 words. He contributes his third, fourth, and fifth chapters of the book to focus on the impact of various cultural factors on economy. Yang discusses the essence of cultural similarities and differences, cultural and economic life of mankind, the inter-cultural barriers in terms of establishing standards for product. There is a need to think about the economic significance of cultural difference and to distinguish several types of disturbances induced by differences of cultural practices, information transferring and application, property rights and the organization of production, science and technology. To remove cultural roadblocks, we need to enhance the education and economic interaction relationships between diverse groups characterized by intangible cultural networks and cultural adaptation (Yang 1995:99-284).

Yang argues that culture is architecture with specific social functions. Systemic interdependence and cultural constraints between structural and cultural factors, will inevitably lead to cultural responses to external stimuli, which is beyond the scope of economic activity and will make the interphase operations become more complicated. If one ignores this complicated reality, then various non-economic constraints will be out of control and thus make economic development more difficult (Yang 1995:103). To Yang the causes of many economic problems are non-existence of economic activity, but are rooted in the deep structure of cultural networks. He argues that if one lacks the knowledge on cultural network, which is necessary for deeply understanding the nuances of economic problems, one will never be able to resolve these problems (Yang 1995:141).

Cultural Consciousness and Cultural Self-Confidence

The Sixth Plenary Session of the Seventeenth Congress of the Communist Party of China stressed that the Chinese people must strive to cultivate a high degree of cultural awareness and cultural self-confidence, to further improve the quality of the whole nation's civilization, to enhance national cultural soft power. For the
current Chinese leadership, to promote the Chinese cultural value system in the world, it is necessary to build a socialist culture power with typical Chinese characteristics. Cultural awareness and cultural self-confidence conceptualized the dream of hundred years that the Chinese people explore the road of national revival, reflecting the strategic choices made by the Chinese communists in the new era of contemporary world (Wang and Hou 2011).

The importance of culture for social and economic development is beyond doubt. It can have both positive and negative impact on economic and social development, and the key is how to grasp and implement it. Therefore, it is important for the Chinese people to improve their cultural awareness and understanding of cultural self-confidence, and to make it generate positive energy in social and economic development.

Yang pointed out that the cultural system functions as a network structure because it involves a wide range of complex relationships among cultural factors that are tightly structured, as such it is full of great energy in various formats, and economic activities can utilize these types of energy to gain positive outcomes (Yang 1995:103). Therefore, the overall social and economic development of a nation should not just evaluate the level of material production, but rather a cultural reconstruction process. Cultural reconstruction is a holistic restructuring of national culture, which involves all necessary aspects of social life and needs to assimilate all those factors that can pep up the process of restructuring (Chibnik 2005).

About the specific region's social and economic development in China, Yang feels that due to the impact of existing educational model and ideology, people tend to put the absolute role of Han culture, consciously or unconsciously think that all problems can be solved within traditional orthodox Han cultural system, which apparently ignored minority traditional cultural values and ill-considered modernization of integrated issues. Hence, he suggests that the social scientists should study the development issues in the minority areas from a new perspective by seriously considering various national traditional cultures and modern practical problems to make a comprehensive analysis from different disciplines and angles (Yang 1995:562). Therefore, to accelerate the economic development in ethnic minority areas, it is necessary to increase cultural consciousness and enhance cultural self-confidence among ethnic minorities.

The fundamental purpose of evoking cultural minorities consciously to enhance the cultural self-confidence of ethnic minorities is to make the traditional culture of ethnic minorities playing a positive role in the process of modernization. There are some successful examples existed in terms of using traditional culture to promote social and economic development in China's ethnic minority areas. For instance, the movie of “Liu San Jie (The Third Sister Liu)” made Guilin of Guangxi Zhuang Autonomous Region known to be the best beautiful place in the world and obtained reputation of “landscape under heaven”, and thus made Guilin a tourist hub. Another example is the movie “Wu Duo Jin Hua (Five Pieces of Golden Flowers)”, which made the world know “San Yue Jie (March Street)” and its infinite longing beautiful scenery and colorful ethnic customs of Bai Minorities in Dali of Yunnan Province.

More recently, a successful model of using culture as the stage singing the economy has emerged in China minority areas. Wenshan county in Yunnan province, where the Yi and other minority people concentrated, held alternately ethnic festivals according to various seasons not only improve the visibility of different ethnic groups in Wenshan and let the world know Wenshan ethnic minorities, but also promote rapid economic development in those areas. In this case the folk dance and customs along with business activities and trade together, not only enriched cultural life of urban and rural areas, but also promoted the development of market economy, which provides a live portrayal that ethnic cultures can really inject positive energy in promoting social and economic development (Zhao 2010).

