

The Westernization of the East: An Opportunity for Development or a Fallacy?

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NOTICE: This is the peer reviewed version of the following article: Bocatto, E., & Perez-de-Toledo, E. (2022). The westernization of the East: An opportunity for development or a fallacy? Online Journal Mundo Asia Pacifico, 11(20), 6–21. <https://doi.org/10.17230/map.v11.i20.01>, which has been published in final form at <http://dx.doi.org/10.17230/map.v11.i20.01>

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Recibido: 18 de febrero 2022

Aprobado: 2 de mayo 2022

Publicado: 14 de julio 2022

Abstract

The paper re-conceptualizes the terms West and East, arguing that West is related to development whereas East is in development. From the westernization metaphor, the article asks: Does the East intend to become the West? Content analyses and comparison of cases allow for the interpretation of countries' intentions regarding economic, political, social, and environmental orientations of governments, institutions, and businesses. The paper concludes that the East is unlikely to find the 'right' model of growth by replicating the West because the Western model has mistakenly assumed unlimited resources for growth, among other reasons. To benchmark Western development is a fallacy to the East. Tradeoffs occur as the East chooses the Western economic model as its benchmark. The paper discusses the role of social and technological innovations in business and society as possible, albeit limited, solutions.

Keywords

Westernization, democracy, social inequality, environment

Resumen

El artículo reconceptualiza los términos Occidente y Oriente, argumentando que Occidente está relacionado con desarrollo, mientras que Oriente con en-desarrollo. A partir de la metáfora de la occidentalización, el artículo pregunta: ¿Tiene el Oriente la intención de convertirse en Oc-

cidente? Los análisis de contenido y la comparación de casos permiten interpretar las intenciones de los países con respecto a las orientaciones económicas, políticas, sociales, y ambientales de los gobiernos, las instituciones, y las empresas. El artículo concluye que es poco probable que el Oriente encuentre el modelo "correcto" de crecimiento replicando al Occidente porque el modelo occidental ha asumido erróneamente recursos ilimitados para el crecimiento, entre otras razones. Compararse al desarrollo occidental es una falacia para oriente. Las compensaciones ocurren cuando el Oriente elige el modelo económico occidental como su punto de referencia. El artículo discute el rol de las innovaciones sociales y tecnológicas en los negocios y la sociedad como posibles soluciones, aunque limitadas.

Palabras clave

Occidentalización, democracia, inequidad social, medio ambiente.

Introduction

The classification of countries as Western, Eastern, Northern, or Southern has strong connotations. Countries in the so-called 'West,' with few exceptions, are considered developed, whereas those in the 'East,' with few exceptions, are related to medium and low development (the same goes for North and South). If such a categorization related to wealth (e.g., GDP per capita), progress (e.g., human development index), and democracy (e.g., world audit index) were accurate, one could describe and try to explain the behaviors of the West and the East through comparisons. But which behavior should one focus on? Distinct behaviors can be described. It has become customary to depict differences in customs and etiquette between countries. Many workshops of the 'doing business in...' type refer to this kind of superficial comparison.

There is no doubt that cultural expressions differ from society to society. However, this does not necessarily mean that cultures are so different. Other terms may have the same meanings. When a Chinese businessperson receives a counterpart's business' card with two hands or the British are right on time for a meeting, respect for their colleagues is at the root of the behavior. In effect, certain core values seem to be present in all societies. Immanuel Kant argues that societies are not possible without truth-telling. Thomas Hobbes explains that social contracts are based on the human instinct for self-preservation, leading individuals to drop their weapons in favor of a protective State. John Rawls assumes that fair societies minimize social differences amongst all their citizens. These conjectures, quasi-universal truths, are in contrast to the cultural relativism approach. Cultural relativism, the idea that 'when in Rome do as Romans do,' is a weak theoretical framework in philosophy (Rachels, 2007) but seems to have gained some traction in business studies. Its weakness is that it distorts an understanding of humans as species intrinsically constituted of bio and psychological limitations, needs, and aspirations, including the intention to progress. In this sense, cultural relativism 'often pervert[s] management practice and research if moral considerations are taken into account' (Bocatto & Perez-de-Toledo, 2007: 33).

A social psychologist or a sociologist would interpret cultural artifacts as attempts to express such aspirations. In other words, and to create a common ground for discussion, cultures are experiments in which well-intended groups of individuals try to relate and progress. Nevertheless, cultures are bounded by situational limitations and interpretations of what

constitutes progress and success. By different mechanisms (e.g., Bandura's observational learning), individuals, or societies, may try to mimic other 'successful' individuals by taking them as a benchmark and using similar criteria to define 'success.'

