

**Conference on Globalization and Economic Nationalism in Asia**

**December 3-4**

**Abstracts**

# **Economic Nationalism, Economic Policy, and Development in the Twenty First Century**

**Ajit Singh**, Professor, Faculty of Economics, University of Cambridge, United Kingdom

## **ABSTRACT**

This keynote talk considers the question of economic nationalism through the lens of economic openness. The latter, which connotes close or total integration of a country with that of the world economy, is the antonym of economic nationalism. The talk argues that economic openness is a multi-dimensional concept. A country can be open, or not so open to all or some of the following: trade, exports, imports, finance, science, culture and education, migration, foreign investment, investment by its citizens and companies abroad, among other things. There is no economic theory that suggests that a country has to be open in all dimensions simultaneously. Given its economic and geo-political situation, a country may choose to be open in some areas and not in others. The talk examines the analytical question: what is the optimum degree of openness for an economy? This theoretical framework is used to illustrate and explain the Asian experience, specifically of India, Japan and Korea. The implications for policy of these and other national economies as well as those for the global economy are outlined. The main policy message of the paper is that countries should seek, whenever they can, "strategic" rather than close integration with the international economy

# Nationalism and Regionalism in Contemporary East Asia

**Mark Selden**, Professor, Binghamton University, United States, Senior Research Associate, Cornell University, United States

## ABSTRACT

This keynote talk offers historical perspective on the conflicting forces of nationalism and regionalism at play in contemporary East Asia in an effort to chart regional dynamics within a global non-Eurocentric framework. A brief survey of East Asia in the era of the Sinocentric tributary trade system (16-18th century) and the era of system disintegration, colonial rule, world wars, and anti-colonial wars and revolutions (1840-1970) sets the stage for analysis of the resurgence of East Asia. Since the 1970s there have been signs of the emergence of a third epoch notable for progress toward the formation of a new East Asian regional order resting on foundations of dynamic economic growth. From the perspective of East Asian integration, the US-China opening of 1970 marked both the end of a century of war and polarization and the emergence of economic complementarity and geopolitical restructuring that have transformed both East Asia and the world economy. In assessing the resurgence of East Asia and the emerging character of East Asian regionalism, emphasis is placed on relations among China, Japan and Korea as ascending regional-global powers and the position of the United States as a powerful but declining superpower. The ability to frame a new regional order, however, is challenged by latent nationalist conflicts pivoting on unresolved tensions of colonialism and war, including territorial conflicts that are a legacy of a postwar Cold War calculus played out in the San Francisco Treaty, and in the perpetuation of national divisions involving China and Taiwan and the Korean peninsula. New forces at work in the region have their foundation in the increasingly interdependent economies of East Asian nations, the waning of American power in the post Cold War order, and the recent interest of East Asian leaders in promoting regional accommodation and overcoming the national divisions involving China/Taiwan and the Korean peninsula.

# **Economic nationalism in motion: Steel, auto, and software industries in India**

**Anthony D'Costa**, Asia Research Centre, Copenhagen Business School, Denmark

## **ABSTRACT**

With increasing economic interdependence, the scholarly treatment as well as the practice of economic nationalism is either seen as theoretically redundant or practically impossible. Contrary to this conclusion, I argue that economic nationalism is not inconsistent with globalization. States are not only active participants in globalization but they continue to strategically express nationalism in new global settings by supporting national firms and citizens overseas. By redefining economic nationalism from protectionism to the leveraging of national resources to secure economic benefits from the world economy, this paper provides an alternative view of economic nationalism. This paper analyzes economic nationalism as a dynamic concept. Empirically, it takes up three Indian industries (steel, auto, software) since 1950 to understand how nationalism was practiced and how it has changed under globalization. The paper establishes India's pursuit of economic nationalism under globalization through its support of Indian businesses and citizens abroad. Though the coherence of nationalism may be weak, it can still be expressed in looser forms of national 'presence' abroad.

