

PREFACE

We both arrived at the International Research Center for Japanese Studies (Nichibunken) in April 1989, the symbolic year which will long be remembered for the tales of two "gates": The Brandenburger Tor and the Tien'anmen. At the time of the arrival, neither of us was insightful enough to anticipate these historic events, but by a remarkable coincidence, we organized in that year a team research project under the rubric of "The Dynamics of Market Economy," centering mainly on the Japanese trajectory, but also with an international perspective.

This research project continued until March, 1995, and then developed into another, "Americanism in Contemporary Japanese Social Sciences." It was in order to sum up the discussions in the first project, on the one hand, and to invite new insights for the second, on the other, that an international symposium, "The Transition to and of Market Economy," was held at Nichibunken in September 1995. The current volume is a result of that symposium.

At the core of the two projects has resided fundamental skepticism towards the "pure" market-economy model, based on the premises of neo-classical economics. The "structural adjustment" scheme, demanded by the World Bank and the International Monetary Fund as the basic conditions for their aids to the developing countries, represents the firm belief in the universal applicability and desirability of this model. Another expression of this belief is the aggressive - sometimes verging on fundamentalist - series of American onslaught on the "closed" Japanese market in the past few decades.

The research team kept on questioning if the countries which accepted the "structural adjustment" requirements have really shown significant signs of improvement; and, if not, whether it is because they are in the transition phases, needing some more time before the positive results are harvested, or whether something is basically wrong with the premises behind the scheme.

We have also asked the meaning of the tremendously successful Asian NIE's and ASEAN countries, which have shown developmental patterns that obviously differ from the pure model, and thus have challenged in a serious way the conventional wisdom contained in these premises. In the same spirit, we have cast doubts on how well the American economy fits the free market model, while the country is assumed to be the bastion par excellence of that body of beliefs. In other words, as the true believers in the universal validity of market economy have grown irritated by the obstinacy of the non-enlightened non-believers, so the non-believers, including the members of our team, have grown increasingly uncomfortable with this belief.

Another set of questions that we have been pondering about impinged on the fate of Russia, the Eastern/Central European countries, and China. The breakdown of the ex-communist economies, as well as the great transformations that China is going through, are generally taken to testify to the final victory of free market over the centralized planned economy. But, as S.N. Eisenstadt beautifully analyzes in his key lecture for this symposium, our basic stance is that the very rapid global and historical changes we are witnessing mean

“not the end of history but rather the intensification of history”.

Many of the papers included in this volume emphasize the complex interplay between historical embeddedness of each economy, on the one hand, and the international factors brought about by increasing globalization, on the other; and also between economy and politics. To use Manuel Garretón’s term, there exist “multiple modernizations” rather than convergence toward a single model of modernity. In slightly different terms, the year 1989 could symbolize, in a very paradoxical way, the beginning of a challenge to neo-classical economics, rather than its global acceptance.

The title of the symposium, “Transition *to and of* Market Economy” reflects these questions as well as theoretical and historical challenges regarding neo-classical economics, raised in the course of our team research. Our *problematique* guided us to organize a symposium with an emphasis on the “realities” of market economies in the areas touched on in the preceding remarks: Kenya, Brazil, Chile and India for the developing economies; Hungary, Russia and China for the transition from planned to market economy; and Singapore to represent Asian NIE’s. The selection of countries could not but be arbitrary, depending heavily on who was available for a paper, which in turn was limited by our range of contacts. But the result was a marvelous group of researchers. Asking for more would have fallen not too short of asking for the moon.

Let us express our heartiest gratitude, first, to the participants for their contribution to the symposium, who were also extremely cooperative in compiling this volume. We also owe great debt to the administrative staff of Nichibunken. We have received a substantial grant from the Matsushita International Foundation, without which we should have had to curtail our scope of discussion considerably. Sincere appreciation is due to Howard Stein who was not the “charter” member of the symposium but who, having proved himself to be one of the pivotal discussants (if not *the* pivot) all the way through, kindly agreed to contribute a cogent and provocative summary; and to Kiyoko Miyajima for her adept secretarial assistance before, during, and after the symposium.

We sincerely hope that the participants have found the symposium worth their tremendous efforts, and that this volume contributes, even in a very modest way, to the discussions on the whereabouts and whereto of market economy at the post-cold-war turn of the century.

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