Globalism and Regional Economy

Edited by Susumu Egashira



Globalism and Regional Economy

Edited by Susumu Egashira





First published 2014 by Routledge 2 Park Square, Milton Park, Abingdon, Oxon, OX14 4RN

and by Routledge 711 Third Avenue, New York, NY 10017

Routledge is an imprint of the Taylor & Francis Group, an informa business

© 2014 Susumu Egashira for selection and editorial matter; individual contributors their contribution.

The right of Susumu Egashira to be identified as the author of the editorial material, and of the authors for their individual chapters, has been asserted in accordance with sections 77 and 78 of the Copyright, Designs and Patents Act 1988.

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

Trademark notice: Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data
Globalism and regional economy/edited by Susumu Egashira.
pages cm. – (Routledge studies in the modern world economy; 118)
Includes bibliographical references and index.

1. Regional economics. 2. Globalization. I. Egashira, Susumu.
HT388.G577 2013
330.9–dc23
2013000958

ISBN: 978-0-415-81719-6 (hbk) ISBN: 978-0-203-75110-7 (ebk)

Typeset in Times New Roman by Sunrise Setting Ltd, Paignton, UK



Globalism and Regional Economy

The book covers the results of trial and error of regional economies in Japan, Korea, Austria, New Zealand, and the UK over the past two decades. Since the end of the Cold War, regional economies have been struggling to meet the demands of global change, and are trying to find a new approach based on "inter-regional cooperation" to survive and develop further.

This book focuses on the circumstances of regional economies worldwide as well as three important issues of concern: commercial and policy issues, international trade, and promoting a regional approach in international tourism. The book presents case studies of five countries and examines the possibility of application to other regions. Although every region has suffered from the decline of traditional industries in the face of international competition, academic analysis of successful cases is particularly useful and relevant to the reforms of regional economies and their development. This book also discusses the current problems of FTAs, tourism, medical management, and regional management and suggests possible short-term development strategies. Regional economies have begun a number of initiatives in these fields in the globalized world. The book demonstrates the current results of such initiatives.

The book also explores new patterns of collaboration between regions of different countries following their recent initiatives.

Susumu Egashira is a Professor of History of Economic Thought at Otaru University of Commerce, Japan. He received his PhD in Economics from Kyoto University. He was a visiting scholar to Cambridge University in 2000 and 2001. His research interests are in the fields of economic thought and environmental economics, and he has become interested in inter-regionalism as a way for regional economies to survive in a globalized world.

Routledge Studies in the Modern World Economy

1 Interest Rates and Budget Deficits

A study of the advanced economies Kanhaya L. Gupta and Bakhtiar Moazzami

2 World Trade after the Uruguay Round

Prospects and policy options for the twenty-first century Edited by Harald Sander and András Inotai

3 The Flow Analysis of Labour Markets

Edited by Ronald Schettkat

4 Inflation and Unemployment Contributions to a new macroeconomic approach Edited by Alvaro Cencini and Mauro Baranzini

5 Macroeconomic Dimensions of Public Finance

Essays in honour of Vito Tanzi Edited by Mario I. Blejer and Teresa M. Ter-Minassian

6 Fiscal Policy and Economic Reforms

Essays in honour of Vito Tanzi Edited by Mario I. Blejer and Teresa M. Ter-Minassian

7 Competition Policy in the Global Economy

Modalities for co-operation Edited by Leonard Waverman, William S. Comanor and Akira Goto

8 Working in the Macro Economy

A study of the US labor market Martin F. J. Prachowny

9 How Does Privatization Work? Edited by Anthony Bennett

10 The Economics and Politics of International Trade Freedom and trade: Volume II

Freedom and trade: Volume II Edited by Gary Cook

11 The Legal and Moral Aspects of International Trade Freedom and trade: Volume III

Freedom and trade: Volume III Edited by Asif Qureshi, Hillel Steiner and Geraint Parry