# **Reforms, Public Policy and International Financial Institutions: Involvement of International Organizations in Domestic Decision Making Processes – Case Study – Taxation Reforms in Orissa (India)**

**Arabinda Acharya**, Nanyang Technological University, Singapore

## **ABSTRACT**

Using taxation and pension reforms in the state of Orissa in India as a case study, this paper demonstrates how International organizations come to influence domestic policy making process of a sovereign nation and if such influence infringe on or undermine the ownership of programs in that country.. This is in the context of the concerns that in the guise of 'good governance' IOs, especially international financial organizations have transformed themselves into governance and law making institutions, impinging directly on the host country's core policies which constitute a serious erosion of sovereignty. This paper however argues that even though instances of IO's intrusion into the policy making process of sovereign states do exist, this has not resulted in the demise of the state itself. Governments retain substantial autonomy in economic sphere and public policy. Moreover, concern about economic nationalism should not constrain a state's ability to enhance global interaction and hence gain flexibility to utilize its assets better as well as have more resources at its disposal.

# **From Self-Reliance to Self-Confidence: Economic Nationalism and Industrial Policy from Pre-Independence to Post-Liberalization India**

**Jason Jackson**, Massachusetts Institute of Technology, United States

## **ABSTRACT**

This paper considers the effect of the relationship between Indian political, bureaucratic and capitalist elites on the attainment of levels of international competitiveness by indigenous – that is Indian-owned – industry. It suggests that there exists a commonly held set of beliefs about the role of indigenous capital in Indian development and that these beliefs held by Indian elites have in turn guided rules and policies that have consistently supported indigenous Indian industrial development from independence, through the period of economic liberalization reforms, until today. These beliefs have now manifest in a set of industrial policy rules that support domestic business. These rules have allowed local capital to acquire critical technologies and capabilities necessary for international competitiveness, particularly through the mechanism of joint ventures. The emergence of a strong indigenous industrial sector in India that stands in sharp contrast to other late developing economies such as China or Brazil, which in relative terms are dominated by foreign capital, must be understood in terms of this long-standing state-capital elite project.

# **From China Made to China Managed: Branding as the New Form of Economic Nationalism in Contemporary China**

**Karl Gerth**, Oxford University, United Kingdom

## **ABSTRACT**

In China, branding is more overtly an issue of economic nationalism than in many other countries. Most North Americans and Europeans associate the work of branding with companies and the marketplace, not with government officials and the state. One thinks of it as Apple's job to make the iPod brand a household name, not the government's. But in China, consumerism is not simply a product of "the free market," something that developed naturally once the Chinese state got out of the way. Rather, consumerism is a consequence of ongoing policy decisions by China's leaders, most notably to join the WTO and to simultaneously allow multinational companies much greater access to Chinese consumers and build internationally competitive Chinese-based brands. This paper reveals the historical origins and present development of these links between branding and nationalism in China.

# Harmonious Society and Public Value Creation : The Challenges of Localization for Japanese Corporations in China

Keikoh Ryu, Waseda University, Japan

## ABSTRACT

Anti-Japanese sentiment in China since the Second World War has only been exacerbated by recent territorial disputes involving the Senkaku Islands and the associated natural resources of the East China Sea. Following the violent anti-Japanese demonstrations of 2005, this overriding sentiment has also had an effect on Japanese corporations and products, creating apprehension over the future of Japanese corporate and trade relations in China. The widespread dissemination of anti-Japanese activities by the Chinese media has further contributed to this negative image of Japanese corporations. All of this has forced Japanese corporations seeking to expand their businesses abroad to grapple with the unique challenges of operating within the highly politicized environment of China's socialist market economy.

While the origins of Sino-Japanese hostility have been well-documented, it is also important to understand the role of Japanese corporations in promoting and fostering stable and lasting relations between the two countries. Experience has shown that this is not an easy task. For in addition to creating "economic value" by adapting to the competitive and dynamic conditions of the Chinese marketplace, Japanese corporations seeking to make inroads into China must also deal with complex employment issues and comply with stringent product safety requirements. Perhaps more importantly, they must attempt to counteract the prevailing anti-Japanese sentiment in China by creating "social value" outside the particular field or industry in which they operate. Whether addressing environmental concerns or contributing to the public welfare, the creation of such value must take precedence over the pursuit of economic profit if Japanese corporations hope to thrive in the Chinese marketplace.

The following is an attempt to assess the creation of "public value" and the role of corporate responsibility in the continuing efforts of Japanese corporations to expand market share in China. By taking into account Chinese expectations for the role of Japanese corporations in public life and identifying the factors that limit "supply", it should be possible to formulate strategies to facilitate increased localization, now seen as essential for success in the consumer and investor markets of China. The goal of this study is to determine the optimal relationship between the creation of "public value" and commercial success for Japanese corporations operating in China, and in so doing, to develop an analytical framework for fostering greater localization in China. More specifically, I have focused on the performance of local management, as measured in terms of profits and growth, both the Japanese electronics industry and service industry. To date, only a handful of studies have addressed the effects of the creation of "public value" on the economic performance of Japanese corporations operating in China. This study is an attempt to fill that gap.

