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ABSTRACTS

(in alphabetical order)

Magnus ANDERSSON (Lund University)

The Role of Trust in the Development of an Efficient Domestic Market in Lao PDR

An economy in transition towards market economy often lack efficient institution infrastructure to govern the emerging challenges in the market economy. The institutional infrastructure defined as well-functioning markets and regulatory regimes to govern these markets are often complemented by a high degree of trust between agents in economy.

This paper use the freight transport sector of Lao PDR as an example illustrating a context with a focus on structural and institutional change in order to create a better functioning and a well-integrated domestic market. The complexity of moving from an economy based on the traditional subsistence economy, with the small-scale village economy dependent on dense social networks facilitating market exchange, to a well functioning market economy with low transactions costs are often facilitated by the importance of trust in business relationships. As the market extends to a larger geographical area, national and regional trade results in higher transaction costs, thus providing demand for efficient logistics services. In the logistics sector in Lao PDR trust counterbalances the lack of reliable institutional infrastructure. The paper focuses on the analysis of trust in the logistics sector as an important complement in the process of developing reliable and cost effective logistics services.

Giorgio Fabio COLOMBO (Ca'Foscari University of Venice)

Trust in the judiciary in Japan: binary perspectives from nationals and foreigners

Litigation in Japan has always been a “classical” theme in Japanese legal studies. From the early studies of the Sixties (Kawashima, Noda) to the latest theories on Japanese litigiousness (Cole, Feldman, Funken) the question on whether or not the Japanese have a different attitude towards formal litigation has been widely debated.

In the framework of these studies, scholars have incidentally dealt with the perceived reliability of Japanese judicial system, *i.e.* the degree of trust that the general public puts in Japanese judges. During the Tokugawa era, courts were structured to be menacing and to discourage the recourse to formal litigation. In modern times, the establishment of a structured, Western-like, judicial system has apparently changed the perception of the judiciary, providing the country with a developed and reliable apparatus of formal justice.

Is there any contradiction between the (alleged) reluctance towards formal litigation in Japan and the respect the Japanese feel towards the institutional figure of the judge? Is the judiciary system perceived as efficient? Is the idea of court justice in Japan directly related to the philosophical concept of Justice?

Moreover, Japanese judges have often been criticized (especially by American scholars) for their strong dependency from the Supreme Court, and, to a lesser extent, from the political power. American entrepreneurs and professional in late twentieth century complained that this dependence resulted in “nationalism”, by which Japanese were favoured before Japanese courts against foreigners.

Is there any evidence of such allegations? Can foreign traders and investors “trust” Japanese justice?

Jørgen DELMAN (Copenhagen University)

China’s “radicals at the centre”: Regime legitimation through climate change policies and climate governance

The paper is a case study of China’s response to climate change through its engagement in international climate negotiations and governance, especially China’s position in relation to the Copenhagen Climate Summit in 2008. The paper examines how the Chinese regime reacts to and exploits the linkages and the interconnectedness between sources of national and international legitimacy within the framework of the climate change negotiations.

China’s role at the Copenhagen Summit was disputed widely, but China contributed to brokering a deal which the key stakeholders are able to work with while insisting on their core interests. China also managed to contain institutional change by insisting on the continuation of the Kyoto framework for the subsequent negotiation process.

With its climate change policies, the Chinese leadership has positioned itself as “radicals at the centre” from where it has been fairly straightforward until now to legitimate its position as a responsible actor nationally and as a responsible participant in international climate negotiations and governance. It is argued that China’s approach to addressing climate change may continue to have a strong legitimacy augmenting effect for of the Chinese regime, provided that it meets its target for a “green” economic transformation and its goals for greenhouse gas reductions.

Taciana FISAC (Autonomous University of Madrid)

In the Party We Trust: The Manipulation of Literature during the Maoist Period and its Imprints in Contemporary China

This paper aims to analyze how during the Maoist period many famous Chinese writers had no choice but to allow the Party to manipulate their works. It also focus on how some modern Chinese writers and their works are read today in China as the reflection of historical truth, providing insights on how literature has been used to re-write history in order to underline the role of the Chinese Communist Party. The political control of literature during the Maoist period still persists in Contemporary China and very few readers know that what they read today are not the original works of many famous authors. This research has been made possible thanks to the funding of the Spanish Ministry of Education and Science.

