

icy of bluff" to discourage other nations from taking advantage of Russia's weakness while the country proceeds with democratization. In the war in Chechnya, Sestanovich says, the Russians "called their own bluff."

After the Soviet Union collapsed five years ago, he points out, many analysts said that Russia might well seek to recover Crimea from Ukraine, to detach and absorb Russian territories from northern Kazakhstan or eastern Ukraine, or to acquire "some sort of protectorate over Russian communities in Estonia."

None of these things have happened, however, and they are not likely to. Russian passions on these matters have cooled.

"Nations do have neuroses," Sestanovich admits, and Russia no doubt has its share. "But for all its pseudo-historical depth, the current psychiatric school of analyzing Russia's politics and policies tells us very little about what is going on there." In the end, Sestanovich suggests, wise policy makers need to recognize that national interests are more important than national neuroses.

The Triumphant Chinese Family

"The Chinese Family and Economic Development: Obstacle or Engine?" by Martin King Whyte, in *Economic Development and Cultural Change* (Oct. 1996), 1130 E. 59th St., Chicago, Ill. 60637.

Only a few decades ago, Western and Chinese scholars saw the close-knit extended family as a serious obstacle to China's economic development. But in recent decades, notes Whyte, a sociologist at George Washington University, the experts have made an extraordinary, 180-degree shift: they now portray the family as the engine of economic growth.

During the 1950s and '60s, "modernization" theorists such as sociologists Talcott Parsons and Marion Levy, Jr., and historian Albert Feuerwerker argued that family obligations interfered with efficient economic operations. Nepotism prevented family-run enterprises from hiring and rewarding the best employees. Distrust of impersonal business relationships led them to cultivate *guanxi*—extensive networks of personal connections with nonrelatives. In the scholars' view, this wasted time and energy while generating graft and corruption. Moreover, Chinese "family loyalty, filial piety, and reverence for ancestors," Whyte says, seemed to inhibit entrepreneurship. And family-based organizations tended "to remain small and undercapitalized."

When the Chinese Communists, who were ideologically hostile to the family, sought to eliminate it as a production unit in the mid-1950s, many modernization theorists saw this in at least a somewhat positive light.

Since then, however, the economic success stories written by the Chinese populations in Taiwan, Singapore, and Hong Kong—and since 1978, in China itself—have turned the scholarly consensus around.

Loyalty to family is seen today as "a very

strong source of motivation and performance," Whyte reports. For the sake of family, young Chinese study diligently and, once on the job, work hard, put in long hours, accept lower pay, and stay with the firm, analysts now point out. Scholars such as Susan Greenhalgh, an anthropologist at the University of California at Irvine, argue that the Chinese family can provide unusually large material incentives to the adult sons who manage its enterprises. Diversified family firms can easily shift funds from one subsidiary to another if one runs into trouble.

These strengths, Greenhalgh says, encourage "the emergence of highly motivated, risk-taking entrepreneurs." The small size of family firms now seems an advantage to many observers, keeping start-up costs low and allowing "rapid and flexible responses to changing market conditions," Whyte notes. Even the *guanxi* networks now look like a net plus, permitting family firms to overcome the disadvantage of their limited size.

These new perspectives are not merely the product of experts' fickleness. In certain respects, Whyte points out, the Chinese family itself has changed. "Traits such as high fertility, extreme subjugation of women, and the autocratic power of the senior generation" are things of the past. The weakening of the elders' power, in particular, "means that founders of family-run firms need to provide more incentives and autonomy" for their grown sons. The "anachronistic" Chinese family firm, he concludes, may well continue "to pose a major competitive challenge to modern corporations in the West."