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Urakami, Kiyoshi

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Notes on the Roles of Asia

Kiyoshi Urakami

Abstract

The U.S. financial crisis that began in the autumn of 2008 has continued to impact the world economy. China, who has also been in an economic recession, has counteracted the situation and comparative market stability appears to be generated there. This essay addresses the essential questions on the West versus the Orient issues by looking at how the rise of China gives an influence to the Western world where important social and economic values were originally created.

Capitalist economy and citizen society in the West

The Western world gave a birth to a modern industry, and it built the mechanism of the capitalist economy and the citizen society, and through this process, the “universal values” have somewhat been generated. "Free and fair competition in the market economy", for instance, is perhaps a part of the important "universal values".

Moreover, the whole social structure of the commodity production and the commodity exchange that supports the basis of the market economy in the West is mediated by the legal concepts such as private property rights, contracts, and legal persons. The citizen society in the modern age was started in the West. The social and economic systems in the West wear a legal gown that makes a rational calculation possible. This type of economic system and social structure were once regarded as peculiar to the West according to Max Weber.

Swing in the market economy

Afterwards, the modern capitalism originating in Europe made a move to the United States, where we see tremendous developments based on the industrial progress there. About 90 years ago, Max Weber described the U.S. situation in his book, *The Protestant Ethic and the Spirit of Capitalism* (1920) as follows: "*In the field of its highest development, in the United States, the pursuit of wealth, stripped of its religious and ethical meaning, tends to become associated with purely mundane passions, which often actually give it the character of sport*".¹

¹ Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, Translated by Talcott Parsons with a foreword by R.H. Tawney (London: Unwin University Books, First published in Britain in 1930, Twelfth Impression in 1974), p. 182.

Thus, the United States, based on the rapid economic progress, has created basic concepts such as "stock market capitalism" and "stockholder value". In this way the U.S. has established political and economic hegemony in the world.

However, there are some concerns on the future of innovation in the U.S.:

Firstly, in the increasingly globalized world, as Thomas L. Friedman puts in his book, *The world is flat*,² we see the flattening of the world. In the flat world, the U.S. has to face with the unprecedented challenges in terms of competitive innovation. Due to the ubiquitous communications, the competition ground has become leveled out. Mass collaboration on the Internet can generate an innovation in anyplace.

Secondly, the world economy is in the great instability since the financial crisis broke in the U.S. who received a blow of deep regret by the monster named financial products. People now argue how to counteract to the severe situation, and, here, one has to review even the basic philosophies or concepts that have been regarded as the "universal values" such as the "market economy", "free competition", and the "roles of government" and other important concepts.

Recently, the U.S. government has decided to make General Motors Corporation become one of the State-owned enterprises, and the decision comes from a belief that the government, at this stage, could not just let the market economy handle the situation. This is indicative of serious industry problems in the U.S.

Thus, under the current situation, the well-established Western values appear to have been swung. Particularly, the Anglo-Saxon economic and cultural values have started to be shaken by the economic crisis

Takeuchi Yoshimi's "Asia as Method"

In my university student days, I got much nourishment from the writings of Takeuchi Yoshimi, although some of the paragraphs were hard to understand. Here is one of the paragraphs of his article, "Hoho toshiteno Ajia [Asia as Method]" (1961). If I translate the paragraph, it is something like below.³

The West invades the Orient, and, the resistance is made. In this way the world is homogenized. This is a popular Toynbee's thinking in recent years, which is also a limited Western thinking. What the Asian people now think is somewhat different. In

² Thomas L. Friedman, *The world is flat: a brief history of the twenty-first century* (New York: Farrar, Straus and Giroux, First updated and expanded edition, 2006).

³ Takeuchi Yoshimi, "Hoho toshiteno Ajia [Asia as Method]", Takeuchi Yoshimi, *Nihon to Ajia [Japan and Asia]* (Tokyo: Chikumashobo, Fifth print, 2004), p.469.

order to realize, even on a larger scale, the important cultural values that the West created, the Orient rewrap the West, in other words, the Orient changes the West itself. Cultural rally or value rally enhances the universality that the West created. The power of the Orient changes the West to enhance the universal values that the West generated. This is an important task that surrounds the West versus the Orient issue. This is a cultural issue as well as a political issue. Japanese people also need to have such a concept.

The rise of China and the anxiety of the U.S.

The China central government has taken the initiative under the adverse circumstances to launch an aggressive financial package to stimulate the domestic demand and boost the economy. Under the unprecedented economic situation, China still has a solid potential to grow the economy. China's ability to develop the domestic markets remains rather strong even at this time.

It is no wonder that the people in the developing countries start thinking that China's political economy model might be better than that of the Western nations including the United States, and in this particular area the possible anxiety of the U.S. perhaps lay. The rise of China and perhaps the wayward influence of China are some of the important part of the U.S. concerns.

