Special Issue

Waseda 21COE-GLOPE
and the Beijing International Conference

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In 2002 the Japanese Ministry of Education, Culture, Sports, Science and Technology established the COE (Center of Excellence) Program to enhance the international competitiveness of Japanese universities in the 21st century by stimulating academic research and graduate education. The proposal we submitted under this program, “Constructing Open Political-Economic Systems,” received Ministry approval in 2003 for a period of five years. In our program, which we call “Waseda 21 COE-GLOPE” for short, we have been actively engaged in a number of research projects, presenting and expanding upon our new ideas at a series of seminars, conferences, and symposia open to the general public.

1. Waseda 21COE-GLOPE: Constructing Open Political-Economic Systems

Economic globalization means that goods, services, capital and labor can all move just as freely across national borders as they do within domestic markets. Recent developments in information technology have made it possible for knowledge and information to be transferred easily to other countries, and that technology has spread rapidly throughout the world. As a result, our economies and societies have become more closely intertwined, so that the political and economic processes of all the world’s countries are becoming increasingly interdependent. Thus, we now face many economic and political conflicts among various nations and regions, including not only the wars in Afghanistan and Iraq in the wake of September 11, 2001, for instance, but also recent political conflicts between Japan on the one hand and China and Korea on the other. There is an urgent need for international institutions and systems that can help resolve these conflicts, as well as a need for greater cooperation among nations.

Last July a coordinated series of suicide bombings took place in London. These attacks shocked the entire world, but they remind us that globalization has an aspect other than the one mentioned above. Globalization is usually considered in terms of free exchange and

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trade among nations, but it also clearly affects the institutions and domestic social structure of individual countries. The suspects in the suicide bombings were reported to be British citizens who grew up in immigrant communities near London. This tells us that the international movement of labor and capital involves not only the mobility of resources for purposes of production, but also the movement of human beings and business firms and industries across national borders. Workers move abroad for economic reasons to find jobs, and other individuals seek political freedom abroad that will allow them to escape from tyranny in their countries. When these people emigrate, their culture and customs follow them. But cultural differences and other barriers make it hard for them to settle down in the traditional ethnic communities that already exist in the host country. Thus, their own communities are often formed independently of and separately from the older ones.

When business firms invest directly in foreign countries, they may also transfer their management and employment systems. That is, they introduce new business organizations into the host country with the effect that different cultures and institutions coexist within one society, or even within each business firm. A society consisting of different institutions and of individuals with diverse values and preferences may become less stable and undemocratic because domestic conflicts may occur between the new community and the old one, and between and among different institutions. It is therefore imperative for us to design a new economic and political system that will resolve these domestic problems and help establish a democratic society.

We in Waseda 21 COE-GLOPE are committed to exploring principles for designing institutions to resolve these international and domestic conflicts, for coordinating policies among nations, and for proposing democratic systems in open societies at a time of continuing globalization. But the aims of our program cannot be achieved by economists or political scientists only. We must approach these problems from a new perspective; that is, we must establish a “New Political Economy” that integrates economics, political science, public philosophies and other social sciences. As economists, game theorists, political scientists and jurists conduct joint projects in our program, they are working to expand their own research boundaries and then to cross over those boundaries in order to develop new approaches and ways of thinking, to design better political and economic systems, and to propose better policies.

In our COE program we emphasize comparative institutional analysis and experimental analysis as methods for establishing this New Political Economy, and we are also examining the idea and role of “the public” from both economic and political perspectives. We are engaged in an attempt to develop a new approach to political economy that uses experiments and makes use of normative analysis. This approach combines experimental economics and social surveys and relies upon experiments designed to explore the effects of value judgments. In conjunction with this research effort, we have also developed a method for teaching experimental political economy. We call this research and educational method the GLOPE Method.
2. The Second International Conference in Beijing

For the past three years we have been organizing a series of conferences, symposia, and workshops at which we can present and build upon the ideas we have developed in this program. We have invited a number of distinguished scholars, including Professor Joseph E. Stiglitz in April 2004 and Professor Benedict Anderson in May 2005, to give public lectures, respectively, on globalization and nationalism, and Professor John Roemer in March 2005 for a series of lectures on redistribution and democracy. Their talks about the topics associated with our program were all impressive.\(^1\)

We have collaborated with scholars and institutions both abroad and at home to more fully develop our research model and teaching method. The centerpiece of this collaborative effort is a series of international conferences to which we invite political scientists, economists and game theorists to engage in stimulating discussion with our colleagues and students. We held our first international conference at Waseda University in January 2005, inviting Professor Barry Weingast of Stanford University to deliver the keynote address and welcoming young scholars from all over the world. We spent most of the following year planning for a second international conference in Beijing. We are delighted to have had all this planning bear fruit in the form of a conference co-sponsored by the School of Economics at Renmin University of China.

This second international conference, “Political-Economic Systems: Globalization and Institutional Change,” was held on December 21-22, 2005, at Renmin University. We invited three speakers to deliver keynote addresses: Professor Koichi Hamada of Yale University, Professor Li Daoqui of Qinghua University and Professor Eden Yu of City University of Hong Kong. Many other young political scientists and economist from China, Europe and the United States also came to present papers and exchange their ideas with us.\(^2\)

I believe that this conference was just as successful as the first one. We plan to edit and publish the conference proceedings in Japanese later this year.\(^3\)

3. Academic Collaboration

Almost a year ago, in December 2004, I visited Beijing with the President of Waseda University and a number of other colleagues to take part in the China-Japan Exchange Workshop and discuss the current state of higher education in China and Japan. At that time I met Dean Yang and other professors of Renmin University, and we discussed the possibility of academic collaboration between their School and our COE project. The second international conference in Beijing was a direct outcome of that discussion. Moreover, both the Graduate School of Economics at Waseda and the School of Economics
at Renmin University agreed on a faculty-exchange program in graduate education that is scheduled to start in the coming academic year.

