
ECONOMICS

Sociology

Ahmed S. Abou-Zaid, The U.S. Folklore, Proverbs, and Economic Behavior, *Economics & Sociology*, Vol. 6, No 2, 2013, pp. 126-134. DOI: 10.14254/2071-789X.2013/6-2/11

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Received: March, 2013

1st Revision: July, 2013

Accepted: September, 2013

DOI: 10.14254/2071-789X.2013/6-2/11

THE U.S. FOLKLORE, PROVERBS, AND ECONOMIC BEHAVIOR

ABSTRACT. Social scientists strongly believe that the cultural values and norms motivate, guide, and influence the behavior of each and every society. However, studying the relationship between culture and behavior, notably economic behavior, is not very popular in the literature, mainly because of the vague and broad definition of the culture. Thereby this paper provides a narrow definition of the culture as “the set of beliefs and values that are often revealed in folklore of the country, where proverbs are the most concise form of the verbal folklore genres.” Using this definition, the paper attempts to relate several types of economic behaviors such as intertemporal choice of consumption, investment, risk taking, work and education, to a set of popular sayings, idioms and proverbs that are circulated in the American society. The paper finds that the observed economic behavior in the U.S. is influenced to an extent by the American proverbs and sayings.

JEL Classification: D03, Z13 **Keywords:** Culture, Proverbs, Popular sayings, Economic behavior.

Introduction

There is a consensus among social scientists that the cultural norms and values operating in a given community or society influence the behavior of the members of this community or society. What is considered rude and totally unacceptable in certain cultures might be considered acceptable and desired behavior in others. In recent years, advanced techniques and the availability of data have made it possible to identify systematic differences in people’s preferences and beliefs and to relate them to various measures of cultural legacy. Guiso *et al.* (2006) point out that the economic researchers have been reluctant in relating cultural norms to economic behavior, since the notion “culture” is very broad and the channels through which it might influence the economic discourse are still so vague.

Establishing a relationship between culture and economic behavior, thus, needs a specific and narrow definition of culture. Meriam Webster states that culture is “the integrated pattern of human knowledge, beliefs, and values that depends upon the capacity for learning and transmitting knowledge to succeeding generations.” This definition points out that people’s behavior is primarily influenced by a set of beliefs and values that are often revealed in the folklore of each and every culture. Mieder (2008), the widely recognized world’s leading paremiologist, argues that proverbs are the most concise form of verbal

folklore genres. They are the product of several cultural observations and experiences that proved to be wise and sound, and their main aim is to reveal a message passed along from one generation to another. He defines proverbs as “a concise statement of an apparent truth which has currency among the people”. Whiting (1994) has quoted Apstolius in defining the proverbial saying as “a statement which conceals the clear in the unclear, or which through concrete images indicates intellectual concepts, or which makes clear the truth in furtive fashion”. And further in this fashion, a proverb is “a trite phrase constantly used in popular speech or a saying that has become thoroughly habitual in our daily customs and life”. In short, proverbs are popular sayings which contain advice or state a generally accepted truth. They deal with issues that border on the values, norms, institutions, and artifacts of the society across the whole gamut of people’s experience. They are used to support arguments, to provide lessons and instruction, and to stress shared values (Mieder, 2008).

Lau *et al.* (2004) argue that since proverbs are said to be both linguistic items (possessing concrete elements of verbal and logical structure) and behavioral (possessing motives, strategies, and outcomes), it is then imperative to discuss not only what they are in linguistic and structural senses but also how proverbs can influence or reflect the social behavior of the society. Paredes (1997) has implicitly supports Lau’s *et al.* argument. He says that “once internalized, proverbs, like values, become unconscious as well as conscious standards for action and attitudes towards self and others”.

Thereby the aim of this paper is to contribute to the literature via investigating the relationship between the proverbs, idioms, and popular saying circulated in the American society and the economic behavior of the members of the society. This paper summarizes the economic behavior in four major categories; as reported in Loewenstein (2000):

1. Intertemporal Consumption, and Savings.
2. Work Orientation.
3. Investment, Entrepreneurship, and Risk Taking.
4. Education Attainment.

Since both the economic behavior and the proverbs are the product of the society’s culture. The paper’s objective is to find the cultural dimension, as represented in proverbs, behind certain economic behavior. This paper is an attempt to collect and relate several American proverbs and popular sayings to the “already” observed economic behavior in the United States, as shown in the recent data.

Intertemporal Consumption, and Savings

Consumption is the largest component of the aggregate demand in the United States. It accounts for an average of two-thirds of the Gross Domestic Product (GDP), which makes it by far the largest component of the country’s GDP. Consumption is one of the most important economic behaviors that are closely watched by producers, government, as well as consumers themselves.