This propensity for emulation, or invidious comparison, is considered a pervasive trait of human nature. Thorstein Veblen initially identified the concept in his book *Theory of the Leisure Class*, published in 1899(2005). Veblen (2005) observes that the lower social class tries to copy the immediately higher class's behaviors, attitudes, consumption habits, etc. There is no autonomous decision-making when these mechanisms take control. In opposition to this mechanism, individuals and societies may, through sovereignty, create their own destinies and, after thoughtful, problem-centered deliberation, develop independent criteria of success. This paper refers to what is substantial in an analysis of societies in the West and the East, both understood as ongoing experiments: the purpose of their existence, their goals and projects that affect political and economic institutions, their communities, and how they do business. This research analyzes these teleological aspirations as broader social actions and uses an interpretative approach to understanding them.

In the medical literature, the term westernization frequently refers to the westernization of lifestyle and diet. Globalized consumers begin changing their habits to accept (or desire) diets that are poor in nutrients but rich in calories and fat while falling short in the area of physical exercise. Accordingly, the social sciences offer a range of reactions to the westernization of the East arising from: 1. Perceived fear, for example, from the Saudis regarding what the incorporation of English language entails in terms of detachment from the country and corruption to their religious commitment (Haq & Smadi, 1996); 2. Reluctance and 'maintenance' of local culture, as in the case of Hong Kong's attempts to maintain cultural integrity while facing westernization or, for example, imports of foreign models of economic development that have worried non-western countries for quite some time (Bond & King, 1985), the change from a collectivist to a western individualistic approach to work groups (Earley, 1993), or different perceptions regarding idealism and relativism (Forsyth, O'boyle, & McDaniel, 2008); 3. Coping strategies, e.g., the incorporation of changes influenced by westernization in Turkey that led Islamists to reconsider their political positioning especially regarding the practices of the ruling Justice and Development Party (Dai, 2005); 4. Understanding how the application of a western corporate governance model affects corporate outcomes (Oehmichen, 2018); and, 5. Implementing a framework of human rights and democracy developed in the West (Bell, 2000).

The paper analyses to what extent the East has changed its 'lifestyle' to adopt a more western model. Each section looks at mini case studies from the East related to a westernization of politics, economics, environment, institutions, and business practices and discusses similar side effects found in the West. This research also applies a particular epistemology (the social construction of reality) and resulting methodology (theory building from case study analyses) to provide an alternative focus for discussion in international business research and practice. The paper concludes that uncritically copying and synthesizing democratic regulations is problematic because this synthesis neglects essential information regarding western capitalism's insensitivity towards resources and environmental restrictions and evidently increasing inequalities in the West.



1. Understanding social actions

The analysis of different phenomena (i.e., economic, political, environmental, and social actions) by the social sciences is controversial. Different assumptions and theories mediate interpretations of societal and business activities. Any analysis made without proper communication can end up as no more than a miscellany. Concerns exist with the premise of the 'detached observer' assumed by the positivist approach (Alvesson & Deetz, 2006), which can give rise to an unclear distinction between 'explaining' and 'interpreting' phenomena. This is an example of this miscellany.

Any attempt to 'explain' a social phenomenon consists fundamentally of applying the logical Popperian schema of causality. However, causal explanation falls short when applied, for instance, to History, which means that, in the historical and social sciences, as distinct from the natural sciences, no ultimate reference should be made to general laws or axioms. As Searle (1995: 1) puts it: '...there are portions of the real world, objective facts in the world, which are only facts by human agreement. In a sense, some things exist just because we believe them to exist.' This is also why critical theorists (e.g., Adorno, Horkheimer, Habermas) claim that individuals and societies should be oriented to emancipation (i.e., self-determination). This intention to emancipate also has roots in the Political Economy of Karl Marx and finds new conjectures in the literature quoted here (e.g., Kempt, Piketty, or even Stiglitz). Therefore, to 'interpret' means to deconstruct the motivations and aspirations of individuals in each context. According to Dray (1964), interpreting a social action means showing that this action was appropriate to, or the rational proceeding of, the situation observed. Elizabeth Anscombe, the British analytic philosopher, looks at this problem through the notion of the intentionality of social and human actions. This new understanding of the idea of 'interpreting' showed that intentional conduct exists within a context endowed with certain characteristics, but that it disappears when those features change (Anscombe, 1963). A contemporary to Anscombe, Alfred Schutz redefines the social and human 'action' as an intended human behavior 'devised by the actor in advance' (Schutz, 1972). According to the author, the social actor uses the 'in-order-to motive', which refers to the end to be brought about by the action undertaken. To achieve this outcome, the individual must anticipate the future result of the action and then take a step back and plan the moves necessary to achieve the desired result. This positioning recaptures Aristotelian and Hegelian notions and is considered a model for understanding social and human issues. In the practical syllogism

