

Oriental Political Economy: Past, Present and Future

Institute of Oriental studies has a lasting and rich tradition of branch, country and regional economic studies. The scope of our academic research has covered non-Western economies since the distant past including active debates on the Asian mode of production, colonial and postcolonial periods as well as the more recent trends that brought the emerging politically independent national communities, their mixed economies and markets well into the 21st century. Our first widely acknowledged regional economic forecast with quarter of century span had extended to year 2005. The current estimates and extrapolated branch developments in the region are advancing into year 2050.

The present economic conference for the first time in several years structurally encourages dialogue and discussion on a range of themes suggested by participants. It was made available in e-format prior to the meeting of March 20, 2017. This opened ample opportunity to draw attention to a general talk on Eastern economic prospects and to the underlying broad theoretical options for regional studies. The way we define our general analytical framework reflects the inherited tenets and gives shape to the optical tools with which we see reality and form the comprehensive picture of the world.

By the end of the century bipolar world system had given way to the generally hailed unipolar capitalist view of the economy. But this globalist optics seemed to have blurred what is currently perceived as world economic disorder. In this context it looks appropriate to start a meaningful frank dialogue by a brief overview of the general and regional aspects of that issue.

In global colonial terminology (see Alonso Quijano) the underdeveloped economies starting from the last midcentury had to put a special emphasis on protectionist and state interventionist policies of economic dirigisme, when they have acquired sovereignty over their territory, irrespective of their either pro-Western or pro-Socialist orientation. Behind those modes of developmental economic patterns was the powerful social rationale of the national liberation movement. Progress had become the motto of the time and the leading vector of development for the “third world” [7].

Non-Western and an overt anti-Western orientation had given shape to similar progress oriented rhetoric, theoretical and practical constructs that in the “second world” were called socialist political economy. Another less ideologically tinted and, perhaps, more accurate description of such general social trend is currently known under the name of redistributory economy [1]. Its command centralist thrust allowed to dramatically win WWII, then countries of the “second world” managed to mobilize all their resources and get at military par with

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the more powerful capitalist economies and even to serve as a counterbalance and a promising alternative to Western historical predominance in the eyes of many developing countries. Anti-market nature of “giving out” resources that were distributed without becoming commodities may be not too surprising a strategy for huge territories located in high latitudes with permafrost conditions covering 67 per cent of Russian territory. In part, distributions have been also incorporated in Scandinavian model of capitalist development used not only by some big countries with large population, but more recently, “giving out” had occurred even in such a small wealthy country as Switzerland.

After the great crisis of 1930s Western libertarian economic theories had to incorporate such “hostile” economic elements as “general and universal employment, price stability, equity in balance of payments, need for GDP growth, redistribution of income and wealth, and social welfare provisions” [2, 249]. In political economy, the socio-political “tricolor” of the first, second and third world’s different development vectors had shaped themselves into the colorful picture of the world until in recent two decades the globalist camouflage color had triumphed as “the end of history” and as a paramount model of the future. Yet Euro-Atlantic model with all its appeal didn’t quite work as a panacea in various destabilized regions of the world as, at the brink of the third millennium, many economists and some politicians hoped would be the case.

The political and economic failure of the “united common European home” concept, of the “new thinking” agenda and the missed opportunity of good neighborhood with equal commonality of planetary actors, sadly boiled down to waking up the “sleeping dogs” of new regional conflicts. The ruling arrogant mediocracy with its unrestrained inkling to pushy pressures outside the “golden billion”, turned actual and potential partners into opponents, which had spurred an unprecedented rise of newest global terrorism. Currently crowned by the US refusal to participate in Trans-Pacific partnership, all this seems to have resulted in another laydown of attempts to build a new world economic order in its seemingly unipolar and universally dominant democratic form. Eventually this endeavor is being replaced by the emerging technological and regional economic theories that should be paid attention to and analyzed in depth.

