

## **Globalization and Inter-City Cooperation: Fukuoka City and Ulsan City**

Toshihiro Tanaka  
Fukuoka University

### **1. What is Globalization?**

In the meaning that the world is set into one, globalization has already begun from the so-called Great Navigation Age in the 16th century. This history can be divided into three periods. The 1st is the period which brought the product of Asia to Europe by Spain, Portugal etc. taking the lead from the 16th century till the 18th century. In the case of this trade, Asia exported Asian products, like pepper, herbs, silver, cotton, silk and so on. And Asian did not need European products at that time, because each Asian country had a closed and self-sustaining economy. The 2nd period is from the 18th century to the end of the 19th century. In this period Britain which experienced the industrial Revolution remade the world for the purpose of reservation of the materials for the industry of its own country and the world wide market for the British goods, in the background of overwhelming industrial production power and overwhelming military power. It is so-called Pax Britanica. This unification of the world in the 19th century has a characteristics, that is, nationalism. Each country wanted to catch up Britain and make it stronger. United States, France, Germany, Japan and so on succeeded to make the similar economic system like Britain. And these countries also sought for materials and markets same as Britain did. This strategy brought many wars. It was maintained from the end of the 19th century to the second half of the 20th century. However, it could be said that the globalization today differs from it. The start of present globalization can go back to the 1950s. It is an appearance of the multinational company in the United States of America. The company crossed the border and began activity freely in other countries. The appearance of the huge company beyond the range of a country made the new world. At the beginning the head office was moved to a tax-free country for escaping tax, but gradually the company came to do a local production and found a local selling company. When a company crosses the border and begins activity freely, not only the mere economical side but a wider borderless state will be made. For example, since the

legal systems differ for every country, adjustment is needed. Such a flow will be accelerated after the 1970s. That is because the world became small by acceleration of traffic of people or goods by development of a means of transportation, an high speed and large airplane and a highway, etc., and also by development of the information industry. The company of many countries does not remain in a mother country any longer, but searches for economic efficiency, and came to move all over the world. Now, the flow is going to accelerate in further. However, the more such a flow accelerates, the more the global standard which guarantees such free corporate activity is needed.

But, by one side, since the economic system bases on national economy, if it is going to fit global standard, the necessity of reforming the economic system itself will come out. That is the contradiction between the national standard and global one.

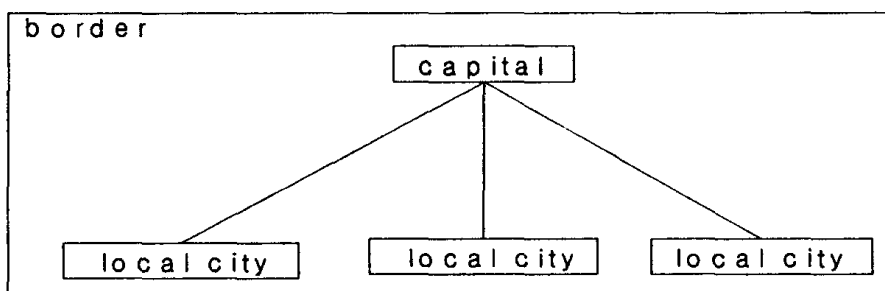
Then, how the global standard should be decided on? I think that the global standard should not be simply decided in favor of one country, for example, the United States of America. It is not globalization but if it says America-naization. Because, the new world that result from the globalization should be formed from the various states which have each traditional culture and value, it should not be the world which will be unified according to one value. Although the world will turn into one world, the new world system should admit sovereignty of each country. It may be the same as modern and democratic society admitted each individual dignity and freedom.

There is a historical example. It is EU. We can learn many things from the history of EU. As everyone knows, EU is unified economically and is using common currency. However, a meeting is held in the language of each country and 13 or more languages is used as a formal language. While language is the symbol of culture, it can be said that EU maintains the original culture of each country.