The true nature of China's reform and open-up policy exceeds the level of "grand attempt". By defining the current stage as "the initial stage of socialism", China has vigorously introduced various capitalistic elements and solutions into their economic systems. China has continued to pursue the gradual shift to the market economy, and this is indeed a pragmatic approach by the China Government.

"Back to the Basics"

Immediately after the celebration ceremony of the 30th anniversary of the reform and open-up policy in December last year, the newspaper article titled "mei you ri ben, gai ge kai fang hui chu xian bu tong [The reform and opening-up might have been different if there were no Japan.]" (Wang Jinsi, December 23, 2008) appeared in the China Youth Daily (an official newspaper of the Communist Youth League).⁴ The following brief summary of the story comes from the article in the recent *J+C Economic Journal*.⁵

⁴ See Ren Min Wang (Online), <http://world.people.com.cn/GB/1030/8566643.html> (Accessed on June 18, 2009).

⁵ Japan-China Economic Association, *J+C Economic Journal*, No. 183, 2009, pp.22 – 23.

Deng Xiaoping came to Japan to attend the ceremony of the exchange of the ratification documents, "Japan-China Treaty of Peace and Friendship" in October 1978. Deng Xiaoping visited various places in Japan, and thought over the economic miracles that Japan accomplished. Deng Xiaoping, reportedly, told that the purpose of his visit was to ask Japan to teach China and that he wanted to bring home an advanced experience of developments of the science and technology that Japan had accomplished.

This article discusses, "Even if there were no Japan, China would have achieved progresses in the reform and open-up policy, but the execution method would have been different or the reform and open-up policy might have ended up with different results". The article's concluding remarks are as follows: "The history selected Japan, and Deng Xiaoping selected Japan. China obtains energies by this, and has received a lot of benefits by assuming Japan to be one of the amplifiers of the China's reform and open-up policy". The article seems to send a message to many people to remember the starting spirit that triggered the "grand attempt".

After the autumn of 2008, the China government has perhaps been concerned about the U.S. market economy. The government might have thought that it is rather dangerous to just simply follow the United States. Since to follow just the U.S. way might lead China to an unexpected situation.

Incomplete economic reform: the socialist market economy and the problem of corruption

China's economic reform is, somewhat, a part of a larger and a continuous movement. This is what Fan Gang discusses in his book that was translated by Kwan Chi Hung and published in Japan, *Chugoku Mikan no Keizai Kaikaku* [*China: Incomplete Economic Reform*](2003).⁶

The market economy has continued to prevail on a global scale. China's economic policy on the execution of the "socialist market economy" is clearly stated in the Constitution revised in 1993 and the shift from the planned economy to the market economy has been on a gradual progress path. How far does China continue to follow the market economy and how does the China government counteract to the current situation? Is there a possibility of revolutionizing such a shift under the name of "socialism"?

By the way, the problem of "political corruptions", which is an abuse of the administrative authority to increase politician's private profits, is a sick in China.

⁶ Fan Gang, *Chugoku Mikan no Keizai Kaikaku* [*China: Incomplete Economic Reform*], Translated by Kwan Chi Hung (Tokyo: Iwanami Shoten, 2003).

Local governments are requested by the central government to put out the results in terms of the economic growth of the local territory. It is known that the basic framework for the economic growth of the entire country is based on the local economic developments. Therefore, the administrative organization of a province, for example, interferes with a local enterprise management in a province: the intervention on a personnel management, the grant to relieve local enterprises of a business load and so on. These activities have generated an enormous amount of arbitrariness. We also see a rampancy of graft and corruptions in all places. A bud of a healthy development of enterprises in China, therefore, is naturally picked off.

Possibility of change

Under the reform and open-up policy, the moves towards market economy have been on a gradual progress curve. On the other hand, since the autumn of 2008, China government started an execution of the aggressive financial policy to counteract to the current economic recession.

Is there any possibility for Asia, particularly for China, to send the messages to the Western world so that the West can enhance the "universal values" that the West originally generated? At the same time as the society in China is being revolutionized through the continuous economic reform, how far is it possible for China, for instance, to possibly influence the Western world through such a process?

The myth of the West that the market economy and the free market competition, for example, are some of the important compulsion power behind the economic and social developments appears to have been collapsed. We, however, are fortunate to see the capitalist economy of the world is still full of diversities in different places in the world including the EU and Japan.

The Asian region has steadily playing more important roles in the world economy, particularly due to the continuous rise of China. How far is it possible for Asia, particularly for China, to give messages to the West and to affect the mechanism of the market economy so that the "universal values" that the West created can be enhanced? The question includes the essentials and it can perhaps be answered by understanding the issues in a rich comparative context.

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