The intertemporal choice concept studies the consumption/savings problem in the U.S., the Americans’ preferences for current consumption versus future consumption.

Data, provided by the Bureau of Economic Analysis of the U.S. Federal government, supports the notion that Americans favor current of future consumption. It reveals that the personal consumption in the U.S. roughly equals personal income which on average leaves the savings in the U.S. at 0%. This is evident by the high level of energy consumption of the American society, where it constitutes 25% of the world’s energy consumption while the Americans only constitute 5% of the world’s population.

Moreover, Sierra Club’s reports that “a child born in the United States will create thirteen times as much ecological damage over the course of his or her lifetime than a child

born in Brazil". It adds that the average American drains as many resources as 35 natives of India and consumes 53 times more goods and services than someone from China. Americans have become very abusive in using the resources, for example, between 1900 and 1989 U.S. population tripled while its use of raw materials grew in 17 times.

Running an online search¹ for the top items in the daily U.S. consumption, the results return a report by the Discovery Corporation for the following 14 items. The statistics in the reports, which is summarized in the following *Table 1*, show how many goods and services Americans use every day and how much they spend on it.

Table 1. Annual Spending in the U.S. for 14 items in 2010

	Daily spending	Annual spending
Alcoholic drinks		\$ 95 billion
Cigarettes	1.1 billion cig/day	\$ 70 billion
Domestic Beer Kegs	\$ 58.5 million	\$21 billion
Denim jeans	\$38.5 million	\$ 14 billion
Cosmetic Procedures ²	\$ 34 million	\$12.4 billion
Movie Ticket	\$ 266 million	\$9.7 billion
Greeting Cards	\$ 21 million	\$ 7.5 billion
iPods	\$ 18 million	\$ 6.4 billion
Perfumes		\$ 4.4 billion
Pampers	\$ 3.9 million	\$1.4 billion
Krispy Kreme Doughnuts	\$ 1.5 million	\$ 548 million
Oreo Cookies	\$ 818 thousand	\$ 300 million
Axe Body Spray	\$ 145 thousand	\$ 53 million
Starbucks Coffee ³		56 million pounds/ year

The above table shows that the annual spending on those 14 items is around \$250 billion. Note that the *Table 1* reflects wealth more than reflecting the intertemporal choice of the U.S. individuals.

Research concerned about savings also investigated the consumption pattern in the U.S. as the other side of the coin. According to the Federal Reserve Bank, the personal savings rates in the United States has fallen sharply, and it is now at a very low level compared either to U.S. historical figures or to the savings behavior of many other industrialized countries. For example, during the period between 1980 and 1994, the U.S. savings rates averaged 8%; thereafter, it fell steeply, and since mid-2000, it has averaged approximately 1%. By contrast, the personal savings rates from 1980 through 2001 averaged 13% in Japan, 12% in Germany, and 15% in France, with no steep declines after 1994. Global finance institution provides a recent data for household savings across the western countries. These data, starting from January 2013 up until March 2013, reveal the U.S. ranked below the other western counterparts such as France, Germany, Spain, Italy, Portugal, Switzerland, and U.K.

In that sense, Civiletti (2010) wrote "Americans have no Sabbath. No rest. No forced down-time. We are a hyper, wired-in, materialistic, people who collectively work 24/7 nearly 365 days a year – all in the pursuit of "things," which have become our gods".

The 2007 American Chamber of Commerce report about luxury goods supports this argument. It shows that luxury goods accounted for a \$157 billion industry in 2007.

¹ Online search by the author.

² Liposuction alone boasts about 1,000 procedures a day, and Botox injections have hit the 5,000-a-day mark.

³ Amount ordered daily of coffee beans by Starbucks Coffee in the U.S.

Silverstein *et al.* (2008) argues that despite the slowing economy, the market of luxury goods in the U.S. is still a big one. In fact, Americans are not able to curb their consumption of luxury goods, as well as non-necessary goods, and that is why the U.S. starts to witness a huge rise of credit card debt.

It is quite apparent that consumerism in the U.S. controls the whole society. "*Keeping up with the Jones*" has lately been the major motivation for the excessive consumption of many American families. Cohen (2003) points out that consumerism and materialism are central aspects of the dominant culture. She believes that framing this situation as a matter of consumer sovereignty is misleading. However, the consumption patterns are powerfully shaped by forces other than preformed individual preferences, but forces such as cultural norms and social pressures. These cultural norms and social pressures can be found in the U.S. folklore of proverbs and popular sayings, which encouraging current consumption over future consumption. The above mentioned proverb "*Keeping up with the Jones*" depicts the social pressure of the society on individuals to over-consume or to consume products that they are not really in need of. This behavior is supported by another proverb saying that "*Variety is the spice of life*".