12 Capital Markets and Corporate Governance in Japan, Germany and the United States

Organizational response to market inefficiencies Helmut M. Dietl

13 Competition and Trade Policies

Coherence or conflict Edited by Einar Hope

14 Rice

The primary commodity A. J. H. Latham

15 Trade, Theory and Econometrics

Essays in honour of John S. Chipman Edited by James C. Moore, Raymond Riezman and James R. Melvin

16 Who benefits from Privatisation?

Edited by Moazzem Hossain and Justin Malbon

17 Towards a Fair Global Labour Market

Avoiding the new slave trade
Ozay Mehmet, Errol Mendes and
Robert Sinding

18 Models of Futures Markets Edited by Barry Goss

19 Venture Capital Investment An agency analysis of UK practice

Gavin C. Reid

20 Macroeconomic Forecasting

A sociological appraisal Robert Evans

21 Multimedia and Regional Economic Restructuring

Edited by Hans-Joachim Braczyk, Gerhard Fuchs and Hans-Georg Wolf

22 The New Industrial Geography

Regions, regulation and
Institutions
Edited by Trevor J. Barnes and
Meric S. Gertler

23 The Employment Impact of Innovation

Evidence and policy
Edited by Marco Vivarelli and
Mario Pianta

24 International Health Care Reform

A legal, economic and political analysis Colleen Flood

25 Competition Policy Analysis Edited by Einar Hope

26 Culture and Enterprise

The development, representation and morality of business

Don Lavoie and

27 Global Financial Crises and Reforms

Emily Chamlee-Wright

Cases and caveats B.N. Ghosh

28 Geography of Production and Economic Integration

Miroslav N. Jovanović

29 Technology, Trade and Growth in OECD Countries

Does specialisation matter? *Valentina Meliciani*

30 Post-Industrial Labour Markets

Profiles of North America and Scandinavia Edited by Thomas P. Boje and Bengt Furaker

31 Capital Flows without Crisis

Reconciling capital mobility and economic stability

Edited by Dipak Dasgupta,

Marc Uzan and Dominic Wilson

32 International Trade and National Welfare Murray C. Kemp

33 Global Trading Systems at Crossroads

A post-Seattle perspective *Dilip K. Das*

34 The Economics and Management of Technological Diversification

> Edited by John Cantwell, Alfonso Gambardella and Ove Granstrand

35 Before and Beyond EMU

Historical lessons and future prospects

Edited by Patrick Crowley

36 Fiscal Decentralization *Ehtisham Ahmad and Vito Tanzi*

37 Regionalisation of Globalised Innovation

Locations for advanced industrial development and disparities in participation

Edited by Ulrich Hilpert

38 Gold and the Modern World Economy

Edited by MoonJoong Tcha

39 Global Economic Institutions Willem Molle

40 Global Governance and Financial Crises Edited by Meghnad Desai and

41 Linking Local and Global Economies

Yahia Said

The ties that bind

Edited by Carlo Pietrobelli and

Arni Sverrisson

42 Tax Systems and Tax
Reforms in Europe
Edited by Luigi Bernardi and
Paola Profeta

43 Trade Liberalization and APEC

Edited by Jiro Okamoto

44 Fiscal Deficits in the Pacific Region

Edited by Akira Kohsaka

45 Financial Globalization and the Emerging Market Economies Dilip K. Das

46 International Labor
Mobility
Unemployment and increasing returns to scale
Bharati Basu

47 Good Governance in the
Era of Global Neoliberalism
Conflict and depolitization in
Latin America, Eastern Europe,
Asia and Africa
Edited by Jolle Demmers,
Alex E. Fernández Jilberto and
Barbara Hogenboom

48 The International Trade System Alice Landau

49 International Perspectives on Temporary Work and Workers Edited by John Burgess and Julia Connell

50 Working Time and Workers' Preferences in Industrialized Countries

Finding the balance Edited by Jon C. Messenger

51 Tax Systems and Tax Reforms in New EU Members

Edited by Luigi Bernardi, Mark Chandler and Luca Gandullia

52 Globalization and the Nation State

Stephen Kosak

The impact of the IMF and the World Bank Edited by Gustav Ranis, James Vreeland and