Sean GOLDEN (Autonomous University of Barcelona)
“Comprehensive National Power” and the Calculus of Risk

In 1820 the Chinese empire accounted for more than 30% of world GDP. Over the course of the next hundred years or so the Chinese share of global wealth declined drastically while Western Europe, the USA and Japan came to dominate world GDP. At the beginning of the 21st century China has begun to recover the share of global wealth that was lost. This recovery is conditioned by the risks caused by the turbulences of globalisation, globalised capitalism and economic interdependence, as well as by global political and security risks, and also conditions the status of other economies, and international political and security calculations. Chinese strategists have been developing the concept of “Comprehensive National Power” (CNP) as a unique Chinese contribution to International Relations Theory. CNP includes a wide variety of factors and indicators, both quantitative and qualitative, and is designed to enable China to withstand and overcome the risks of globalisation. This paper will analyse the contribution of CNP to the calculus of risk.

Roger GREATREX (Lund University)
’A Brand You Can Trust In’: Trademarks and the Sino-Japanese Trust Deficit

The catchy phrase ’A Brand You Can Trust In’, or words to that effect, has been used since the early seventeenth century in China. The expression is currently used on the Internet to promote products as widely different as Panasonic vacuum cleaners, True Commercial refrigerators, Synflex liquid glucosamine as a palliative for arthritis, Stihe lawn- and leaf-blowers, and Microboards printable BR-D disks. Trust in a brand and its trademark is the foundation of consumer acceptance and loyalty. Nevertheless, courts worldwide daily face numerous cases of trademark infringement, and resultant breaches of consumer trust. When such infringements cross national borders they often incur greater importance than straightforward domestic cases. During the past decade Japanese companies have argued that Chinese makers seriously infringe upon their brands and their sales’ potential in China. Examples are Honda and Yamaha concerning motorbikes, Sony concerning batteries, Nippon Seiko ball-bearings, Casio cameras, and Makita concerning carpentry tools. This paper focuses on four cases of unquestionable brand infringement — the Kanidōraku restaurant chain, Aomori apples, Akita Japanese cedar, and the *anime* character Krayon Kid (*kureyon shinchan*) — and analyses the judicial consequences and media representation of the four cases in the context of the current Sino-Japanese Trust Deficit.

Michael JAKOBSEN (Copenhagen Business School)
Interdependency versus Notions of De- or Recoupling in a Globalising World: Global Economics, Inter-Ethnic Relations and Industrial Development in Penang, Malaysia

Due to the increasingly inter-dependency between the global economy, a given national economy and its societal embedment a triangulation between the three elements is a must if the processes and thus the inter-dependencies between the three points in the triangle are to be understood. This article focuses primarily on the national economic and societal aspects of this triangulation thus positioning the national dependencies of the global economy in the background for the time being. This means that it is not only the economic performance of Penang, Malaysia, the area chosen for this analysis, that is important seen from a global economic perspective but also its societal and institutional embedment in that nation This perspective is more holistic and relational compared to a decoupling approach that tries

through sector determined studies to determine the level of connectivity between global and national economic determinants thus trying to detect whether there are potential fault-lines between the two thus delinking them. The article applies this triangular approach on the high-tech and ICT sectors in Penang but it, however, does not deal with them per se. Instead it concentrates on how companies within these sectors relate to pertinent governmental initiated industry policies and the impact of the inter-ethnic related *bumiputra* policy. The global aspect of the triangulation has thus been put on a back burner in this study, as the article emphasises the importance of pointing towards the inter-dependency between the political, the inter-ethnic and the economic sectors in Penang, as they condition each other. The global aspect of the triangulation is not, however, forgotten. It takes the form of a global investor's perspective on the outcome of this study of embeddedness thus constituting the basis on which a given investor makes up his mind of investing in or bypassing the Penang or Malaysian market all together.