# Grains, Growth, and Globalisation: the political economy of Asian agriculture

Shailaja Fennell, University of Cambridge, UK

## ABSTRACT

The imperative of food security seemingly disappeared from view at the end of the twentieth century. In sharp contrast, the last eighteen months have been characterised by the sharp pinch of rising food prices that has jolted academics, policy makers and business analysts to take a hard look at the agricultural sector. In particular, the inadequacy of notions of comparative advantage to ensure global food supplies and the inability of price transmission mechanisms to analyse the global price changes has underlined the unsustainability of the existing policies being rolled out by national governments and international institutions that have focussed only on economic growth and disregarded the need for social transformation.

This paper examines the renewed interest in food security by investigating the nature and determinants of food security policies in the domestic and international arenas. In particular, the focus will be on the interactions between (i) national food policies for domestic that impact on the rural to urban transformation in Asian countries in this new century and (ii) an increasingly global framework within which Asian agriculture presently operates. These interactions between farmers associations, national governments and global investors provide the key to this analysis as it is by tracing the linkages between local farming organisations, national agricultural institutions and international companies that we gain an understanding the divergent pathways of capitalist accumulation and farmer impoverishments that uncomfortably coexist in Asian economies. The paper will provide case material from the area of new technologies in agriculture, specifically the introduction of new global technologies of Genetically Modified Organisms (GMOs) in Asian agriculture. It will interrogate its growing prominence in the newly configured international grain sector at a time when the polarising forces of local production conditions and international food grain markets have created schisms in the both the economic and political terrain within these Asian economies. The paper will consider the mechanisms by which the different capitalist pathways adopted in China, Vietnam and Malaysia generate various points of potential breakdown in the food production, distribution and trade systems. It will address the reasons why a persistent problem of hunger and poverty in an environment of vanishing livelihoods within national economies coexists with a process of wealth creation through new agricultural contracts at the international level. Finally, it will consider how these divergent pulls have resulted in national governments in Asia reconsidering the food policies, particularly through restricting imports and why this has led to charges of 'renationalisation' by global institutions, business concerns from national companies and outcries from national civil society.

# Big Business and Economic Nationalism in India

Surajit Mazumdar, Institute for Studies in Industrial Development, New Delhi, India

## ABSTRACT

Economic nationalism had initially come to be the ideology of the Indian capitalist class because of the colonial context in which it was born. India's capitalists actively contributed to the process that led to the adoption of protectionist policies after independence. The Indian state however made a decisive break with this old style-economic nationalism in 1991 when it initiated an economic liberalization process. This shift was endorsed by Indian big business reflecting a remarkable change from its earlier outlook. This movement of Indian capitalist opinion away from old-style economic nationalism was a result of the impact of the post-independence industrialization process, which changed both Indian big business and its context in important ways. The extremely rapid growth of the private corporate sector after 1991, the major share of Indian firms in that expansion and the increased leverage it has come to enjoy over the state, have further cemented Indian big business's favourable attitude towards liberalization. However, services rather than industry have dominated the actual trajectory of growth of the Indian economy since 1991. This has generated instability in corporate investment and industrial growth, and made Indian corporate capital less industrial in nature. Indian capital has also become more integrated than before with the global financial system. Given the totality of the impact liberalization has had on Indian capital, the current global crisis is unlikely to make business opinion in India any significant reversal from the policy of liberalization.

# Globalization, Economic Nationalism and Japan

Taka Suzuki, Ohio University, United States

## ABSTRACT

In this paper, I address the general question of how economic nationalism in Asia has changed in the last 30 years and where it might be heading in the future by focusing specifically on the case of Japan. During the early decades of the postwar era, Japan stood at the forefront of what was known as the “ East Asian developmental state model”. This model was predicated on the assumption that a strong and autonomous state pursuing developmental goals and working in close collaboration with large private corporations could achieve better economic results than states guided by laissez-faire principles. Although this model produced outstanding results in the early postwar period, the model came under increasing criticism as Japan’s economy slid into a prolonged period of stagnation and a new economic paradigm, based on neoliberal principles, was embraced by the political party in power.