53 Macroeconomic Policies and Poverty Reduction

Edited by Ashoka Mody and Catherine Pattillo

54 Regional Monetary Policy Carlos J. Rodríguez-Fuentez.

55 Trade and Migration in the Modern World Carl Mosk

56 Globalisation and the Labour Market

Trade, technology and less-skilled workers in Europe and the United States Edited by Robert Anderton, Paul Brenton and John Whalley

57 Financial Crises

Socio-economic causes and institutional context

Brenda Spotton Visano

58 Globalization and Self Determination

Is the nation-state under siege?

Edited by David R. Cameron,
Gustav Ranis and
Annalisa Zinn

59 Developing Countries and the Doha Development Round of the WTO Edited by Pitou van Diick and

Edited by Pitou van Dijck and Gerrit Faber

60 Immigrant Enterprise in Europe and the USA Prodromos Panayiotopoulos

- 61 Solving the Riddle of
 Globalization and Development
 Edited by Manuel Agosín,
 David Bloom, George Chapelier
 and Jagdish Saigal
- **62** Foreign Direct Investment and the World Economy *Ashoka Mody*
- 63 The World Economy
 A global analysis
 Horst Siebert
- 64 Production Organizations in Japanese Economic Development Edited by Tetsuji Okazaki
- 65 The Economics of Language
 International analyses
 Edited by Barry R. Chiswick and
 Paul W. Miller
- 66 Street Entrepreneurs
 People, place and politics in local
 and global perspective
 Edited by John Cross and
 Alfonso Morales

67 Global Challenges and Local Responses

The East Asian experience Edited by Jang-Sup Shin

68 Globalization and Regional Integration

The origins, development and impact of the single european aviation market *Alan Dobson*

69 Russia Moves into the Global Economy

John M. Letiche

70 The European Economy in an American Mirror

Barry Eichengreen, Michael Landesmann and Dieter Stiefel

71 Working Time Around the World

Trends in working hours, laws, and policies in a global comparative perspective Jon C. Messenger, Sangheon Lee and Deidre McCann

72 International Water Treaties

Negotiation and cooperation along transboundary rivers Shlomi Dinar

73 Economic Integration in the Americas

Edited by Joseph A. McKinney and H. Stephen Gardner

74 Expanding Frontiers of Global Trade Rules

The political economy dynamics of the international trading system

Nitya Nanda

75 The Macroeconomics of Global Imbalances

European and Asian perspectives Edited by Marc Uzan

76 China and Asia

Economic and financial interactions

Edited by Yin-Wong Cheung and Kar-Yiu Wong

77 Regional Inequality in China

Trends, explanations and policy responses

Edited by Shenggen Fan,
Ravi Kanbur and
Xiaobo Zhang

78 Governing Rapid Growth in China

Equity and institutions
Edited by Ravi Kanbur and
Xiaobo Zhang

79 The Indonesian Labour Market Shafiq Dhanani, Iyanatul Islam and Anis Chowdhury

80 Cost-Benefit Analysis in Multi-level Government in Europe and the USA

The case of EU cohesion policy and of US federal investment policies Alessandro Ferrara