Using ethnic culture as the basis to develop minority cultural tourism economy is another effective way to let traditional culture be an essential ingredient of social and economic development (Bai and Chen 2012). To strengthen minority education and technology development is another important effort in this regard. Yang states that factors such as education, science, and religion belong to the scope of national culture in the spiritual life, and their main function is to coordinate national statutes and social behavior through a positive impact on people's everyday life, resulting in the resuscitation of nation's economic activity. Because this type of effects has implicit and persistent characteristics, the direct administrative and economic means cannot simply replace or offset it, therefore we must find alternative solutions through continuous cultural education to local administrators so that they can make the decisions by taking the regional cultural values into consideration (Yang 1995:217).
In China, minority traditional culture functions as the regional long-standing soft power in social and economic development process. Professor Joseph Nye, dean of Harvard University's Kennedy School, pioneered the concept of soft power from a strategic perspective in the early 1990s. According to his research, the real strength of a country consists of two aspects, namely the hard power and the soft power of the country. The so-called hard power refers to a country’s economic, military and resource elements of control and expansion power; while the so-called soft power is cultural, institutional and ideological appeal and persuasive of a country, which is the ability to get what the country wants by its addictiveness. In short, control is the hard power and influence is the soft power.

Usually hard power and soft power are complementary. More specifically, hard power is the basis of soft power, while soft power is the extension of hard power and sublimation. If a country can make it more attractive, its system would strengthen the regime in the world so that other countries can follow it to seek a way to coexist and to define their interests. With the strong soft power, the country would not need to rely on the traditional means of filling the economic or military power to maximize its expansion and export the ideals of its national system. The new concept of enhancing national soft power brought new strategic thinking (Nye 1990).

Chinese scholars and politicians have recognized and accepted the basic theory of soft power proposed by Joseph Nye by endorsing that national cultural soft power is an important source, which plays a significant role in national development (Wang 1993). Chinese scholars believe that the source of soft power is consisted of numerous factors, such as the ability to control information in this age of information is an important part of soft power in addition to the national cultural value system. The contents of soft power are evolutionary in accordance with a nation’s development process (Ni 2001).

In addition, some Chinese scholars creatively apply theory of soft power into the studies of regional economic development strategy, business development strategy, and strategic research of urban development (Chen and Yang 2008; Ma 2007). Yang wrote his book in the early 1990s, when the concept of soft power was not popular in the Chinese academic community. Although the concept of soft power is not used in his writings, the meaning and ideas contained in his book are highly consistent with the concept of soft power. As such, we cannot but admire Professor Yang Tingshuo for his ingenuity and foresight (Yang 1995:99-158).

CONCLUSION

Professor Yang Tingshuo, based on the international cultural anthropology, economic anthropology, economics and other cutting-edge theories, proposed the interphase operation theoretical model, which is the outcome of digesting and refining classical economic anthropology. The theoretical model is beyond the classical economics assumption of rational man’s economic activities aim at maximizing his utilities. It is also beyond the traditional assumption of anthropology that motivation and cultural influences determine human economic activities. Therefore, it is a new economic anthropology paradigm that crosses disciplines with the Chinese characteristics; as such it promotes the discipline to a new development of high tide and helped the localization of economic anthropology in China.

Economic anthropology and economics are two disciplines of social science with a significant difference in terms of studying human economic behavior and economic development process. Economic anthropology takes the essence of human society and its development approach as its research focus. Through the study of dissimilarities among different human groups we can understand the social implications and the characteristics of human lives. Economic anthropology emphasizes the importance of culture and other non-economic factors in social and economic development from an economic point of view. Professor Yang Tingshuo’s interphase operating principle theory reflected the tradition of economic anthropology very well.

The real social and economic development in China, particularly the status of social and economic development in ethnic minority areas in western China, not only need the theory and guidance of anthropological research, but also create the opportunities to develop the economic anthropology with Chinese characteristics. Therefore, it is very important for the Chinese economic anthropologists to learn and revise the Western economic anthropology theories and methods according to the reality of Chinese society in the process of continuously innovating and developing economic anthropology theories and methods with Chinese characteristics, so that it can better serve the need of building a moderately prosperous society planned by the Chinese leadership (Fan 2009). From this perspective, today, after nearly 20 years of its
official publication, when one studies Yang’s interphase operation model, one can still feel the theoretic dynamics it contains. It provides a very valuable economic anthropological theory reference in terms of guiding the social and economic development in China's western regions where ethnic minorities are concentrated.

REFERENCES


