

Social Sciences in the Asian Age: Toward A New Paradigm

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It is said that the 21st century will be the "Asian age." Judging by a variety of measures, the Asian age is certainly underway already. Asia is emerging as a world leader in terms of population, GDP, trade, and market size, but its growth has also generated higher levels of carbon emission, threatened ecological diversity, and highlighted limitations on water supply and other natural resources. The Asian region is now a major contributor to global-scale environmental problems.

The 19th and 20th centuries were the age of West-Europe and North America. As expressed in the terms Pax Britannica and Pax Americana, the leading nations of that age not only had large domestic economies, but also wielded huge influence over other regions in both economic and political terms, and exercised an authority which was at times accompanied by violence and exploitation. As the various regions of the world became more interconnected, the West was placed at the center or core of a new global system.

The Asian region continues to enjoy strong economic growth. It may not be long now before China and India are vying to lead the world GDP ranking, while the nations of Southeast Asia continue to enhance their global presence as the ASEAN bloc. However, this does not mean that we will enter a new era of Pax Sinica or Pax Indica. Asia will not automatically replace the West at the center of the world system. Rather, the world system itself will be forced to change. In my speech today, however, I do not intend to propose new world system for the Asian era.

Such a proposal would be a massive undertaking; and in any case, it is not clear what changes the Asian era may bring to the existing world system. It is still too early to speculate on such matters.

Social Sciences in the Age of the West

The modern age was the age of the West, and the scholarship that was born and developed in that age

was also Western. Names such as Smith, Hobbes, Marx, Weber, Durkheim, Keynes, and more recently Porter and Drucker, clearly demonstrate that economics, political science, sociology, business management and other modern social sciences are products of the Western era. Seeing as the modern age is a product of the West, it is not surprising that the West would also be the source of the tools with which to analyze modern society, to explicate its workings and functions, and to manage its operation—the tools that we now know as the social sciences.

The question, however, is whether we should see the emergence of modern society in the West as a universal phenomenon and a stage through which all of humankind must pass, or whether modernity is something bound to the specific historical circumstances and cultural attributes of each region. This leads us further to question whether the modern social sciences born in the West are universally applicable or geographically specific. From an Asian perspective, we must consider the extent to which socio-economic development in Asia is comparable with that experienced in the West. How effectively and meaningfully can the Western social sciences be applied to the tasks of analysis and policy development in the societies and economies of Asia? What exactly are the distinctive attributes of the Asian region?

Let me take an example from economics, the field with which I am most familiar. As you may know, economists operate on the assumptions of rational human behavior and utilitarian judgment. These assumptions have been maintained from the era of classical economics initiated by Adam Smith right through to the neoclassical approach that represents the global mainstream today. And they are not the province of economics alone. In political science, law, and many other social sciences, and even in the study of social activities such as marriage and family life, theories have been developed

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around the behavioral principle of the utilitarian individual. This principle is the most fundamental factor informing analysis of market structure and economic behavior. Both the market itself and the utilitarian individual are abstracted concepts. The question is how these concepts vary in different historical and cultural settings.

It is not difficult to imagine how the abstract notions of market and utilitarian individual would manifest in a more tangible form in the West, the home of classical economics. It is therefore also understandable that in the era of Pax Britannica and Pax Americana, the world would become a market system and utilitarianism would emerge as the mainstream of social behavior. That is not to say, however, that the market is all-encompassing, nor that all behavior is utilitarian. Each nation and region of the world exists within its own distinct historical, traditional and cultural setting, and it is not possible to explain human behavior, or even economic behavior, by reference to utilitarianism alone. In the same way, market systems do not function uniformly across every single nation and region. Effective analysis cannot be achieved through simple "application" of the social science approaches developed in the West to different national and regional settings.

The Social Sciences and the Socioeconomic Development of Japan

Due in part to its geopolitical position, Japan was the first country in Asia to develop a modern economy and society. In the process, even though it managed to avoid actual colonization, Japan came under the strong influence of the advanced economies of Europe and North America. The result, however, was not replication of the socio-economic systems of the West. To the contrary, Japan developed a highly distinctive economic structure and patterns of economic behavior. Terms such as "Japan Inc." and "Japanese-style management" came into use, and Japan was sometimes criticized for its perceived deviation from free market principles.

But the argument that the Japanese economic system

violates the ideal system, and therefore should be "corrected," is not sustainable. In all countries and regions, economic development entails both universal factors and distinctive local attributes. Japan is no exception. But my task today is not to identify distinctive features of the Japanese economy. Instead, I would like to talk about the social sciences in Japan, and how the Western-born social sciences were adopted in Japan and developed into something more distinctively Japanese.

In Japan, the social sciences were founded on knowledge introduced from the West, notably from Germany, Britain, and the U.S. For a long time, Japanese scholarship revolved around importation and translation. Even today, the translation of works from other languages is a major enterprise, and research from around the world is readily available in the Japanese language. The complete works of Marx, Weber, Keynes, and other leading scholars have all been published in Japanese. This practice has produced a relatively closed circle of academic activity, which has enabled Japanese scholars to pursue a considerable degree of theoretical depth. Among Japanese social scientists, not surprisingly, there is a strong inclination to address economic and social realities in Japan and to direct analysis toward the identification of inconsistencies and the proposal of resolutions thereto. In such approaches it is not feasible simply to apply Marxian or Keynesian thought, classical theories and other mainstays of Western scholarship. Ideas developed in the West must be stripped of their Western specificity, rendered universally applicable, and then be "localized" to the specific conditions of Japan instead.