## 2. Globalization and cooperation between cities

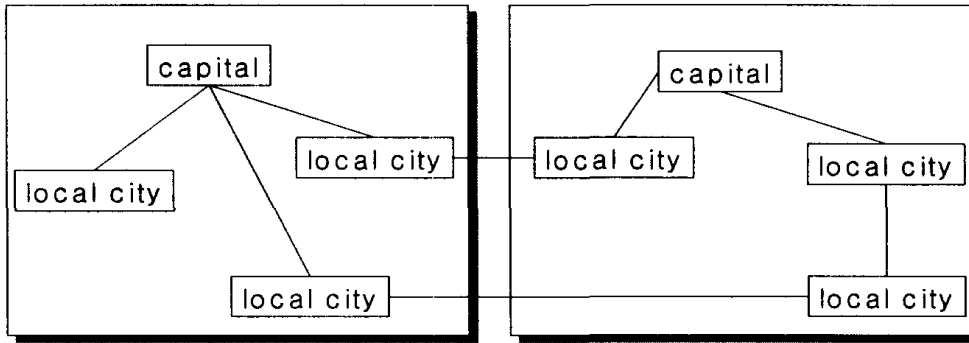
Supposing globalization brings about borderless, the cooperation between cities will become more important than before. Until now, each local city was tied up centering on the capital inside strong border as it is shown in fig. 1

fig.1



That is, in the border, each local city constitutes the pyramid which makes a capital the peak. When globalization advanced, the border is going to be weaker, the role of a capital will fall relatively and the local city will promote a near relation with a near city. See fig. 2.

fig.2



If an example is given, many cities in Japan like Korea have made the sister city agreement with the city of many countries where the environment or history was similar. And the original exchange by each city is performed. That kind of exchange of people is limited now in numbers and periods, But the relation will develop further in the near future. For example, since Fukuoka and Kitakyushu, and Pusan and Ulsan is geographically near, possibility of forming one economic bloc in future is large. The distance between Fukuoka and Kitakyushu and Pusan and Ulsan is nearer than Tokyo or Osaka. So when the globalization accelerate, it is possible that the tie between Fukuoka and Kitakyushu and Pusan and Ulsan will become stronger than Tokyo or Osaka in every field of people lives.

### 3. The Role of a university

The role of a university is to raise the talented young people who will plays an active part in the world in the future. Supposing globalization brings about the new world which has been described, a university needs to bring up the student corresponding to it.

By the way, the Ulsan University and Fukuoka University have already continued a student's exchange program over five years. This program is as follows. If an example this year is given, first, South Korean students and Japanese students received the lecture for two days together, and two days spent for students' friendship. Then, students of Fukuoka University goes to the Ulsan University, similarly received the lecture for two days, and for two days for friendship. They have experience in which they learns at the same university. Although it seems that the period was short,

long-term study abroad was restricted in number. Ulsan and Fukuoka are the distance of about 2 hours. So once they becomes acquainted each other, individual exchange will be able to be performed easily. The purpose of this program is giving the chance of subsequent exchange. This year, the numbers of students who attend in this program, reached 100 totally. In these five years, already more than 300 students have participated in this program. Many of them are also continuing exchange now. And development of the Internet or traffic makes that easy. Exchange of such a young generation has a meaning important for the future of Fukuoka and Ulsan. The student of Ulsan will work in Fukuoka after graduation, and the student who graduates Fukuoka University will in Ulsan. Moreover, students of Ulsan and Fukuoka may enterprise a company cooperatively. It is possible if borderless feeling becomes people's common sense.

#### **4. Perspective**

Even if globalization advances, it does not stop. It will accelerate increasingly. Increasingly, people come to move across the border. In a sense, although the world is uniformed, it also means that the peculiarity of an every region becomes still more important. Exchange of a young generation becomes still more important toward it. Globalization is also exchange of foreign culture. In this case people with differnt culture do not confront each other, but cooperationg over each culture is important.