As a starting point for future academic collaboration, each of us must be aware of the various interests of the other. I believe that mutual understanding is a very important prerequisite for success in this collaboration. Moreover, a stable, ongoing academic relationship will play an important role in improving relations between our two countries, which have come under increased strain as a result of the “Yasukuni problem.” Indeed, the benefits to be obtained from such a relationship are no less tangible than those that businesses enjoy as a result of trade and capital flow between the two countries.

**Notes**

1. The lecture delivered by Stiglitz may be found in Yabushita and Araki (2004). The lectures by Roemer and the related papers by the COE-GLOPE members may be found in Suga and Wakatabe (2006).

2. The program for the Beijing International Conference appears immediately after this overview.

### Program of Beijing International Conference

**Session 1**: Economic Integration and Security Conflicts in Asia  
Koichi Hamada (Yale University)

**Session 2**: The Impact of WTO Accessions  
Li Daokui (Tsinghua University)

**Session 3**: Welfare Issues of Policy Coordination and Globalization  
Eden Yu (City University of Hong Kong)

**Session 4**: Global Institutional Changes and Dynamism

1. Strategic Regional Competition among Local Government Firms  
Kazuharu Kiyono (Waseda University)

2. China, The ‘East Asian Model’ and Late Development  
Dic Lo (Renmin University of China)

Naoyuki Unemori (Waseda University)

**Session 5**: Political Economy and the Design of Institutions

1. The Design of Institutions and the Experimental Method in Political Economy  
Yukihiro Funaki (Waseda University)

2. Cooperation and Fairness in Asymmetric Cost Sharing Situations  
Holger Meinhardt (University of Karlsruhe, Waseda University)

3. Opening up Chinese Express Delivery Market and Postal Reform  
Cheng Dawei (Renmin University of China)

**Session 6-A**: Experiments in Political Economy

1. What Factors Are Responsible for Decision Making in a Threshold Environmental Goods Experiment?: A Consideration of Hypothetical Bias in Stated Preference  
Yohei Mitani (Waseda University)

2. Decision Mechanisms in Tacit Bargaining: A Video Experimental Investigation of the Power-to-Take Game  
Hong Geng (Bonn University)

3. Experimental Analysis on the Role of a Large Speculator in Currency Crises  
Kumi Suzuki (Waseda University)
**Session 6-B : Institutional Representation and its Change**

1. Exploring the Locale of National Identity Construction in Japan Beyond the History Textbooks
   - Alexander Bukh (LSE, Waseda University)

2. Japan’s Perception of Anti-Japanese Protests in China
   - Cheung Mong (Hong Kong Avant-garde Policy Research Institute, Waseda University)

3. China’s Capital Account Liberalization: Issues and Options
   - Dong Zhiyong (Peking University)

**Session 7-A : Sustainable Development and Economic Systems**

1. Educational Services, Individual Effort and Income Distribution, Considered from the Standpoint of Informational Asymmetry
   - Toshiro Kikuchi (Waseda University)

2. The Impact of Income Inequality on Economic Growth through Financial Imperfections: Implications for China
   - Huang Wei (Waseda University)

3. The Experience and Dilemma of PLAS in Japan and Its Implication for MLSSS in China
   - Yu Xiuli (Renmin University of China, Waseda University)

**Session 7-B : Globalization and International Trade**

1. Globalization and Intra-Industrial Trade in East Asia
   - Han Yan (Renmin University of China)

2. Construction of Global Production Networks
   - Liu Cunsheng (Renmin University of China)

3. EU’s Global Design and the Framework of Trade Regulatory Institutions
   - Feng Cunwan (Wuhan University, Waseda University)

**Session 8 : Economic Integration in East Asia**

1. The Quality of FTA: WTO Consistency and Efficiency in East Asian Regionalism
   - Yukiko Fukagawa (University of Tokyo)

   - Amy Searight (George Washington University)

3. International Antidumping Policy: Limitations and Reforms
   - Song Lifang (Renmin University of China, Waseda University)

4. Study on Asian Integration
   - He Liping (Beijing Normal University)

**Session 9-A : International Cooperation and Conflict Resolution**

   - Jochen Prantl (Oxford University)

2. Politics of Technology Transfer in Developing Nations: China in Comparative Perspective
   - Min Ye (Princeton University)

3. Regional Inequality and the Integration of the EU
   - Zhang Xiaoqing (Renmin University of China)

**Session 9-B : Political Economy of Institutions**

1. Contemporary Japanese Local Public Finance: From the Perspective of Partisanship
   - Kenichi Tamura (Waseda University)

2. A Unified Model of Voters’ Behavior under Multiparty Elections (and Its Application to the Japanese Case)
   - Masahisa Endo (Cornell University, Waseda University)

3. Endogenous Timing in a Mixed Duopoly with Asymmetric Cost Functions
   - Yoshihiro Tomaru (Waseda University)
For the proceedings of the first international conference, see Kohno and Kiyono (2006).

This problem is closely related to the research topics of our COE program in many respects. Prime Minister Koizumi claims that visiting Yasukuni Shrine is a personal matter and the problem of his individual value, thereby ignoring the political and economic effects on the public and the whole society. It is a problem of the individual versus the public. Moreover, the “Yasukuni problem” is an international issue as well as a domestic one, and is highly charged with both political and economic implications. Thus, this problem should be considered and analyzed from the perspective we have proposed in the COE-GLOPE program.

References