81 The Economic Geography of Air Transportation

Space, time, and the freedom of the sky *John Bowen*

82 Cartelization, Antitrust and Globalization in the US and Europe

Mark LeClair

83 The Political Economy of Integration

Jeffrey Cason

84 Critical Issues in Air Transport Economics and Business

Rosario Macario and Eddy Van de Voorde

85 Financial Liberalisation and Economic Performance

Luiz Fernando de Paula

86 A General Theory of Institutional Change Shiping Tang

87 The Dynamics of Asian

Financial Integration

Edited by Michael Devereux,

Philip Lane, Park Cyn-young and
Wei Shang-jin

88 Innovative Fiscal Policy and Economic Development in Transition Economies

Aleksandr Gevorkvan

89 Foreign Direct Investments in Asia

Edited by Chalongphob Sussangkarn, Yung Chul Park and Sung Jin Kang

90 Time Zones, Communications Networks, and International Trade

Toru Kikuchi

91 Miraculous Growth and Stagnation in Post-War Japan Edited by Koichi Hamada,

Keijiro Otsuka, Gustav Ranis and Ken Togo

92 Multilateralism and Regionalism in Global

Economic Governance

Trade, investment and finance Edited by Junji Nakagawa

93 Economic Growth and Income Inequality in China, India and Singapore Trends and policy

Trends and policy implications

Pundarik Mukhopadhaya,

G. Shantakumar and

Bhanoji Rao

94 Foreign Direct Investment in China

Spillover effects on domestic enterprises

Deng Ziliang

Deng Ziliung

95 Enterprise Forms and Economic Efficiency Capitalist, cooperative and

government firms Kazuhiko Mikami

96 Diversity and Transformations of Asian Capitalism

Edited by Boyer, Uemura and Isogai

97 Knowledge Transfer in the Automobile Industry

Global-local production networks Dessy Irawati

98 Exchange Rates and Foreign Direct Investment in Emerging Asia

Selected issues and policy options Ramkishen S. Rajan

99 Singapore, the Energy Economy

From the first refinery to the end of cheap oil, 1960–2010

Ng Weng Hoong

- 100 China-India Economics
 Challenges, competition and collaboration
 Amitendu Palit
- 101 Case Studies on Chinese Enterprises Edited by Donglin Xia
- 102 Argentina's Economic Growth and Recovery

 Michael Cohen
- 103 The Korean Labour Market
 After the 1997 Economic
 Crisis
 Edited by Joonmo Cho, Richard
 B. Freeman, Jaeho Keum and

Sunwoong Kim

- The quest for energy resources in the 21st century

 Zhao Hong
- 105 Beyond the Global Crisis
 Structural adjustments and regional integration in Europe and Latin America
 Edited by Lionello Punzo,
 Carmen Aparecida Feio and
 Martin Putchet Anyui
- 106 The Global Economic Crisis in Latin America
 Impacts and responses
 Edited by Michael Cohen

The Processes and Practices of

Fair Trade
Trust, ethics and governance
Edited by Brigitte Granville and
Janet Dine

107

- 108 Regional Development through Ecological Business Unique cases in Japanese rural regions Makoto Hirano
- 109 Aging and Economic Growth Potentials in the Pacific Region Edited by Akira Kohsaka
- 110 Crises of Global Economies and the Future of Capitalism Reviving Marxian crisis theory Edited by Kiichiro Yagi, Nobuharu Yokokawa, Shinjiro Hagiwara and Gary A. Dymski
- 111 The Financial History of the Bank for International Settlements

 Kazuhiko Yago
- 112 Freight Transport and the Modern Economy Michel Savy and June Burnham
- 113 Thoughts on Economic Development in China Edited by Ma Ying and Hans-Michael Trautwein
- 114 China's Ethnic Minorities
 Social and economic indicators
 Rongxing Guo
- 115 Globalization, Outsourcing and Labour Development in ASEAN Shandre Thangavelu and Aekapol Chongvilaivan

116 The Role of Informal Economies in the Post-Soviet World

The end of transition?