This process is best understood through an example. The field of economics in Japan prior to World War II was strongly influenced by Marxist thought. One group of scholars argued that Japan was an example of monopolistic capitalism and should be analyzed using the universal tools of Marxian economics. Another, however, maintained that Japan was a unique case of

a three-tiered economic structure, comprising an agricultural sector governed by a semi-feudal system of property ownership, an underdeveloped micro-commercial and industrial sector, and, existing separately from those two tiers, a modern large-scale industrial sector built using national modernization policies. This latter group of scholars based its position on Marx's theory of reproduction, employing a fascinating methodology that was a precursor of Leontief's input-output analysis. This group's findings were also reflected in the decision of the US-led occupation of Japan after World War II to base its occupation policy on reforming the land ownership system and dismantling the zaibatsu industrial cliques.

Another example is Comparative Institutional Analysis. This field was developed principally by Professor Masahiko Aoki of Stanford and Kyoto Universities, and has garnered much attention in recent years. Although Comparative Institutional Analysis is not a purely Japanese creation, we can certainly say that it owes much to its focus on the socio-economic development of Japan. In this field, the term "institution" refers not only to institutions such as the legal system, but also to the histories, traditions and cultures that characterize the nation or region in question and constitute the framework for market mechanisms. Scholars of Comparative Institutional Analysis propose that even where the same principles of market economy are present, institutional differences will yield a diversity of economic systems.

For example, in the decision-making system used in American companies, responsibility lies with executives delegated by shareholders, while employee relations are managed through collective bargaining with labor unions. In contrast, corporate decision-making in Japan is an inclusive process involving all employees from the bottom up, and in Germany, labor union representatives are directly involved in decision-making. Rather than treating these arrangements in Japan and Germany as evidence of divergence from or distortion of market economy principles, it is more accurate to

view them as distinct forms in their own right. Decision-making patterns inform the ways in which information is disseminated and shared, and these in turn determine which industries and enterprise structures are most advantageous in each case.

My aim here is not to sing the praises of Comparative Institutional Analysis. Rather, I wish to highlight the process by which this approach was formulated. Grounded in the mainstream economic theories developed in the West, scholars of Comparative Institutional Analysis have sought to uphold the universal elements of those theories, but at the same time to relativize them through the study of conditions distinctive to Japan, and thereby to develop a robust new theoretical framework with universal applicability.

Toward a Paradigm for the Social Sciences in the Asian Age

Now, at the advent of the Asian age, there are growing expectations that Asia will be the source of new social science approaches to underpin and lead the sustainable development both of the Asian region and the world as a whole. Beyond Japan, we have already seen the emergence of Asian social scientists such as Amartya Sen. As you all know, Sen has applied mainstream Western economics and public philosophy to the challenges of starvation and poverty in India, and thereby has formulated a new approach to theory and policy known as the Capability Approach. Diverging from classical ideas of utilitarianism, this approach has the notion of a dynamically developing human at its theoretical core, and provides the cornerstone for theories of development today.

As for myself, I believe it that the notion of "community" or "association" will take an important place in Asia's contribution to the social sciences. In one sense, we can see the modern social sciences as a set of ideas about how individuals can be freed from the confines of community. The individual has been understood as the basic constituent of society and nation, with structures such as community and association operating

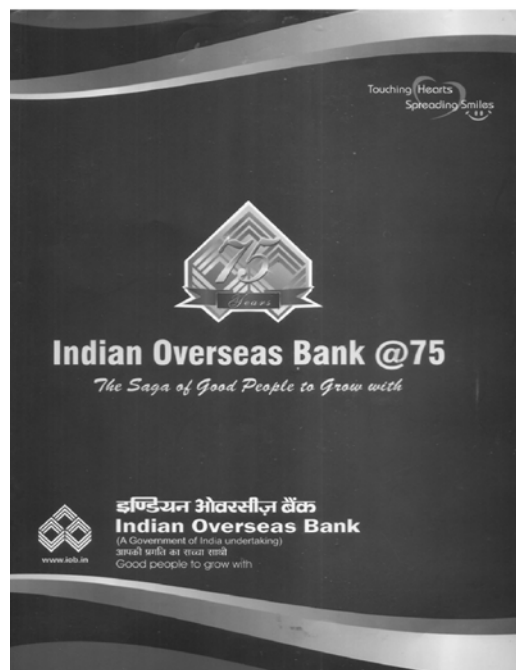
as limitations on the free activity and rights of the individual. Today, however, we are witnessing the emergence of new social science approaches that paint community and association in a more positive light, inspired by the development of non-profit organizations, non-government organizations and other collective structures. This shift is naturally the topic of lively discussion in the academic communities of the West, but equally vigorous debates are underway in Japan, South Korea, India, China, and other parts of Asia.

My expectation is that Asia will produce new social theories that embrace the idea of community. This expectation is based on the prominence of community within the societies of Asia. The Japanese economy, for example, is probably best known for major corporations such as Toyota and Sony, but it derives its true strength from a multitude of small and medium

enterprises with diverse and sophisticated technical capacity. The Japanese corporate model used in Comparative Institutional Analysis cannot be comprehended without reference to notions of community. It is equally impossible to fathom the strength of the small and medium enterprise sector, which is not limited to family businesses, without an appreciation of how such enterprises draw on the cohesive power of community.

The products of research on community in Asia will lead to the formulation of a social theory concerning the interrelationship and positioning of the individual, community and society as an integrated whole. I have no doubt that it will possible to communicate this theory to the world as a genuinely Asian contribution to the field of social sciences.

History of the Indian Overseas Bank



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