proposed by Von Wright: (1) the starting point of the central premise of the syllogism refers to something intended, or the goal of the action; (2) the minor premise refers to a means, or an instrument, to an end; and (3) the conclusion consists of using this instrument to accomplish the end. A practical syllogism is 'a teleological explanation turned upside down' (Von Wright, 2004: 96). Therefore, understanding an action would require deconstructing the following sequence: intend, plan, and act.

This article deconstructs social actions by turning them upside down and introducing the synergy of intent among stakeholders. If synergy exists, plans, instruments, and acts are legitimized, and processes and procedures are created to implement the action in accordance.

2. Research questions and methodology

The following research question frames the methodology to be used and provides boundaries to discussions and conclusions hereunder:

- Does the East intend to become the West? And, if so,
- What are some critical implications of this intention for society, economics, and business?

In other words, after non-sovereign observation, does the East interpret the West is a benchmark for progress and success and, therefore, should it mimic it?

Although case study analyses in Economics are rare, this approach allows exploring hidden intentions found in narratives and better addressing the research questions. This qualitative research study thus relies heavily on the work of Robert Yin (2009) for the case analysis and of Kathleen Eisenhardt (1989) for building theories from case study analysis. It also relies on the critical research of Alvesson and Deetz (2000) as it is, in essence, compulsory and emancipatory. The intentionality assumption regarding social actions described above is added to these approaches. Evidence arises, therefore, from the deconstruction of mini cases presented throughout the paper (e.g., government, social, and business cases, press releases, rankings, and indices, etc.). NVivo® content analysis software was used for the emergent coding of these case deconstructions as presented by Haney, Russell, Gulek, and Fierros (1998) and summarized by Stemler (2001), 'First, two people independently review the material and come up with a set of features that form a checklist. Second, the researchers compare notes and reconcile any differences that show up on their initial checklists. Third, the researchers use a consolidated checklist to independently apply the coding. Fourth, the researchers check the reliability of the coding (a 95 percent agreement is suggested; .8 for Cohen's kappa). If the level of reliability is not acceptable, then the researchers repeat the previous steps. Once the reliability has been established, the coding is applied on a large-scale basis. The final stage is a periodic quality control check.' A colleague was invited to participate in areas required for paper reliability, and the research team established the consolidated checklist and carried out the content analysis together. These content analyses will be coded as content units or CUs in the paper and will be presented together with conjectures from authors discussing related topics.

As regards case sampling, the paper focuses on extreme situations and/or polar types as proposed by Pettigrew (1990). In this sampling method, the exciting characteristics existing in the chosen cases can be observed transparently. The paper's goal when using this kind of theoretical sampling is to select cases that are likely to replicate or extend the research questions and eventually identify an emergent theory. For generalization purposes, Churchill and Wertz (2001) consider that cases must

be similar, guaranteeing consistency (i.e., internal validity), but also different, or polar, as a way of contrasting them through divergences to thus discuss their uniqueness, typicality or universality (i.e., different generalization levels). As Eisenhardt (1989: 541) posits, 'the result of these forced comparisons can be new categories and concepts which the investigators did not anticipate.' The cases presented are the evidence used to answer the research questions create an argument for building a theory.

2.1. The tradeoffs of becoming western

Use of the terms West and East allows comparing aspirations, trends, and patterns of behavior, exposing the hidden intentions between developed and developing status. A much discussed question is whether globalization is necessarily heading towards the erosion of national barriers and the adoption of a uniform set of primary institutions worldwide (Miller et al., 2008: 305). On the one hand, the thesis of the expansion of Western values and standards and the dominance of capitalistic patterns of behavior in world markets seem to confirm the view that, in the long run, globalization ends up as convergence (Hollingsworth & Boyer, 1998: 30). On the other hand, the political and cultural differences that remain between countries and that result in different national institutions stand in contrast to a path of convergence. If the convergence thesis is adopted, the dominance of capitalistic behavior patterns creates at least three issues: 1. There are competing approaches to capitalism; 2. None of these approaches can be declared axiomatic and, on the contrary, many voices are starting to raise questions regarding their assumptions; and 3. Whether it is precisely the remaining varied political and cultural differences that contain the innovative solution everyone seems to be looking for (e.g., Bhutan's gross national happiness index). The research questions reflect the convergence vs. divergence discussion.