I would include in the first range of such theories, what can be generally called innovation oriented constructs. Their implementation has put several leading Eastern economies in the same advanced producer category with Western countries and, perhaps in some areas even, a bit above them. Japan was the first to do it several decades ago. The lead was then followed by Taiwan, and now this strategy “to be on the edge of a spear” is being implemented by China, Vietnam, Malaysia and a number of other countries of the region. Different leap-frog strategies are represented, primarily, by the information-communicative style of accelerated reproduction and simultaneous transnational mass transmission of constantly generated innovations in the domain of digital communications [5]. Most likely, in such a model of intensive development, it is precisely the ability of eventually to control requisite variety in the global flows of information

and a different way of thinking that is looped into the rapidly developing web network that is so vital in computer age of the Internet of things. In this sense, such an important marketing tool as comprehensive tracking and information management of individual demand should be perceived not simply as tracing real time consumer demand through chips, search engines and mobile phone signals, but as tracking the real-time changing personal preferences' monitoring, and active programming of "smart" life styles for millions of mass and individual behaviors. These human "fine tuning" strategies also involve the idea of economic, technological and social convergence as a new form of existential search for hierarchically universal paths of development.

In a paradoxical combination this futurist search is confronted by an Islamic project, non-Western, religious, pro-Western secular archaic and, for the time being, still relatively marginal but growing Western populist radicalisms [4]. Actually, in dealing with the present-day political economy we move into a very special research direction – economic hermeneutics. For the current generation of research orientalists, this may be a completely unfamiliar field. It combines regional market forecasting, substantiated futurology, political psychology and economic history into a single node that A. M. Petrov had discussed with a large group of professionally mature and unorthodox thinking orientalists calling this complex conceptual construct "Genome of the East" [9].

In a strong society, it can give serious economic advantages in comparison to the economic dynamics of Western consumer societies. But in conditions of destroyed or weak state, this "genome" mutates and reintroduces into life rudiments of "vulgar parasitic despotism", outbursts of aggressive tribalism and outright cruel barbarity against its own population. It fosters disintegration of the post-war national statehood that falls into archaic degradation. Considering the current quasi-economic, pseudo-religious and social-despotic divergence in the East through the prism of manipulative technics, one can see the rise in the off-systemic hybrid criminal anti-civilizational forces in the Middle East, Africa and partly in Latin America. We can see here an anti-symbiosis of segmented and fragmented economic spheres, decaying ways of life, politics and ideology. It has to be stressed that there are no regional watertight bulkheads between East and West in the spread or redistribution of "manipulative political genes".

In Western Europe, similar neo-archaic trend manifests itself in manipulative ecological consciousness, in status ethos of privileged minorities, which is legally spread across "golden billion" as a sort of prestigious depopulation tool. Growth of increasingly radical right-wing sentiments belongs to the same split identity trend. Therefore, it seems important to trace down the whole chain of cognitive transmutations: postmodernism – relativism – kaleidoscopic surfing across fashionable styles – consensus allocation of socially acceptable versions of what is designated as the truth of today. In fact we are dealing here with a changing paradigm of the very request for the truly humane future economic livelihood in conditions when clear consciousness is no longer easily attainable. That is

why I expect we will soon see here fruitful conceptual constructs of new Western economy as we can start tracking this ongoing process in the East.

What answers to this social request will be found in the East? It is not necessary to present the matter as if it were a question of replacing one universal theory with another, as it happened when the cognitive matrix of Marxism had been abandoned three decades ago. A meaningful, well-designed choice of the rational relationship between different types, modes and levels of everyday economic life is urgently needed for the conscious improvement in the quality of economic management and for developing national strategy of multi-vector planning that surpasses the limits of national state borders. Multivector in this context does not presuppose a replacement of the traditionally existing sectors in different layers of economy, which is habitually guided by the standard logic of catching-up development. Here we can distinguish two main areas of regional economic research.

The first one is predetermined by an objective spatial-geographical and ecological-regional complementarity of the Eastern hemisphere, which forms a huge transcontinental super-region. The natural and climatic meridional zonal dispersion ranging from Polar areas to the tropics potentially allows transforming many depressive and encapsulated areas into ecological and intellectual local donor regions. But in the short term perspective it is not easy to implement these opportunities into viable practices. The regional, national and cross-border demand for the resource component under current conditions will be largely determined not so much by the availability of raw materials for export, but rather by the new quality of infrastructure management. This implies maintaining the existing and newly constructed transport and communication corridors, strategic farsightedness in protecting the nature and turning the economy more green than it is at present and, last but not the least, giving priority to augmenting and protecting human capital. In this context it is important to note that in order to overcome the negative impact of the current universal consumer model it would be necessary to implement a comprehensive transition to more effective regional models of co-development, where opportunities for integration will be strengthened in many different spheres.