Concerning the intertemporal choice of consumption/saving problem, the American popular sayings provides a wide array of proverbs and idioms that present the culture's perspectives and standings about this issue. In fact, most these sayings and proverbs, which are popular among Americans, come in line with the observed consumption behavior of the American society. "*Eat, drink, and be merry, for tomorrow we die*", "*Better to have it and not need it, than to need it and not have it*", "*Life is too short not to be happy*" and "*Do it today, tomorrow it may be against the law*" are all examples of such proverbs that show the cultural dimension behind consumerism in the U.S. society. These proverbs promote – directly or indirectly – the current consumption over the future consumption and saving. They all depict that happiness or satisfaction can only be achieved through current consumption as we do not know whether we will be here tomorrow or not. Ralph Emerson, a famous American poet and essayist, supports this idea saying "*With past I have nothing to do, nor with the future, I live now*".

The ratio of the household debt to the GDP in the U.S. also backs up the above argument. This ratio has been increasing from 25% in the 50's to almost 100% in 2008. During the same period, the personal savings has been constantly decreasing hitting the lowest level in 2007 since the great depression⁴.

This new consumption pattern of the American consumers, at which the intertemporal choice has been biased for present time, can also be related to more proverbs such as, "*Christmas comes but once a year*" and "*Put your money where your mouth is*".

Work Orientation

"Don't just stand there", says a typical American advice "do something!" This expression, though normally used in a crisis situation, in a sense describes most Americans' working values, where action – any action – is seen as superior to inaction. Americans routinely schedule an extremely active day. Any relaxation must be limited in time and aimed at "recreating" so that they can work harder once their "recreation" is over. Such a "no-nonsense" attitude toward life has created a class of people known as "workaholics" – people addicted to, and often wholly identified with, their job or profession. The first question people often ask when they meet each other in the U.S. is related to work: "What do you do?" "Where do you work?" or "Who (what company) are you with?" The United States may be

⁴ Data for household debt to the GDP and personal savings rate in the U.S. is available on the Federal Reserve of St. Louis website.

one of the few countries in the world where people speak about the dignity of human labor – meaning hard physical labor. Even corporation presidents will engage in physical labor from time to time and, in doing so, gain rather than lose respect from others” (Khol, 2007).

Comparing the American culture – in the above sense – to other cultures, we can find out that American start working (a full time or part time job) around the age of 17. Most college students – if not all – work during their study. This is not common in many other world countries where people start to work after finishing their college degree despite their lower average income compared to their American counterparts. Thomas Jefferson, one of the founder fathers and the third president of the United States once said endorsing the importance of work “*I'm a great believer in luck and I find the harder I work, the more I have of it*”. Another prominent American figure, Thomas Edison also said “*There is no substitute for hard work*”. These sayings, among others, had their significant influence in forming the work values for many Americans.

“*Actions speak louder than words*”,

“*A rolling stone gathers no moss*”,

and “*Early birds catch the worm*”

are more examples of popular proverbs and idioms that are used in Americans’ daily life to express the value of hard work and to praise hard workers. While the first proverb conveys the value and significance of an actual action of work, the latter indicate the success and reward come to those who work hard.

Note that some of the American proverbs contexts do exist in other cultures. However, the young people in these countries start working later than their American counterparts. This, in fact, might be because how each culture interpret their proverbs, or because of the combinations between proverbs and other cultural values.

The above concept of the importance of “work” is supported by other proverbs and idioms that show that work is not a matter of choice for people. This is conveyed in proverbs such as “*Money doesn't grow on trees*”,

“*God help those who help themselves*”,

and “*Wishes won't wash dishes*”.

Merely waiting and wishing for something to happen without working will not get it done. That is, achieving one’s goals needs hard work. In the American society, one can witness that work is the primary tool in providing oneself with his or her own needs.

Investment, Entrepreneurship and Risk Taking

Risk taking is considered to be the soul of investment, which is the engine of economic growth. It can yield substantial welfare gains to the investors and to the economy as a whole mainly through its expected effect on consumption. It is believed that whenever there is an element of risk, it always produces some kind of change which leads to progress. The economic theory, proposed by many economists such as J. Say and F.B. Hawley, as reported in Khol (2007), states that profit is a reward for risk taken in business by entrepreneurs. According to F.B. Hawley, the higher the risk in business, the greater the potential financial reward is for the business owner. Without this relationship, a business owner would never take a risk in entrepreneurial activity because the owner wouldn't stand to earn any more profit than he would by taking the safest course of action. Profit is thus considered a premium on those risks which are of such a nature that cannot shift them with insurance. It is a gain for entrepreneurs for taking chances (risk) which might turn to losses borne as well by entrepreneurs. That is, no one can carry risk if he has nothing to lose.