For that purpose, it is required to have a global viewpoint from a young time, and to understand also about one's culture is required. It is because confrontation is not often started since he misunderstood a partner's culture, but it starts since he does not understand his own culture correctly. A now required thing is to set many opportunities of young generation exchange as Fukuoka University and the Ulsan University are performing as possible as soon. Probably, the cooperation between cities will become more important, as repeated until now. The framework of a centralized state will break down every region will have a more tight relation each other. It is actually becoming so now in Europe. And the center of each area is a city. So, the problem of cooperation between cities becomes a new and most important agenda.

#### **5. Appendix**

The following Appendix introduces data on Japan's direct investments to Korea and Koreans' perception on Japan. Data collection is made by my colleague Moonwon Kang in Fukuoka University.

This note presents data on foreign direct investments to Korea, Japan- Korea economic relations and Koreans' perception on Japan(survey data on Korean daily newspapers). Underlying the collection of data is the idea that deepening of economic relations between two countries enhances mutual understandings. We could propose an hypothesis that incessant increases in Japan's direct investments to Korea make better the Koreans' perception on Japan. To prove this kind of hypothesis is a difficult job. First fo all, we should define clearly the term Koreans' perception on Japan. Though some enquete results could be used as a measure of Koreans' perception on Japan, it is quite difficult to obtain a well-defined enquete results appropriate to a scientific research. Rather, we could use some data on mass-media reports on Japan and analyze the quality and quantity(character) of information on Japan oriented to Korean pepole.

The purpose of the present collection of data is to give some hints for future study on the relation between economic exchanges and cultural change. Data summarized and introduced in this note are obtained from "the Ministry of Trade and Industry", "the Ministry of Finance", "International Economic Policy Bureau", "Municipal Office of Pusan", KIEP, KDI, "Chosun Daily Newspaper", "Munhwa Daily Newspaper", all in Korea. Readers interested in the related data could consult the author for further information.

Table I-(1) introduces foreign investment trends by industries according to the case approved or accepted and Table I-(2) shows foreign investment trends by countries(all in US thousand \$). Korea established an institutional arrangement for foreigners' direct investments in 1960, but it is after 1980s that Korea became an open economy. Foreign direct investments to Korea increase sharply in 1987, which could be explained by the following two reasons ; Firstly, in 1986, the ex-president Roh Tae-Woo made "the declaration for democracy", from then Korea established a direct presidential election system. This political development in Korea toward democracy might be one important reason for the sharp increase in FDI in 1987. Secondly, Korea became a host country of 1988, olympic game which raised both the Korea's reputation in the world economy and FDI to Korea. Table I-(3) reports Japan's investments to Korea by industries in total sum from 1962 to 1995. Japan's share among the total FDI to Korea is 51.1% accounted by cases and 38.1% accounted by the amount of investments. Looking at the amount of investments, Japan's share exceeds 50% in Fishery, Mining, Textile, Ceramics, Construction and Hotel industry while it falls short of 1% in Paper and Lumber, Fertilizer, Medicine, Petroleum, Wholesale and Insurance industry. Table I-(4) reports the changes in share of Japan's investment among the total FDI to Korea. According to amount of investments, the share decreases sharply in 1990-92. This decrease might due to collapse of the bubble economy in Japan in the same period. The trend of share indicates that the Japan's share increases from 1994.

The sharp increase in FDI to Korea in 1987 does not continue thereafter. From the late 1980s, the rising wages largely due to the power of labor unions and soaring land prices in Korea became strong obstacles to FDI to Korea. More importantly, Korea's strong restriction on foreigners' investments to the service sector in Korea slowed down the rising trend of FDI to Korea. Table II reports that, while foreigners' investments are not permitted in only 1.7% of the manufacturing sector, in 16% of the service sector, foreigners' investments are prohibited. Recognizing this, the Korean government currently makes a plan to liberalize foreigners' investments to service sector(partly, this is a condition for Korea's participation in OECD) which is expected to vitalize the Korean economy. On the other hand, opening of the Korean financial market to foreigners would induce a bubble phenomena in Korea(interest rate in Korea is more than 10 times higher than in Japan).