The second area of research is related to the actual non-Western specificity of market and non-market parameters of economic life outside the “golden billion” zone. Speaking about the capitalist models operating in the East, one can see their significant differences from the West in the composition of agents and beneficiaries, in the level and vectors of motivation, in cross-border dynamics of capital flows and in habitual forms of economic cooperation. Understanding and proper use of these differences is required both for the efficient practical conduct of business and for theoretical analysis of the latent possibilities available to Eastern markets and economic systems. On this basis the non-traditional and ultramodern areas of Eurasian cooperation can be greatly expanded.

So far, this process is very sluggish, because actively induced neoliberal market criterion has in the long run perspective ceased to be an effective catalyst due to its inherent disregard for rational nature management, and because of

the deeply rooted multistructure where the sphere of narrowed reproduction is again growing and the share of subsistence households that are left outside the framework of commodity-money relations is remains excessively large.

National economic reforms of recent decades have not been able to or did not seek to involve private and small-scale reproduction into a growing sector of small private owners. On the contrary, this business generation as a whole has been superseded from reintegration into the modern reproduction process. Due to objective and subjective circumstances, they found themselves in an “economic knockout”, where the losses in the marketable product exchange or in the work on hire are much higher than the expected profits. As a result, the share of non-commodity households and of pre-capitalist fading cottage industries had sharply increased. In such households, farms and economic entities the produced manufactured output becomes a commodity only as a result of non-economic coercion, bypassing the producer’s motivation, through the produce extraction by numerous intermediaries. The beneficiary here and a de facto “agents of production” are represented here by a rapidly growing bureaucratic community. As a result, growth at one social pole is accumulated without development, while at the same time on the other pole, free economic activity of a significant mass of the population is being blocked.

Paradoxically, it seems that it is precisely here in the multistructural structure of national economy that a promising human resource of new Eurasian cooperation should be sought. In the e-network age and in conditions of chronic shortage of investments this beginning with be launched a low start. But the return would be exponential. Such could be one of the paths in the rapidly evolving epoch of multidimensional distributed electronic reproduction.

But as long as this understanding does not prevail, the sources of such novel growth are drowned out. On the local level, in the absence of social and legal protection, there is a growing disruption in social processes, and economic life at the grass-roots is characterized in a number of regions by disorganization, ambiguity and instability. This was particularly manifest during the period of social breakdown and early economic transformation, accompanied by a decline in the living standards and a compensatory increase of barter trade, “shuttle imports” and natural exchange. On this depleted economic basis, the marginal multi-subsistence had reappeared in many local territories. Low quality of management, depriving such areas of viable prospects, condones the manifestation of negative social traits in the declassed and deprived parts of the population, which causes polarization of everyday life and pushes out of the East massive migration flows that scare European burgers.

Under these conditions, the basis of poor social strata survival belongs to large family and traditional work organization of labor, that are less affected by the mechanisms of free market economic rationality. The latter is replaced by elements of the system of exchange deliveries and distribution. The forms of livelihood supply inherent to redistributory economy sectors are capable to upkeep considerable segments of population at a basic, survival level. They exist

in a number of countries on Eurasian subcontinent, but remain a “white spot”, outside the sphere of vision of many economists and institutional developers of state programs for those regions. It is necessary to pay attention to these and similar subjects in the discussion on the Eurasian economic prospects.

Hence, it is from this negative social point of reference that we have to search for an outlet into the Eurasian economic integration. It would be appropriate to start here with promoting simple grass root initiatives, because without this undergrowth major international transport projects and mega-initiatives will neither reach the intended destination, nor provide the multiplier impact. They would eventually sag, turning into enclaves that do not relate to the social fabric of recipient society. One of the important substantive aspects of the prospective cross-border economic integration should include a multifaceted focus on pouched-in related projects. Orientalists-economists seriously engaged in the theory of social development, know how deeply rooted are the grass-root forms manifesting Asian mode of production, caste traditions, non-commodity practices in the modern life of the APR and how much is done there today for pinpoint support of the lowest economic segments.