Colin C Williams, John Round and Peter Rodgers

117 Demystifying the Chinese Economy Miracle

The rise and future of relational capitalism *Yongqin Wang*

118 Globalism and Regional Economy

Edited by Susumu Egashira

Figures

1.1	The tomahawk bifurcation	7
1.2	The pitchfork bifurcation	9
5.1	AMU exchange rates	71
5.2	Trade structure of the ERM, 1985	77
5.3	Trade structure of ASEAN, 2005	78
5.4	Trade structure of ASEAN $+ 3,2005$	78
6.1	Primary and secondary stakeholders in the America's Cup event	94
7.1	Development of day and overnight visitors in Hokkaido	
	(Unit/ten thousand)	113
7.2	Guest mix by bed nights, 2009	113
7.3	Market shares of bed nights, 2009	114
7.4	Screen shot of Google search setting	118
7.5	Screen shot of Google search results	119
7.6	Language presence of online tourism information by	
	destination by Google search (as of 21 February 2011)	120
7.7	Performance levels according to the checklist	122
7.8	Performance levels according to survey	123
7.9	Marketing logos on the HTO website	125
8.1	Number of tourists in Kamikawa district and KCD	143
8.2	Percentage of day trips to overnight trips in KCD	143
8.3	Division of tourists by place of residence	144
8.4	Number of overnight stays by country of origin, by district	144
8.5	Number of tourists that visit Hokkaido and overnight stays in	
	Hokkaido by district	145
8.6	Questionnaire on the front of the postcard in 2010	150
8.7	Reverse side of the postcard in 2010	151
8.8	Traffic mode by place of residence in 2011	154
8.9	Traffic mode by non-Hokkaido residents	154
8.10	Airport and ferry use by KMSR participants in 2011	155
8.11	Length of overnight stays by place of residence in 2011	155
8.12	Number of KMSR participants by place of residence in 2011	158

xvi Figures

8.13	Transition map of traffic lines in Kamikawa district	
	from 2009 to 2011	160
8.14	Network graph of the traffic lines of tourists that visited	
	Hokkaido in 2011 based on KMSR data	161
8.15	Enlarged graph of Figure 8.14 in 2011	162
8.16	Network graph of tourist traffic lines for KMSR participants	
	in 2010	163
8.17	Enlarged network graph of tourist traffic lines for KMSR	
	participants in 2010	163
8.18	Enlarged network graph of tourist traffic lines for KMSR	
	participants in 2011	164
9.1	Example of a questionnaire	172
9.2	The farming routes analyzed and the Naganuma-cho map	174
9.3	The farming route analyzed and the Kutchan-cho map	175
0.1	Trend of ageing index in the world	186
0.2	Trend of ageing index among East and Southeast Asian	
	countries	186
0.3	Comorbidities and complications among people aged 65 or over	187
0.4	Change of disease paradigm	188
0.5	Number of hospitals accredited with the JCQHC	190
0.6	Three-tier structure of the clinical outcomes evaluation	
	project by the AJHA	191
0.7	"HIMAWARI" (Tokyo Metropolitan Medical Institution	
	Information)	193
1.1	DPC code structure	196
1.2	Secondary medical service areas in Hokkaido	198
1.3	Concept of indicator for patient composition and length	
	of stay in hospital	199
1.4	Interpretation of each index	200
1.5	Bubble chart for each indicator of MDC01	202
1.6	Bubble chart for each indicator of MDC05	203
2.1	Key performance indicators of Heidelberg – in million euros	
	(N. A. 2011f, pp. 75, 78, 81)	212
12.2	Strategic market concept of Heidelberg - based on the	
	customer-oriented strategy concept	213
12.3	Segmentation of the direct target groups of Heidelberg	
	(Nuneva, 2011c, p. 20)	213
12.4	Customer life cycle model and communication instruments	
	(Nuneva, 2011c, p. 21)	214
12.5	Outline of Heidelberg's strategic analysis	215
12.6	Five Forces Concept (based on Porter, 2008, p. 26)	215
12.7	Strategic development of Heidelberg, 2000–08	
	(Heidelberg, 2011a)	217
12.8	Benchmarking and continuous improvement process at	
	Heidelberg (Nuvena, 2011c, p. 29)	218