The westernization analogy hypothesizes that the East may be changing its diet and, therefore, increasing the levels of or incorporating new diseases from the West. Similarly, with the westernization of politics, economics, environment, institutions, and business practices, the East has begun suffering the same side effects (i.e., restrictions and unresolved issues) the West has had in the past and still has.

2.2. The westernization of economics

As a reaction to some of the social factors that produced World War II, the West intensely increased productivity to distribute wealth, reducing unemployment and expanding the middle class. This Keynesian belief provided the supporting narrative to create universal health care and education systems, public pension plans, and minimum wages (CU¹). Perhaps because of an ideological battle for the 'best' political system a society should embrace, known as the 'Cold War' (CU²), social responsibility (or socialism) was mixed with communism (or non-individual freedom). In Economics, Milton Friedman was very vocal about calling social responsibility a 'fundamentally subversive doctrine.' 'There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud' (Friedman, 1970). This statement is important because the USA took the lead against communism and promoted their approach to capitalism as *the* capitalism. Today, however, the hypothesis of the *free market* is dealing with contradictory evidence. In the case of Friedman's

assumptions, for example, the *rules of the game* seem to be influenced by powerful interest groups and their lobbying capacity (CU³) and the markets' self-regulation seems less probable than the author predicted. In social science terms, the violation of induced paradigms by the discovery of new facts permits the invention of new theories or hypotheses (Kuhn, 1996). Not accidentally, by the beginning of the 70s, the distribution of wealth in the USA did not follow productivity and social disparities arose (CU⁴). Despite hard evidence regarding its drawbacks, capitalism, both free-market-oriented and in its extreme form of neo-liberalism, became the main-stream intention of the West (CU⁵) (Giddens, 2001). As Kempf (2008: 62) explains: 'Classical Economics reasons from a universe of constraints in which men have limited resources to meet unlimited need. Under that scenario, the economic question is how to increase production to increase the supply of goods and try to satisfy needs.' Globalization would be an answer to the needs of exchange. The intention is thus clear: to satisfy the needs of exchange, the resulting plan is production, and the instruments are the companies. This paper therefore asks: *Is there any difference in intentions in the actions of the East compared to the West?* The answer is simple: *Not really!* Social intentions in the East are biased by its knowledge of the West's previous achievements and it attempts to copy them. The practical reason is that the free market is assumed as the ultimate *successful* model with no restrictions or negative implications.

Not only is the intention the same, but in most cases, the instruments are identical. Free-market capitalism has been institutionalized internationally by organizations that promote free-market *recipes* (CU⁶) like the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank (WB), and other regional entities. The IMF refuses to *help* economies that are not liberalized. Liberalization mainly means the suppression of government interferences in capital and financial markets (i.e., no regulations), privatization of public companies, and the removal of trade barriers (i.e., import tariffs). The Fund's rationale was simplistic: free markets are more efficient, and the greater the efficiency, the greater the development; more development would attract foreign capital in particular direct investments (Stiglitz, 2003).

The majority of developing countries followed this prescription. In Brazil, most public companies were privatized during the 1990s. Direct investment meant the arrival of new corporations and banks and the market expansion of those already in the country through the acquisition of public and private Brazilian companies. As can be seen in the Central Intelligence Agency's (2013) Gini index, despite Brazilian compliance, the 90s brought impoverishment and inequality (CU⁷). China is, however, an exception to this recipe (CU⁸). At present, China's development represents a unique variety of the coordinated market economy model; i.e., the regulatory framework is officially defined as a socialist market economy (Sigley, 2006). As Stiglitz (2003) explains, the country scrutinized the IMF's suggested package, impeding the suggested liberalization of capital markets. The government then discovered that deregulation was unnecessary to attract international investment as it possessed enough savings to stimulate aggregate demand effectively (Chu, 2010). In 1990, the Chinese GDP was 60 percent of the Russian GDP. Close to the end of the 1990s the situation was reversed (Stiglitz, 2003: 45), and today, Russia, another country that complied with the Fund's biased doctrine, has less than one-third of China's nominal GDP (CU⁹).