According to Weber *et al.* (1998), risk taking can be of two forms; social risk taking and financial risk taking. American proverbs which are believed to endorse risk taking are

judged to be applicable for both financial risk decisions and social risk decisions. Weber *et al.* (1998) argues that this phenomenon is consistent with the notion that U.S. is an individualistic society namely when it compared to other societies such as China, which has long been a collectivist society.

The association between risk and gains (profit) is quite present in the American proverbs and sayings. The following proverbs are very good examples of this relationship:

“Nothing ventured, nothing gained”,

“No pain, no gain”,

“A stitch in time, saves nine”

And *“He that can endure the bad will not live to see the good”*.

These idioms and proverbs convey that greater value rewards are promised only for those who pay the price of risk and uncertainty. Risk, indeed, is necessary for achieving any type of gain.

In the U.S. business world, entrepreneurs place a high value on risk taking. Many small businesses and new product ideas exist because of someone's willingness to take a risk. Business owners know that there is risk involved in starting a business, but they also know that if they don't take a risk, there is no opportunity to be successful. The value of risk taking is most likely rooted in U.S. history and the individualist mentality that is common in the U.S.

Different authors and figures supports the importance of risk taking in individuals and societies' well being. Leo Buscaglia, a popular American author and professor at USC, said *“The person, who risks nothing, does nothing, has nothing, is nothing, and becomes nothing. He may avoid suffering and sorrow, but he simply cannot learn and feel and change and grow and love and live”*. Andre Gide, Nobel Prize winner in literature 1974, also said *“Man cannot discover new oceans unless he has the courage to lose sight of the shore”*.

Indeed, risks taking along with creativity are two essential elements of entrepreneurship. Public Affairs department of the federal reserve bank of Dallas asserts that being entrepreneurial means *“charging down a new path, staying alert to opportunity and taking risks to seize the opportunity. It means having energy, vision, optimism and daring to try something new. An entrepreneur is anyone with both an idea and the willingness to take the idea to the marketplace”*. This quote can be explained, interpreted and understood in terms of American proverbs, as follows:

“Aim at the stars, but keep your feet on the ground”, charging down the new path.

“Early birds catch the worm”, staying alert to opportunity, and having energy.

“A good beginning makes a good ending”, vision, optimism.

“Nothing ventured, nothing gained”, and *“As you sow, so you shall reap”*, taking risks to seize the opportunity.

“A bold attempt is half success”, daring to try something new.

And *“If life deals you lemon, make lemonade”*, anyone with both an idea and the willingness to take the idea to the market place.

Some may believe that many of the more restrictive nations of the world also possess the same achievements as the U.S. and other freer western countries. A closer look often reveals that this is not true. Cooray (1996) argues that the vast majority of cases, it is the West that has provided the Communist countries with what they possess. It is no secret that Henry Ford built many of the transport companies that are found in the Soviet Union today. It is no secret that the period of detente during the mid – 1970's was a period in which the Former Soviet Union gained much needed technology from the United States and Western Europe. Manufacturing processes in the Former Soviet Union were often inefficient and labor intensive, the costs of which were invariably passed on to the Soviet consumer. All the cases provided above are maintained by the inability to link markets, discover new production techniques, or to think outside the boundaries of official dogma.

It is worthy to note that although there are plenty of proverbs and quotes encouraging and endorsing risk taking, there are still limited number of American proverb and idioms that endorse non-risk taking behavior such as “*Better safe than sorry*”, and “*A bird in hand is worth two on the bush*”.

Education Attainment

Education attainment in the U.S. is similar to that of many other industrialized countries with the vast majority of population having completed secondary education and rising number of college graduate that outnumber high school dropouts. Post-secondary education is valued very highly by American society and is one of the main determinants of class and status. Below is a summary statistics about education in the U.S. (U.S. census Bureau).

Table 2. Education in the United States in 2012

National education budget	
Budget	\$972 billion (Public & private)
Literacy	
Male	99%
Female	99%
Enrollment	
Total	81.5 Million
Primary	37.9 Million
Secondary	26.1 Million
Post secondary	17.5 Million
Attainment	
Secondary diploma	85%
Post – Secondary Diploma	30%

Source: U.S. Census Bureau.