	Figures	xvii
12.9	Heterogeneous brand appearance in the past	
	(Nuneva, 2011c, p. 14)	220
12.10	Brand architecture at Heidelberg - logo of Heidelberg, color	
	code and print media concept (Nuneva, 2011c, p. 16)	220
12.11	HEI-TECH branding strategy of Heidelberg	
	(Heidelberg, 2011a)	221
12.12	Claiming of different achievements by Heidelberg	
	(Heidelberg, 2011a)	222
12.13	Heidelberg brand campaign – based on the HEI-concept	
	(Heidelberg, 2011a)	223
12.14	Service range of Heidelberg (Heidelberg, 2011a)	225
12.15	Elements of the customer tours (Nuneva, 2011c, p. 22)	226
12.16	How to bridge the investment gap by additional service offers	
	and consumables – schematic diagram	227
12.17	Product and service portfolio of Heidelberg – schematic	
	diagram	228
12.18	Strengths and weaknesses of Heidelberg in comparison to its	
	competitors KBA and Manroland (MR)	229
12.19	Changes in the communication approach	231
12.20	How do you finance the expansion of interactive marketing?	
	(Basis: 204 marketers; Forrester Research, 2009)	232
12.21	Which traditional marketing budgets will be reduced in favor of	
	interactive marketing? (Basis: 118 marketers, Forrester	
	Research, 2009)	233
12.22	Printing volume per capita in euros, 2010	
	(Heidelberg, 2011b, p. 123)	234
12.23	Opportunities in the printing industry	235
12.24	Threats in the printing industry	235
12.25	Strategic questions of the SWOT synthesis	
	(Kreutzer, 2010a, p. 82)	236
12.26	Key findings of the SWOT analysis of Heidelberg –	
	opportunities I	237
12.27	Key findings of the SWOT analysis of Heidelberg –	
	opportunities II	237
12.28	Key findings of the SWOT analysis of Heidelberg –	
-1101 -412	opportunities III	238
12.29	Key findings of the SWOT analysis of Heidelberg –	
	opportunities IV	238
12.30	Key findings of the SWOT analysis of Heidelberg – threats I	239
12.31	Key findings of the SWOT analysis of Heidelberg – threats II	239
12.32	Key findings of the SWOT analysis of Heidelberg – threats III	240
12.33	Key findings of the SWOT analysis of Heidelberg – threats IV	240
12.34	To think beyond the borders of Heidelberg's direct customers	0.41
10.05	(Heidelberg, 2011a)	241
12.35	Brand steering wheel 2012 and beyond (Heidelberg, 2011a)	241

XV111	Figures	
12.36	Heidelberg developed from a product competent towards a	
	business competent brand (Heidelberg, 2011a)	242
12.37	Specific value-adding information chain	243
13.1	Research framework	252
13.2	Path diagram of low specification group	257
13.3	Path diagram of the high specification group	260

Tables

2.1	Categories of workers	24
2.2	Descriptive statistics	26
2.3	Semi-elasticities of labor demand on structural variables	28
2.4	Elasticities of labor demand on wages	31
A2.1	Estimation results 1: workers categorized by period of	
	employment	33
A2.2	Estimation results 2: workers categorized by position of	
	employment	35
A2.3	Cost shares S_{ij}	37
3.1	China's FTA network	39
3.2	The geographical orientation and coverage rate of exports and	
	imports (CRE&I, %) of Japan's and South Korea's FTAs	40
3.3	Growth in fruit imports from ASEAN after the Early Harvest	
	Program	44
3.4	Utilization rates of China FTAs	46
4.1	NB estimates of US patent citations between trade partners	56
4.2	ZINB estimates of US patent citations between trade partners	58
4.3	Sample countries	60
4.4	Descriptive statistics	61
4.5	Correlations of the variables	62
5.1	Comparison of key indicators for Euro-11 and ASEAN + 3	
	countries (maximum, minimum, and median values	
	for each category)	75
5.2	Top five export and import partners of Euro-11	
	(million USD, percentage)	77
5.3	Top six trading partners of ASEAN countries	
	(million USD, percentage)	79
5.4	Top six trading partners of CJK (million USD, percentage)	79
5.5	Trade values and trade balances of ASEAN $+ 3$	
	(billion USD, percentage)	81
6.1	Grand total of the economic impact of the 32nd America's Cup,	
	Valencia 2007	91