Peter Ping LI (Copenhagen Business School)

Intercultural Trust and Trust-building: The Contexts and Strategies of Adaptive Learning in Acculturation

The extant research on the so-called cross-cultural trust has primarily focused on the comparative study of *intra-cultural trust* for within-cultural behavior and relationship, rather than *intercultural trust* for between-cultural behavior and relationship. To fill in the gap in the literature, we seek to address four key questions regarding trust and trust-building via *cultural interface* (highlighting intercultural interaction) beyond *cultural distance* (comparing intra-cultural interaction) due to *adaptive learning*: (1) Does intercultural trust differ categorically from intra-cultural trust? (2) Why does intercultural trust differ from intra-cultural trust? (3) How is intercultural trust built as compared to intra-cultural trust-building? (4) Is the process of intercultural trust-building a linear pattern over time? By addressing the four critical questions, we intend to make three primary contributions, include providing the theoretical rationale for distinguishing between intercultural and intra-cultural trust; developing a central theme toward an integrative framework with the dynamic constructs of intercultural interface (trust-building) and adaptive learning, and building two typologies to specify four trust-building contexts as well as four trust-building strategies.

Yue LIN (Autonomous University of Madrid)

Trust and institution in the industrial cluster - a case from China

If we adopt the definition of institution of old-institutionalist (compared with new-institutionalist headed by Williamson), the institution should be considered as a set of rules or a pattern of thinking which constrain the human behavior. Due to the temporal distance between a decision made by an individual at T1 and the result to justify the decision at T2, any human behavior requires the mutual trust to initiate. Under this context, trust is institution and can be constructed in two ways: pragmatic origin or organic origin (Menger). If the contractual transaction is based on the shared trust on the legal system constructed by the state, the interaction between the individuals within an industrial cluster, which is a hybrid of market and hierarchy, is constrained by the trust whose generation can be explained by the already existent institutions in other social spheres. The repeating games between the individuals constitute an auto-enforcing mechanism of this trust. Nevertheless, like any institution which is continually reconstructed, the original trust will be weakened while the balanced power of negotiation between the individuals changed in favor of some. Thus, trust as

institution, while forming the special production network of industrial cluster, is reshaped by the evolution of the latter and forced to evolve in correspondence.

Werner PASCHA and Jihee YOON (University of Duisburg-Essen)

Are the East Asian economies decoupling? – In search of reliable evidence before and during the global economic crisis

The paper tries to present some fresh evidence on the possible decoupling of East Asia. The evidence shall be fresh in two respects: First, instead of pursuing the established way of using trade data to identify any degree of decoupling, we take the more unusual route to work with GDP-data. We do this because of the strong supply-chain linkages among East Asian economies that create a lot of intra-regional, intermediate good trade flows but rather “hide” the true extent of external dependence of East Asian economic performance. Second, there is reason to believe that tendencies of coupling or decoupling are related to periods of global crisis or of external shocks. We include very recent GDP data in our analysis and look for changing decoupling before and during the crisis.

We proceed as follows: First, we present a short overview on the available literature on the decoupling of East Asia and argue that the evidence is mixed and inconclusive. One of the reasons is that the analysis of trade data is quite unreliable as a source of information. The intransparency of the available evidence can be an unwelcome gateway for wishful thinking or even strategically pursued misinformation, as we will argue. Second, we introduce our own approach, using GDP data. Namely, we look at the international correlation of business cycles by identifying and by interpreting moving correlations and other measures among selected Asian economies with regional and extra-regional economies. Finally, we will discuss whether changing patterns of decoupling or re-coupling tend to reduce or increase the risks and opportunities of the external opening of East Asian economies.

Manuel S. PINTO (Universidade de Aveiro)

Relationship between trust and environmental risk perception in China and Japan: Some examples

Environmental risk may be defined as the actual or potential threat of adverse effects on living organisms and on the environment arising out either from Man’s activities or from natural processes.

Earthquakes, seaquakes, tsunamis (all related to seismicity), volcanic eruptions, landslides, floods and pollution are common examples of occurrences associated to such risk. Their effects may be confined to a sole country, or may be transnational, and being transnational their causes may be natural (as in the case of a volcanic eruption) or created by Man (as in the cases of water pollution of an international river, of air pollution or of groundwater pollution of an international aquifer).

Mechanisms of environmental risk perception and forecasting of occurrences have been developed on a scientific-technological basis and may be supplemented by simple but careful observation of Nature by common people.

China and Japan are countries that have always suffered the effects of such hazards and have developed such mechanisms.

Examples are given in this paper of how institutions that deal with environmental risk perception and forecasting in China and in Japan are trusted by people in both countries, and how both countries cooperate in order to reduce such risks and related problems.