A competing thesis that argues for the Chinese strategy as a reference for certain developing countries is not without profound contradictions. Although the economic model differs in the application of the principles,

whether the socialist market or, as Vivoda suggests (2009), a suboptimized market, the model has the same essential objective, namely unlimited growth. However, democracy is also absent from the equation. Suppose the classic authors (e.g., Jean-Jacques Rousseau, John Stuart Mill, G. H. Cole) are correct and a democratic character is an intrinsic human and phenomenon. In this case, an absence of democracy may backfire in the future when ordinary citizens insist on declaring their priorities and aspirations (i.e., the right to emancipate) instead of simply submitting to the will of the State. This paper does not yet find signs of any meaningful intention to promote democracy. Still, this research knows that new intentions and aspirations would tremendously impact the establishment and its model for economic growth. From a business perspective, this research did find resistance with an economic impact, as in Google's recent threat to leave (CU¹⁰), and eventually leaving, the country due to Chinese hacking and Internet control that Google says stifled its business in China (Buckley & Hornby, 2010, January 14th).

One could consider the most recent scores on the Gini index as a proxy for the quality of the economic systems chosen by countries. In that case, it can be seen how the free-marketed ideal is more complicated than one may be willing to admit. As this index measures income levels and wealth inequality, an overall increase of social differences can be observed, with few exceptions (CU¹¹). Mexico, India, and Brazil are among the few. In Brazil, the primary explanation for this situation is that the country provides an important social assistance system compared to its counterparts. Brazil has a universal health care system (CU¹²) and a state-managed pension plan (CU¹³) and defines minimum wages (CU¹⁴) for all professions. This ranges from over \$400 to \$1,700 U.S. dollars a month in the case of private sector employees, and public servants retire with their full latest wage. It also applies tariffs to imports that do not benefit local job creation (Muller, 2012). On the contrary, a negative trend, increasing disparities and reducing the middle class, is occurring in many countries, including the U.S., the UK, Canada (CU¹⁵). China is in a funny situation. The country falls in the latter group despite its communist, regulated economy. One interpretation is that part of its growth was made possible by neglecting the rural sector (Milanovic, 2005). Similar disparities in countries from both the West and the East allows leads to a conclusion of how artificial it is to classify a country as *developed or developing*. In that sense, this paper reframes DeGeorge's (1994) arguments by counterarguing that if incipient capitalism is no longer a privilege of the third world, the first world should be cautious to avoid losing the great achievements of the past. The West has the evidence that shows that regulation and coordination are crucial for sustainable development, as China preaches, without jeopardizing the democratic process. Democratic and strategic regulation is taking corpus on countries that once blindly believed in the self-regulation capacity of free-market capitalism.

2.3. The westernization of environmental issues

As an experiment, free-market capitalism is not *the* truth and is, in fact, biased by changing intentions. Voices criticizing it and suggesting new directions have grown in recent years (Kempf, 2008; Klein, 2007; Lorenz, 1973; Piketty & Saez, 2001; Pilger, 2003; Pinter, 2005). These criticisms confront the basic assumptions of free-market capitalism. Kempf (2008: 62), referring to Veblen's original insight, observes that 'needs are [in fact] not infinite. Above a certain level, it's the social context that stimulates

them. In the same way, he [Veblen] did not consider production to be scarce but postulated that it is adequate.' This argument highlights a contradiction. The attempt to supply unlimited needs accelerates the use of limited resources, increasing the planet's degradation. So, by mimicking the West's frenetic growth fueled by unrestricted consumption or by the achievement of happiness through product purchases, the first tradeoff suffered by the East is an inevitable scarcity of its own resources.

The more frantic the growth, the closer the collapse. The New China News Agency (quoted by Kempf 2008: 15) states, 'the desert in this country advances more than 100,000 hectares a year, and every year Beijing suffers windstorms from West. Three hundred million Chinese... drink polluted water, and pollution in the Yangtze... is becoming so problematic that it threatens the supply of potable water for Shanghai... Subterranean water tables are polluted in 90 percent of China's villages and so are over 70 percent of streams and lakes... Close to one hundred large cities suffer cuts in their water supply every year' (CU¹⁶). *Cancer villages* are tragic examples of how environmental issues affect social issues. The villages are bordered by chemical factories that shamelessly spew pollutants into the air and water, causing severe diseases among their neighbors (CU¹⁷). Cancer villages are another logical product exported by the West to the East. In the early 1950s, at the beginning of the post-World War II industrial boom, reports emerged from a village in Japan about a strange neurological disease, resembling cerebral palsy, affecting special children.