By examining this transition, I demonstrate that Japan’s political party in power did indeed scale back the role of the state in many economic regulatory and welfare-related areas, but the state took on a much greater though often hidden role in areas that helped preserve the stability of a more liberalized market. Hence, while many past policies that were associated with the developmental state model have been discredited and curtailed, the role of state has expanded nonetheless. Consequently, in the case of Japan, the rise of neoliberal globalization has been accompanied by the erosion of the developmental state model, but not the role of the state per se. In the concluding section of this paper, I discuss the implications of my findings to the broader question of how economic nationalism has changed in Japan.

# **Open Trade, Closed Industry: Evolution of Japanese Economic Nationalism and Its Implication to East Asia**

**Toshiya Ozaki**, Rikkyo University, Japan

The paper tries to argue that economic nationalism is alive and well today in Japan and, as a direct consequence, it has a significant ramification to the rest of the global economies, and especially those of East Asia. This is so because Japan's search for a new economic nationalism is taking place in the context of its commitment in the liberal economic principle including the open trade system of WTO. On the one hand, both the Japanese policy makers and the business executives have come to embrace the liberal economic principle. On the other hand, they have been acutely aware that the Japanese manufacturing sector, once the center of the Japanese economic strength, is maturing and is exposed to intense competition from firms of newly industrialized and emerging economies. In the past, these situations would have created a "Catch 22".

These challenges are not unique to Japan. What is unique and interesting is Japan's efforts to simultaneously pursue both of the goals. The present study will examine the Japanese search for an answer to cope with the challenges, and will argue that Japan's quest has led to a new level of economic nationalism. It will employ a case approach to examine Japan's newest round of industry policy development to uncover "die-hard" policy activists who redefine economic nationalism while embracing the liberal trade regime of WTO. It will also highlight their complex arguments for arbitrage opportunities that firms may pursue, which may be drawn from comparative institutional insights into industrial competitiveness. It will reveal a long evolutionary process of Japan's economic nationalism that are expressed in its trade and industry policies.

## **ABSTRACT**

# **Rethinking the Beijing Consensus: How China Responds to Crises**

**Yang Jiang**, Asia Research Centre, Copenhagen Business School

## **ABSTRACT**

Beijing laughs at the flounder of the Washington Consensus in the current global economic crisis, but is it possible that China falls into the trap of the Beijing Consensus? This paper discusses the role of the Beijing Consensus type of thinking and policy making in China's development since the Asian financial crisis and in its response to the current crisis, and argues that it has been a double-edged sword as reflected in several aspects. First, the lesson that China learned from the Asian financial crisis was not the importance of liberalization but prudence or conservativeness, which despite serving as a shield this time sustains problems in the long term. Second, an obsession with foreign reserves accumulation and the pursuit of political influence have for a long time overshadowed the increasing dependence on the US market, putting China in dilemmas now in both development and diplomatic strategies. Third, centralized decision making may be faster than democratic processes, but it may also go against the principle of 'scientific decision' as proposed by the Chinese leadership, for instance in the distribution of the stimulus packages, the investment of the sovereign wealth fund and the exchange rate regime. A prominent feature of China's responses to the crisis is a bias towards state-owned enterprises and the public sectors, which exacerbates the existing problems of monopoly, over-capacity, inequality, the regulators being 'captured' by industrial interests and, protectionism.

# **A Critical Approach to South Korea's Newly Adopted Globalism: The End of Korean Capitalism?**

**You-il Lee**, University of South Australia, Australia

## **ABSTRACT**

The South Korean government's stark change in policy direction towards neo-liberal and MNC-led multinational corporations) globalization in the late 1990s, seemingly moving away from the decades old state-led and export-oriented developmental economic growth model (Korea Inc - state-business-capital collusion) embedded in a strong nationalistic and neo-mercantilistic leadership which dominated prior to the 1997 Asian financial crisis, has opened a new debate on the South Korean political economy, particularly in strategic policy making discourses. This paper examines the evolution of the South Korean capitalism over the last three regimes (1993-2008) with a particular focus on how the term, 'globalization' as a top economic policy priority over the period has been perceived, interpreted or manipulated by the state and the society in general. A close insight into how Korea has undergone the process of globalization drive or Segyehwa over the period reveals that there has been no development paradigm shift occurred. The paper argues that the adoption of the new strategy (economic liberalization and globalization) initiated by the Korean government in the mid 1990s was not a result of forces of market economy, but of a conscious state choice to realize economic and political objectives (autonomy of the state).