



Book Review

**Petrakis, Panagiotis E. *Culture, Growth And Economic Policy*.
Berlin, Heidelberg: Springer-Verlag, 2014. 238 PP.**

Andy Bangkit Setiawan

Nagoya University

Furo-cho, Chikusa-ku. Nagoya, Japan 464-8601

andy.bangkit.setiawan@h.mbox.nagoya-u.ac.jp



Lately, Indonesia exposed by a service called Go-Jek. Go-Jek is a multimedia based *ojek* (motorcycle taxi) which is launched in some cities in Indonesia, which the costumers can only use specific application provided by Go-Jek company to call the *ojek* riders who will take them to their destinations. Even amount of the cost charged can be shown by the costumers at the moment they order without any bargain with the riders like the conventional *ojek*. By all means, this facility cuts off all inefficiency, which felt by *ojek* costumers and riders. However, resistance arises from some particular people who work as conventional *ojek* riders. Even at some places violence done by conventional *ojek* riders to Go-Jek riders, does happen.

Logically, effectiveness of Go-Jek which contributes towards *ojek* riders' increase of income is supposed to be an enticement for conventional *ojek* riders and lead them to join Go-Jek. But then, the conventional *ojek* riders show their resistance towards Go-Jek instead. In the other words, why are conventional *ojek* riders resistant

towards Go-Jek system, although Go-Jek offers much higher income and much better level of effectiveness?

This phenomenon is really interesting to be observed because it shows there are at least two factors or other variables influence a person or a group of people in accepting or being resistant towards something which offers the increase of economic (value) and that factor or variable can be seen as irrational. The same thing can arise in other phenomenon so that variables need to be considered in comprehending people's economic movement. One of that factors/variables need to be considered in such phenomenon is culture, and this thing is discussed by Panagiotis E. Petrakis, a professor and also the director of International Economics and Development, Department of Economics in National and Kapodistrian University in Athena, Greece.

Why does culture need to be discussed as a variable in observing economic movement and its development? Petrakis explains there are at least two basic

assumptions underlie this matter. The first one is the failure of existing economic theories in answering the existing phenomena and in giving solution towards economic problems. Or, quoting Paul Ormerod's term in *The Death of Economics* (1994), economics go through a period of death and one of the reason is because it removes "people" variable in the counting and analysis. The second reason is, politics development due to The Cold War with the fall of The Berlin Wall in 1989 as the climax point. The end of The Cold War leads the end of two economics thought strongholds: Market Economy and Centrally Planned Economy, and the win of Market Economy in board of economics thought in the world. However, world's economic stability and the beginning of market economy implementation all over the world emerges different result. Rapid economic development during 1950 until 1990 in Asian countries while American economy seems vulnerable is really startling for the experts and push them to start admitting that there is unseen variable which only exists inside the people and becomes a big factor which boosts their economic progress. *Japan as Number One* written by Ezra Vogel (1979) is one of the examples.

Petrakis explains as follow. *'Many have suggested that "Asian values" derive from the philosophy of Confucianism that is predominant in many areas of Asia...The Asian financial crisis in 1997 diminished interest in "Asian values", but nonetheles, it*

had boosted the revival of culture in economic science'. The use of *'revival'* relates to the relation between culture and economic becomes interesting to be observed. According to Petrakis, the relation between culture and economic can be explained by differentiating two main shafts in economic first. Shaft referred is Marginal Analysis shaft, the shaft that accentuates personal decisions and maximize benefits. Another shaft is traditional economics science. These two shafts which are really dominant in economics thought and analysis arose and strengthened in the end of 19th century. From those two shafts, if we see economics through Marginal Analysis Shaft approach, so culture deemed not to have significant role in that economics cycle while in Traditional Economics Shaft culture becomes key element and source of the profit.

Adam Smith himself, according to Petrakis, indicates the strong relation between culture and economics. Petrakis explains that in *An Inquiry into the Nature and Causes of the Wealth of Nations*, Smith stated even a person naturally will show the solidarity to his fellow human beings and the ethics inside himself will prevent him from exploiting and this, according to Petrakis shows that Smith lays ethic as moral control of the social and economics (lever for the moral development of society). What explained by Adam Smith followed by the experts later, until it begins to arise the concepts tries to separate economics and culture in society. One of them is Karl

Marx with his *Das Kapital*. Petrakis explains, according to Marx worker exploitation by capital owners based on certain belief, perception, and social-political structure is basic concept of capitalism. Through this concept, according to Petrakis, Marx is actually making use of culture as one of the elements to comprehend capitalism concept.

Real separation between culture and economics happened in the end of 19th century and in the beginning of 20th as the spread of imperialism and undertaking European countries to expand other areas, where at that time there were only two society constitution distinctions implemented by European: Civilized and Developed Countries and other nations which are uncivilized and undeveloped. At this point, culture interpreted narrowly, which is as civilization. This imperialism boosts the removable of culture variable in economics analysis, so culture and economics seen as two entities which has no correlation one and another. These concepts proposed by the originator of neo classic version of Marginal Utility until the end of World War II, which neo classic concept becomes main stream in economics analysis.

What promoted by neo-classic in eliminating culture variable in the analysis is maximization of an individual's benefit so with this principle, economics doesn't want to understand the relation between production

and consumption, but only focus on individual and balancing of benefits and costs. Therefore, according to Petrakis, focus on individual and balancing benefits and costs will narrow the discussion variable only on rationality principle and the pattern of personal behavior of the human himself. By focusing on the problem like this, Petrakis arranges his critiques towards economics and culture factor separation in the scope of discussion, and he directly criticizes that focusing only on rational principle and the pattern of personal behavior doesn't necessarily removes culture as important element in discussing economics. According to Petrakis, human rationality, even in individual scope, will still influenced by culture and values in the people around, likewise if that scale enlarged to country level and higher, so the values will become commons of that people will also be fundamental personal rationality.

What interesting from Petrakis book is theoretical explanation he always stated followed by tests so it shows the strenght of the argument that he constructs. However, Petrakis still looks lack of discourse accumulation which so far done by culture experts from many aspects: philosophy, sociology, anthropology, etc, so still there are some inadequacies in his arguments.