Meanwhile, in the United States, toxins contaminate virtually every person's blood, bones, and brains (Solomon & Valenti, 2000). At the end of the 1960s and throughout the 1970s, Brazil had its *economic miracle* with average growth like China today. By that time and until the beginning of the 1980s, Cubatao City, a petrochemical conglomerate in the southeast of Brazil, was known as the most polluted city in the world. The city was called the Valley of Death and had a unique phenomenon of babies born without a brain. Due to their appearance, they were known as *babies-frogs* (CU¹⁸). Social groups' pressures forced the government to institute environmental regulations. In 1983, the government demanded that industries begin implementing pollution controls. Thirty years later, government officials and industrialists hold up Cubatao as a model of environmental recovery and sustainable development. Today similar problems are appearing in China. There is a *pollution route* that began in developed countries, then moved to cities like Cubatao and has now arrived in Chinese villages. In short, after the unregulated chemical industry polluting the West became regulated, it moved abroad: a transfer of externalities.

In terms of product consumption, one that requires special attention is the automobile consumption. The East is undergoing a Fordist Economic Cycle: more sales, cheaper cars, more jobs, more income, more sales, and so on (CU¹⁹). This *Western dream* transported to the East, is disturbing from an environmental perspective. Only in China, the number of registered vehicles (i.e., cars, buses, vans, and trucks) reached 62 million in 2009 and is expected to exceed 200 million by 2020, almost the same amount as the USA (ChinaAutoWeb, 2010). Cars are small smoke factories. This situation increases the demand for oil, which puts pressure on its price and helps exhaust this non-renewable source of energy. In 2005, Kjell Aleklett, director of the Upsala Hydrocarbon Depletion Study Group, told the USA House Subcommittee on Energy and Air Quality that, fifty years ago, the world burned up four billion barrels of oil a year and discovered thirty billion more. However, 'today we consume thirty billion barrels per year, and the discovery rate is dropping toward four billion barrels per year' (quoted by Nikiforuk, 2010: 169). All subsidies make the situa-

tion worse. As a polar case on subsidies, many public oil companies like PDVSA, Pemex and the National Iranian Oil Company are selling gasoline at highly subsidized prices, thus wasting natural resources, exacerbating pollution in cities like Caracas, Mexico, and Teheran, and paradoxically benefiting the people who can afford a car but not the poor who cannot (CU²⁰). When a car is used in Europe, South America, and North America, individual consumers in France and Spain were paying US\$ 2.30 and US\$ 1.90 respectively per liter of gasoline in May of 2014, and US\$ 1.50 in Brazil. However, in the United States of America, consumers were only paying US\$ 0.97, which makes one wonder about this country's intentions in subsidizing conventional fossil fuels (CU²¹). In other words, President Obama's plan to fight climate change (The_White_House, 2014) by reducing carbon pollution is inconsistent with the price of gas which is, per se, an incentive, not savings. The International Energy Agency had already suggested that the 'world should eradicate fossil fuel subsidies' (Wynn, 2010, November 9th) in May of 2014.

2.4. The westernization of politics

If the free market is the new driver for growth, the meaning or intention of politicians (i.e., governments) is to prioritize the success of financial markets and private corporations. The United Nations Commission on Human Rights often reports that the 'institutions of globalization have yet to seriously address the issue of human rights and that globalization has caused inequality and discrimination (Pilger 2003: 44). Klein (2005) and Pinter (2005) explain the strategy used by the USA to establish their corporations in Latin America through support for military takeovers: 'Direct invasion of a sovereign state has never in fact been America's favoured method. In the main, it has preferred what it has described as *low intensity conflict*. Low intensity conflict means that thousands of people die but slower than if you dropped a bomb on them in one fell swoop. This was commonplace in USA foreign policy in the years to which I refer.' This procedure reflects what some academics call *post-war international studies*, including Unger's (2009, February 9th) classification of the global Left that wants to slow down the progress of the free market and globalization using its traditional basis. Additionally, finding the most supported hypothesis to guide policy is a problem. Stiglitz (2003: 16) denounces not only the ideological decisions taken by the *technicians* in the International Monetary Fund, but also recognizes that, when academics make 'scientific' recommendations to governments, they frequently 'politicize' them by distorting reality to adjust the recommendation to the tendencies of the authorities they represent.

In short, developed countries seem to have mastered the ability of sitting their corporations at the tables of developing countries, eventually allowing the latter to eat something. Evo Morales, the president of Bolivia, one of the poorest countries in Latin America, became a declared enemy of the West because he thought that private exploitation of his country's natural resources, even rainwater, ran counter to Bolivians' interests (CU²²).