Andrea REVELANT (Ca'Foscari University of Venice)

'You can trust this party': the rhetoric of commercial advertising in the political propaganda of interwar Japan

Political campaigns and commercial advertising are two forms of communication that share several common features, both in terms of the media used (as posters or broadcasting) and of the rhetorical devices typically preferred to convey messages. The paper will focus on the latter aspect of this relationship, exploring the concept of 'trust' as a key element in the political discourse of early Shōwa Japan. It is well known that the big parties which alternated in government in the 1920s, fiercely competing for votes at each election, were frequently accused of corruption and lack of reliability not only by the most conservative or radical groups, but even by that relatively liberal public opinion which was supposed to provide them with support. Suffrage enlargement made such problem more acute, as the largest part of the new electors had interests that often conflicted with those of the established constituencies. How did politicians try to improve their reputation and win the trust of the people? With the aid of visual examples taken from period documents, the paper will show how some tactics already recurrent in commercial advertising were applied to propaganda, paving the way to further developments in the political communication of postwar Japan.

Alain-Marc RIEU (Université Jean Moulin – Lyon 3)

Neo-liberalism, civil society and Research & Innovation policies since the 1980s: The case of Japan

Since the 1970s, social systems in all industrial states have experienced a major evolution, which has been characterized by the notion of "decoupling". Decoupling means that the various functions of each social system went through a new differentiation and reconfiguration of their functions or sectors, mainly the relations between government and the State, the economy and society (and even religion). Decoupling designates various aspects and consequences of this differentiation. The USA has been the source of this evolution. Neo-liberalism is the name given to this theory and these practices.

Decoupling mainly describes the changing relations between the State and the economy ("open market" or "free market") and between the Government and society ("civil society"). In retrospect, the idea of civil society has introduced a major tension and debate in all industrial society. "Civil society" is mainly a self-reflective process by which a given population experience at the level of individuals and groups a new level of personal and/or collective autonomy toward the State institutions, the economic system and religious organizations. "Trust" (in fact "distrust") is a major qualifier of this experience. It plays a major role: it is a call for change and reforms.

All East Asian social systems, including China, have been and still are under intense pressure to implement such policies and conform to them. The overall consequence has been since the 1990s this strong economic development called Globalization. It deeply transformed all East-Asian societies, mainly China, and their positions in the world economy. This process had a particularly strong impact on Japan. Since the 1980s, the US has been requiring Japan to open its "market". The response of the Japanese techno-structure has been to search, design and implement its own version of Neo-liberalism.

This period saw major progress and innovation in science and technology. But this period saw also a major mutation of the role and scope of Science and Technology policies in the evolution of social systems. However important in Economics and for the economy, this mutation largely remained outside the confines of Neo-liberal theory and practices.

The objective of this communication is first to propose an interpretation of neo-liberalism adapted to the description and explanation of the decoupling process. It is secondly to explain why and how Research and Innovation policies have been and still are the basic Japanese response to neo-liberalism. It is thirdly to compare the two Japanese versions of neo-liberal theory and policy, the version developed in the early 2000s by the Koizumi administration and the version proposed since 2009 by Hatoyama's government. Research & Innovation policy have been and still are at the core of these two versions of Japan's liberalism, with a growing role and involvement of "civil society".

Ying SHIH (Lund University)

Challenges with embedding clean innovation in China – The case of a decoupled technological system

China has experienced an impressive economic growth in the last few decades which has raised the standard of living for a large part of the population. Between 1989 and 2009 the economy grew annually with an average of 9.3 percent and in 2010 China surpassed Japan to become the second largest economy in the world. However, amid improved economic conditions substantial challenges towards environmental sustainability have emerged. Following the typical pattern of the environmental Kuznets curve, pollution and emissions have increased to critical levels. Today China releases more carbon dioxide into the atmosphere than any other country in the world. Consequently the need for emission control has been acknowledged by the highest political organs. In order to reduce emissions it has been suggested that clean technologies will play an important role. The necessity of such technologies has been coupled with a discourse that the adoption will create a win-win situation that can secure environmental sustainability but also promote economic growth. Especially the discussion on clean coal technologies has been extensive in the case of China. Coal is by far the largest source of energy and make up roughly three quarters of the total energy mix. The Chinese reliance on coal is not expected to decline in a foreseeable future as it is perpetuated by large domestic reservoirs and the low cost of coal in relation to other energy sources. The dependence however comes with significant consequences such as environmental degradation and public health hazards. With this understanding the adoption of various clean coal technologies is therefore necessary to accompany the increased usage of coal and the need for emission control.