I want to draw attention to a largely forgotten side of potential social integration. It deals with the charitarian way of life which, in the fourth mode of consumer society – for instance in Japan – turns into a solidary, subsidiary interaction that promotes the culture of sharing and increases self-esteem of various strata of the population. It is important to note that the integratory starting point here is no longer production, but rather a redistributive chain or to put it accurately it is the personal attitude to life and to other people that forms the process. When a change in the forms of consumption is rooted in, it is followed by alterations in supply from the side of commodity and services production.

In South Asia and other regions, this way of sharing, partly works in the logic of distributary economy, but is focused on the intensification of the non-commodity household efficiency. For example, the philanthropic organization “Bellerive” S. Aga Khan for many years supplied the villagers in rural areas of India and Pakistan with high-tech inexpensive Polish stoves “burzhuiki” with very high efficiency and had educated the villagers how to make hay baskets-thermoses that allow them to keep hot food throughout the whole day. An emphasis on such micro efficiency is not only saving the costs and natural resources but can serve as a catalyst for self-sustaining development at local level. Such are examples of practical measures intended to save the population, and to begin the steps towards economic recovery of the hinterland. Energy-efficient technologies for different sectors of economy are being offered by the participants and the winners of the international “Global energy” prize. Essentially new segments of distributed sectors of economy are being developed in the digital technologies of the “Internet of things”.

All those selective examples are cited as evidence that self-employment, multi-structural activities and non-commercial production segments are preserved not only as rudiments of the past, but have their own perspective dynamics in

shaping the future more equal economy of the 21st century. Setting-up, studying, understanding, and solving these micro-economic issues has humanitarian, and state importance. Senseless attitude, or rather a misunderstanding of vital issues concerning the fate of the masses of people today, should be recognized as an unacceptable arrogance. The danger of the emergence of new failed and insolvent regions is too great and the humanitarian price of economic neglect of serving the people is too high to remain neglected. Such neglect is fraught with escalation of local, regional and international conflicts, with growth of geo-economic instability and with squandering of human potential.

Getting back to the newest themes of political economic research, it is important to note among other studies an alternative economic theory “Eurasian political economy” developed by St. Petersburg economists under the leadership of D. Yu. Mirapolsky in SPbSUE [3]. At the same time one may guess about a symbiotic theory of Chinese economists that is closed for external study and is merely outwardly framed in the form of ready-made constructs of new “silk belt” transport corridors and major strategic paths. In both cases, the category of “product” in its real and virtual forms is proposed as the defining principle of the latest Eastern economy. Mature economists currently shy off the free market Marxian theory of commodity production and lay emphasis on the category of “product” which is equally applicable to both the distributional regulatory mechanisms and to strategically planned market economies. In the first case, regularity prevails in its rent and tax redistributory forms targeted at final consumption, in the second – control is vested in value added marketable products proceeds’ that are continuously redirected into new reproduction cycles. Their various combinations and specific interrelations characterize new economic milieu that develops in the electronic age.

Estimating the immediate and medium-term prospects, we see that the sixth and seventh technological structures will not develop in a homogeneous economic space, but rather in a complex and contradictory interface with traditionalist sectors that provide basic needs and survival for large segments of population by maximizing the use of underutilized and non-market way redistributed economic resources. Evaluating the current situation, “as the assessments of the latest Rhodes Forum [2016] showed, getting beyond the global geopolitical disorder and geo-economic disarray is not yet visible, and a whole series of related crises has already dragged most of the countries of the second echelon in a difficult period of prolonged instability”, the study by orientalists of the major foundations for sustainable independent existence of diversified regional, national and regional economic segments in the East has become an urgent task [4]. To solve it, it seems that it is essential to continue the conversation begun at our present conference in the form of regularly held monthly consultations and meetings of economists and orientalists.

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