3. Innovation by governments and businesses

This paper has discussed how biased intentions can pervert economic theory, government, and, indirectly, the way ordinary people think. This perversion creates institutions, plans, and implementations that result in

tremendous social inequalities and environmental disasters. This item argues that innovative solutions to these issues seem to be emerging from the synergic intentions of the stakeholders (i.e., civil society as influencers, government as regulators, and businesses as innovators). This paper refers to innovation in its broader sense: government, business, and technological innovation often mediated by cultural innovation (Hochgerner, 2011).

As an example of government innovation that addresses environmental pressures, China declared its intention to invest in renewable energy, particularly solar power. China has committed to raising the share of renewable energy in its energy mix to 6 percent from the current 1.5 percent (Reuters, December 14, 2009) (CU²³). Brazil has also committed to tremendously reduce the devastation of the Amazon rain forest (CU²⁴). As a reaction to pressure from social movements, one of the most publicized cases of democratic empowerment is the participatory budget in Brazilian municipalities where the use of part of the cities' budget is prioritized by the citizens (Abers, 2000). The first city to implement this, Porto Alegre, was nominated by the United Nations as an example of *urban innovation*, highlighted for demonstrating an efficient democratic resource management practice.



To address pressures from businesses for fair play and innovation, the Chinese government intends to encourage domestic companies to develop endogenous innovation and attract more multinational companies to set up R&D institutions in China (OECD, 2007: 432). The plan is to implement measures to 1. Improve the intellectual property system, thus removing obstacles to the development of R&D institutions; and, 2. Strengthen IT infrastructure and reach as, at present, MNC R&D institutions in China are concentrated in Beijing and Shanghai, which tends to widen the gap between the developed eastern part of the country and the rest (Xue, 2005). Best practices for synergy coordination can become case studies that guide policy and promote creative ideas. In that scenario, government, business, and civil society can join hands and work in both the East and the West. McKinsey & Co. Canada concludes (Maly & Deacon, 2009, February 2nd) that: 'Public policy can provide the foundation for a competitive economy, but driving innovation will require leadership by Canadian executives themselves.' Specific environmental innovation

can be fostered by regulations that indicate the targets companies must achieve (Klein, 2011). In fact, as Hart (2005) argues, businesses can take these challenges as tremendous opportunities to innovate. The European Commission asserts, for example, that by the end of 2014, 34 percent of Europe's small and medium-sized enterprises will be green (European Commission, 2013, December 17th).

Education is the typical social innovation at the core of that synergy. Education is a precondition, although not a determinant, for development. No developed country ever achieved its condition without education and, some are losing the status in part because part of their population is receiving it poorly. China, India, and Brazil are investing massively in this social innovation, from an intention to end illiteracy to training professionals with world-class skills. In Brazil, where education from kindergarten to the doctoral level is free, the government additionally provides monthly social aid payments to families once they prove children are attending school, which has virtually eliminated child labor (CU²⁵). Another breakthrough example of Brazil's technological innovation, government entrepreneurship, and international partnership aiming at social innovation within an institutional regulated free market environment is its model for deep water oil and gas exploration. The expression: *Petroleum is ours!* coined in the 50s remains in use (CU²⁶). Over a decade, the state-owned company Petrobras developed technology to reach immense offshore reserves six kilometers below sea level. The government launched an international bid for partners to explore these new reserves, allowing partners to use Petrobras technology (CU²⁷). Former President Lula da Silva decided that this petroleum would be used to end poverty in the country, an example of social innovation. As has been proposed by this paper, any action begins with synergic intention and then becomes a plan and implementation. This is a prototype case. The technology is made in Brazil, partnerships are regulated within a free-market environment, and the president intends to use the benefits for social well-being. It seems a feasible and legitimate project. But what about non-fossil fuel projects? Petrobras has reconceptualized itself as an energy company instead of an oil company and has helped create technology to compete with oil (CU²⁸). Since the 1970s, Petrobras and other technology institutes have developed bio-diesel engines that run on ethanol from sugarcane. Today, government subsidies are no longer needed as ethanol mills are competitive (e.g., Raizen, a joint venture between Shell and the Brazilian company Cosan). The price of ethanol has been lower than the price of gasoline for the last decade (CU²⁹). Current triflex engine technology (i.e., powered by gasoline, ethanol, or natural gas) allows consumers to shop for the cheapest fuel available (CU³⁰).