Consequently, by looking at Chinese coal data there has been an absolute increase in coal use. But perhaps more troubling is that relative levels of emissions are not decreasing (International Energy Agency). This suggests that there is a decoupling between technology producers and technology users. In this study we will investigate the decoupling between production and use of technology and through this understanding we identify challenges to China's ambition towards a low carbon society.

Jan SYKORA (Charles University)

Trust, risk and the role of institutions in early modern Japan: Mere anachronism or useful historical experience?

The paper concentrates on a problem of how the trust in the non-market institutions could stabilize the economic system and avoid the risk of the market failure. The study of non-market economic institutions employed in different historical periods is likely to enhance our knowledge of the origin, nature and implications of markets *per se*. The study of the merchant associations operating in both early modern Japan and Europe on the dawn of the Commercial

Revolution indicates the importance of the interrelations between political, social, and economic factors in giving rise to the specific non-market institutions. Further, it suggests that, due to the nature of these interrelations, once a specific institution emerges, it may become a part of a self-enforcing stable system which is not prone to change in response to welfare-enhancing opportunities. Hence, economic growth in different economies may be diverse due to distinct institutional frameworks of historical origin.

Moreover, it is customary in historical and theoretical research to distinguish between the operation of market and non-market institutions. Both European traders' coalition and Tokugawa merchant associations were, to some extent, the non-market institutions which influenced the integration of interregional markets. Hence, the study of such coalitions and associations indicates the importance of a non-market institution in providing the institutional framework required for the operation of the market. The nature of non-market institutions influences the cost, if not the feasibility, of trade and thereby affects the process of market integration. As market integration is commonly believed to be a key to economic growth, historical institutional analysis of non-market institutions and their relations to market integration is likely to lead to better understanding of the processes of economic growth in the different social and cultural milieu.

Markus TAUBE, Peter in der HEIDEN (University of Duisburg-Essen)

Decoupling: the Chinese steel industry in times of globalization and global crisis

During the Maoist era the Chinese steel industry had been more or less fully decoupled from developments in the international steel community. It was neither part of the latter's web of trade and investment-flows nor was it integrated in the global innovation system. Since then the Chinese steel industry has reintegrated itself into the global steel community. However, in the various sectors of business activities this process of 're-coupling' has been following very diverse patterns and dynamics. As a result, substantial elements of the Chinese steel industry remain 'decoupled' from the global system up to the present day. There exists a strong endogenous dynamic in the Chinese steel industry that seems to make it that makes it substantially less sensitive to certain 'global' developments and business cycles than the established big players in the OECD economies. The contribution intends to shed some light on these developments and analyze the specific patterns of global integration and decoupling in the context of the Chinese steel industry.

Jorge TAVARES DA SILVA (University of Coimbra)

Building Trust in East Asia with Informal and Non-official Interactions: The effects of taishang dynamics on China-Taiwan relations

East Asia is one of the regions in the world that mostly challenge the realist theory of international relations. According authors from this school of thought, there's almost an inevitability of military confrontation if the actors faces power struggle. The truth is that despite the exponential increase in war spending, the existence of a state of permanent mistrust, growing nationalist fervor and a huge history of disputes, presently there aren't interstate military conflicts in East Asia. It is more surprisingly if we think that lacks a security organization for resolving regional security issues, with formal mechanisms able to build peace and prevent outbreaks of conflict. So, what reasons could we find for this "relative peace" and apparent "state of trust"?

The justifications for this outcome vary among analysts. In our view, there is an important factor contributing to the pacification of the region: the flourishing of the informal and non-

official interactions, also known as track two diplomacy. For this purpose have been extremely important the communication process developed by organizations such as APEC or ASEAN, but are also important some informal networks developed by elements of civil society.

We could testify it in the new context of cooperation and trust between China and Taiwan, and the dynamics developed by the taishang, the Taiwanese businessmen operating in China. Our objective is to assess the role of the Taiwanese business community in the transformation of the conflict, exploring the linkages and its capacity of involvement in the political sphere and the creation of a new trust atmosphere that would encourage both sides to move to a peaceful solution. So, more than criticize the negative effects of globalization, business and trade dynamics, it's also important see how it is fostering social relationships and how it is downsizing risk in East/Southeast Asia.