

Economics that aids people

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On Tuesday (Dec. 10), we will see television and newspaper coverage of the 2013 Nobel Prize awards ceremony. The grandeur of the ceremony and the felicitous faces of the prize winners, with sincere comments offered about their various professional research fields, again are apt to positively influence youths who have dreams and ambitions while providing a tinge of hope to tired adults.

Apart from the harmless affection shown toward the prize winners, some may view the number of Nobel Prize winners for evidence of national power as if they were counting Olympic Games gold medals.

In the field of economics, the list shows that 59 of the 74 Nobel prize-winners in economics — about 80 percent — are from the United States. The next majority is from the United Kingdom, with just four scholars. Most other nations count one or no winners. Therefore Japan should not feel ashamed of there being no Japanese scholars on the list. Still, academic authorities in Japan, such as the Science Council of Japan, that feel slighted might put economics teachers at Japanese universities under more pressure to organize this discipline and its education by following America's direction. The problem goes beyond nationalistic pride.

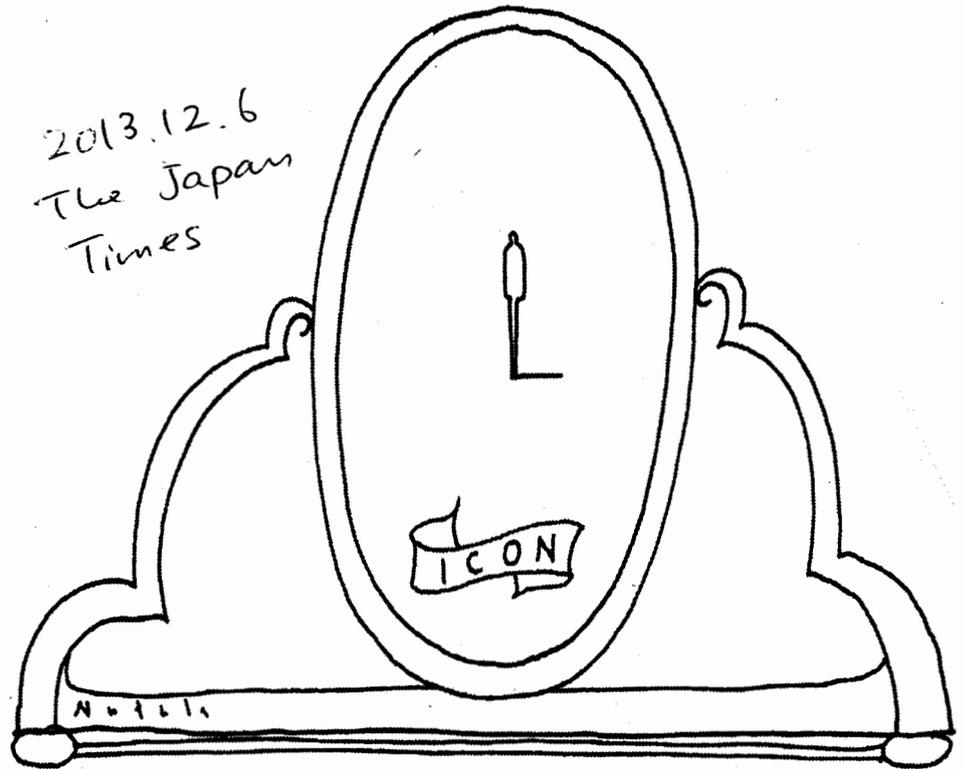
The Nobel Prize in economics is, as you might know, a popular byname. Its official name is "The Sveriges Riksbank Prize in Economic Science in Memory of Alfred Nobel." It began in 1969 with the proposal and financial support of the Bank of Sweden (Sveriges Riksbank) — much later than the Nobel Prize in physics, chemistry, physiology or medicine, literature, and peace — writes Thomas Karier in "Intellectual Capital: Forty Years of the Nobel Prize in Economics" (2009).

Even if the Nobel Prize in economics started late and its origin is different from the original Nobel Prize, its principles are supposed to be the same.

But it does matter that the Nobel Prize in economics started around the time of the so-called crisis in economics. At the end of 1971, Joan Robinson, a leading British economic theorist, gave a speech on "the second crisis of economics" at a plenary session of the American Economic Association, which was passionately received by the audience.

In 1973, the Club of Rome, a Europe-based private think tank, warned about the limits of economic growth, evoking considerable reaction. Both Robinson and the Club of Rome attempted to reconstruct economics drastically and fundamentally, taking into account the limits and negative side effects of "economic-growth supremacism." So, it would have already been difficult at this turning point to decide what sorts of achievements deserved the Nobel Prize in economic science.

Besides, a more serious problem has



cropped up in this field: It is difficult to imagine concretely how economics can "render the greatest service to mankind." Economic science neither "invents" anything nor contributes directly to any technological discovery as natural science does. Thus it has long been debated whether economics is a branch of science.

As a result, the Nobel Prize in economics has been given to economists who achieved a "seminal work" with a "seminal book" without any further explanation, as Karier points out. We do not know what is "seminal" for mankind.

As years went by, it turned out that the list failed to include works that questioned the meaning of economic growth and development even though various schools explored the issue. The prize has been largely restricted to economists who worked within the narrow limits of market-oriented theories of the developed world.

In Japan, economics at one time was about deepening the idea of serving mankind, but it failed to construct a new paradigm.

After Japan's 19th-century modernization, economics was almost exclusively an imported discipline from different Western schools of thought. Academic chairs in economics at Japanese universities were traditionally either Marxian or non-Marxian. Then around the end of the 1960s serious questions were raised about economic growth as a result of the air and water pollution caused by industrial emissions and waste.

Prominent theorists with abundant knowledge from different schools committed themselves to devising new paradigms — along the lines of Robinson and the Club of Rome — showing what was important if economics was to serve mankind. Gradually their attempts came to be treated as a peripheral branch of

"environmental economics" outside the mainstream. Their original objections and criticism combined objections and criticism against poverty, colonialism, a war-driven economy and a top-down type of development involving mass consumption of energy and other natural resources.

All these studies attacked the citadel of economic theory, but they were gradually sorted out into different cells of respective issues: "development economics," "peace studies" and so on.

This is probably true outside of Japan as well. The diversification of research fields strengthened the wall that protected the citadel of mainstream, growth-oriented economics. Now confronted with a worldwide systemic economic crisis, we must rethink the foundation of the citadel itself and change the direction of economics for the benefit of mankind's livelihood.

One piece of good news is that 24 outstanding economic theorists, Joseph E. Stiglitz, Amartya Sen and Jean-Paul Fitoussi, et al., published a 2010 report aimed at shifting the basis for measuring the quality of life away from gross domestic product titled "Mismeasuring our lives: Why GDP doesn't Add Up."

Although we don't know yet how much influence the report will have, the Japanese translation of the book has sold quite well.

The report is a proposal to scrutinize and reconstruct indices of measurement used by economic science: Quality of life and welfare have become more important. The fact that five of these 24 are famous Nobel Prize winners could have a positive appeal to the public. In this sense the Nobel Prize could have some impact and meaning.

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