The above example where a public-owned company led technological, environmental, and social innovations suggests that a reflection on the privatization aspect of the free-market ideal is needed. Two other examples are Danish Oil and Natural Gas (DONG) and Norway's Statoil, which are both public. The DONG's CEO, Anders Eldrup, states that '[our] target, my target is within one generation, to change the equation so that 85 percent [of the energy] comes from renewables and 15 percent from the fossils' (Eldrup, 2009, October 30th). This statement contradicts the intentions of private oil companies (CU³¹). However, Statoil's profits contributed to a heritage fund of one trillion dollars intended to benefit future generations (CU³²). Canada, on the other hand, provides a counterexample. Canada has the second-largest oil reserves on earth. The government used to have a state-owned company, the Alberta Energy Company, which was fundamental in making possible the world's first heritage fund.

The company and the fund were idealized by former Alberta Premier Peter Lougheed in the 1970s. However, in the 1990s, a different, more free-market government, privatized the public company, and the fund's growth has been weak (Nikiforuk, 2010: 151). The current situation is such that this fund, that served as a model to Norway, only holds around 15 billion dollars or 15% of the Norwegian fund (CU³³).

Privatization was preached to both East and West as the total sale of public companies to private initiatives, which would, in theory, be more efficient, and would be regulated by public agencies. However, that is not the only option. Crown corporations, public and private partnerships, privatizations where the State remains as a minor shareholder, concessions for exploring public wealth (e.g., water, mining, highways) are other possibilities not included in the free-market narrative.

Conclusion

This paper presented 33 Content Units as evidence of hidden intentions transformed into acts. Most of them refer to the willingness of the East to become the West. A few refer to sovereign decisions made by governments and companies to determine their own destinies without the free-market system's biases. To this point, considering my initial research questions, an analysis of the East and the West's intentions behind economic, environmental, political, and social development plans demonstrates more convergences towards the system than hopeful and innovative divergences. This is problematic. The clash of the thesis of the West with the anti-thesis of the East, Chinese's anti-thesis in particular, seems to be producing an, albeit limited, synthesis that could be called *democratic and strategic regulation*. This movement, found in some of the countries presented here, count counteract the uncritical struggle of developing countries to become developed by simply copying the West. The problem is that uncritical copying and a synthesis of democratic regulations neglect essential information. The capitalist orientation of economic systems does not consider environmental and resource restrictions and the evident crises and misery that result from some Western approaches. This paper argues that any theory of sustainable development, like the democratic and strategic regulation theory, cannot afford to exclude the environmental component, which remains limited but seems to be the case of the *green* movement found in Europe, Japan, or Brazil. In terms of economic trends, thus, capitalism's – and Marxism's – mistaken assumptions regarding *unlimited* needs, leads to the conclusion that it is unlikely developing countries will be able to reach the same levels of development, or consumption, of developed countries. Under this assumption, development becomes synonymous with consumption and is therefore a threat to the limited resources the Earth can provide.

Moreover, if it follows this path, the East could face the same unsolved problems of the West, including environmental disasters or increasing levels of wealth disparity. Ecological scarcity is resulting both from new consumers in the East and from what Konrad Lorenz prophesized in the 70s, namely drastic population growth of around one billion new individuals on Earth every ten to twelve years. Environmental restrictions and population growth are unavoidable facts. Therefore, country agendas must consider new intentions for general social actions. In other words, the situation arises from a fallacy, or a mistaken belief, based on the unsound argument of unlimited resources, the implementation of which is unlikely.

In terms of political and social trends, this paper quotes Unger (2009, February 9), who states a new project for society should democratize the

market economy, prepare people, and consolidate democracy. As in the case of the participatory budget in Brazilian municipalities, similar political and social projects would try to cope with current symptoms that include growing inequalities around the world.

The intentions of civil society can be boosted by synergic business intentions like the Build Your Dreams company. Mechanisms for change would consist of, firstly, an awareness of the issue, then the incorporation of excluded stakeholders like trade unions, environmentalists, or social activists, and then the pursuit of innovative intentions to disrupt and change the *status quo*.

This new incipient social reality provides evidence to sustain a contemporary theory of democratic cooperation to redefine sustainable development goals and strategies that take restrictions into account. Following these, new, integrated economic, environmental, political, and social intentions, plans, instruments, and acts must be developed. These new and synergic intentions should guide business strategies and opportunities towards the future.

These new beliefs could catalyze change and drive businesses to consider producing less automobiles and more public transportation; less energy from fossil fuels and more from sugar, wind, sun, geothermal and nuclear technologies; or fewer goods and more services like tourism, museums, art, entertainment, and gastronomy. Awareness of our planet's limited resources and the fallacies of the growth model could open up new green and service markets that everyone would benefit from.

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