Duncan (1963) argues that American citizens differ regarding the amount, kind, and purpose of education desired or needed. However, the amount of money, time and effort expended for education by the American people seems to indicate that the vast majority of citizens want some kind of education for their children. This is evident from the literacy rates among American which is 99%. Education attainment in the U.S. is also higher than most worlds’ countries because of its strong association with income received. The *Figure 3* “Education Pays”, provided by the Bureau of Labor Statistics, shows that the median income in the U.S. increases proportionally with the degree earned. It also indicates people pursue higher degrees (study after bachelors) not only for the sake of a higher pay, but also for the sake of finding a better job. That is, unemployment rate is lower among doctoral, and masters students than bachelors and associate degrees, where unemployment is the highest for those with a diploma less than high school.

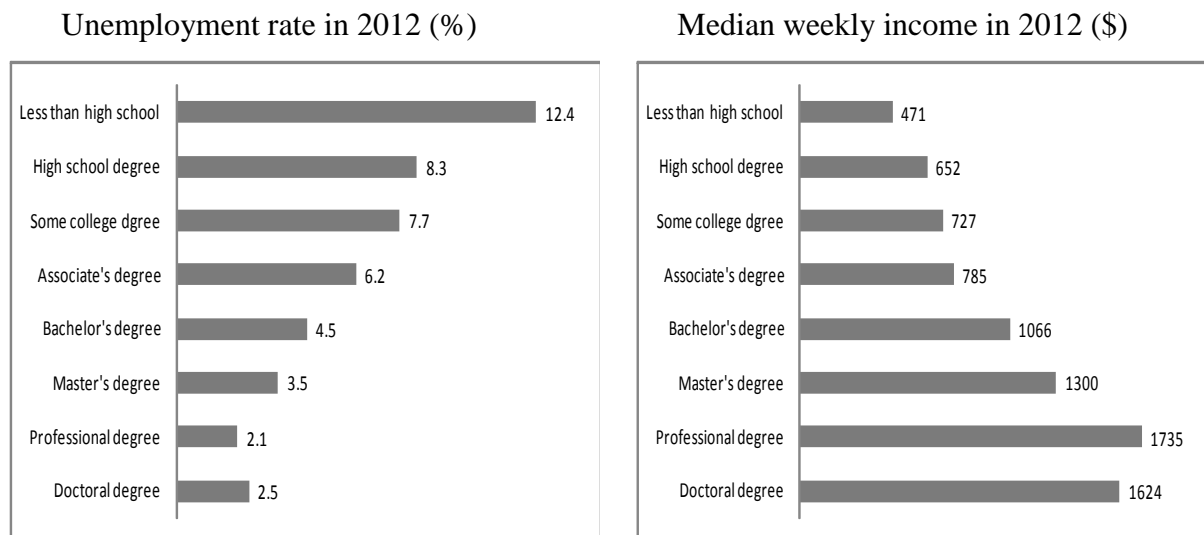


Figure 3. Education pays

Source: Bureau of Labor Statistics, Population Survey.

Duncan (1963) claims that the amount, kind, and purpose of education desired by individual or group are determined by values. These values, in practice, are translated into many influences which are exerted upon the schools. These values can also be found in the set of proverbs, idioms and popular sayings that are circulated in the society. Many of the stated below proverbs and sayings endorse, encourage, and appreciate education and learning process:

The roots of Education is bitter, but the fruit is sweet.

Silver and gold may tarnish away, but good education will never decay.

Learning has no limit.

Advance in learning as you advance in life.

Education is a gift that none can take away.

It is never too late to learn.

Learn as you would live forever, live as if you would die tomorrow.

Give a man a fish and you feed him for a day; teach him how to fish and you feed him for a lifetime.

I hear and I forgot, I see and I remember, I do and I understand.

"Education makes machines which act like men and produces men who act like machines".

That is, American proverbs seem to value education very much. This might be apparent from the national education budget, school enrollments, and the income earned for different school degrees.

Conclusion

The idea of relating local proverbs to economic behavior is absent in the literature. This paper, thus, is an attempt to introduce a new dimension of culture and values, as represented in proverbs and popular saying, which might have an influence on people's behavior. It is based on a simple abstract deductive system, which is in the domain of the economics science, at which it reasons deductively how proverbs and popular sayings circulated in the U.S. can have an impact on the economic behavior of the U.S. citizens. The paper thereby endeavors to search out and placard the cultural incentives, found in proverbs,

idioms, and popular sayings, behind's certain behavior such as consumption, investment, risk taking, working, and education. Findings of this research recommend that the values embedded in the American proverbs might have an influence on the observed economic behavior in the U.S.

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