Table III shows the amount of exports and imports passed through Kitakyushu port of entry. Exports to Korea via Kitakyushu port is about 9% of the total exports via Kitakyushu and imports from Korea is about 19% of the total imports to Kitakyushu port. This table shows the importance of Japan-Korea relation to both countries and especially the relation between Kyushu area and Korea.

Table IV-(1) show the content of Forum (a leading article) of Munhwa Daily Newspaper in 1996. Among the total 344 leading articles, 22 articles deals with Japan related problems. The contents of these Japan related articles are Japan and East Asia security(2), Tokdo(Takeshima) problems(3), the ancient history of Japan-Korea relations(that Korea introduced Japan the Chinese culture; 2), Japan-Korea economic relations(3) and World Cup Soccer(9). The number of leading articles on Japan is quite larger than the corresponding number on USA., which shows Koreans' strong interests in the matters related with Japan. An outstanding feature in Table IV-(1) is that Koreans are fond of the story of the ancient Japan-Korea relations which emphasizes the Koreans' influence on the ancient history of Japan. This trend can be confirmed again in Table IV-(2) which introduced a survey on news items related with Japan appeared in Chosun Daily Newspapers(from Oct. 1994 to Dec. 1994 ; here we count only the article more than 200 Korean character in length). Table IV-(2) shows that, while almost every articles on Japan are directly adopted from Japan's news media, Chosun Daily Newspaper made 6 special articles on the ancient relation between Japan and Korea for 3 months. This suggests that, at least for Koreans, "history strongly matters". Finally, Table IV-(3) reports the number of news items(number of the Korean character in parenthesis) related with Japan appeared in Chosun Daily Newspaper from 1980 to 1992. In large, this table shows the Koreans' growing interests on Japan.

TABLE 1 -(1)  
Foreign Investment Trends by Industries.

Industries	'62-'71		'72-'81		'82-'86		'87-'88		'89	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Agriculture	15	2096	56	12712	5	2611	2	5788	1	158
Mining	23	312	23	5973	10	4261	7	2614	-	1317
Manufacturing	336	231441	925	1158329	450	930926	594	1516616	194	729433
Service	35	32182	91	423060	100	829931	102	822066	141	359371
Total	389	266031	1095	1600074	565	1767729	705	2347084	336	1090279

Industries	'90		'91		'92		'93		'94	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Agriculture	-	-	-	-	1	809	1	127	-	-
Mining	1	526	-	1172	-	1388	-	-	1	27
Manufacturing	136	583416	108	106986	82	648012	80	526817	136	401690
Service	159	218693	178	325638	150	244267	192	517330	277	914540
Total	296	802635	286	1395996	233	894476	273	1044274	414	1316500

TABLE I -(2)  
Investments by Countries

Countries	'62-'71		'72-'81		'87-'86		'87-'88		'89	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Japan	246	98017	871	927910	276	876190	384	1194283	146	465973
USA.	110	120324	145	370615	168	581623	197	533541	96	319447
Europe	14	20732	62	1344086	86	191735	92	459410	71	216884

Countries	'90		'91		'92		'93		'94	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Japan	146	235895	112	226239	72	155161	85	285943	132	428430
USA.	84	317465	86	296299	70	379182	68	340669	115	310940
Europe	54	206963	73	824358	65	282218	60	307424	88	406650

TABLE I -(3)  
Japan's Investment to Korea ('62~'95)

Agriculture	Fishery	Mining	Food	Textile	Paper&Lumber
28(62.2)	30(81.0)	39(84.7)	117(61.2)	186(70.1)	37(56.0)
5165(40.8)	4763(60.0)	11110(62.0)	113066(22.8)	246369(70.8)	17074(0.06)
Chemicals	Fertilizer	Medicine	Petroleum	Ceramics	Metals
3(42.8)	31(34.0)	4(23.5)	61(66.3)	147(70.6)	398(64.6)
7293(14.5)	41431(0.09)	11617(0.01)	61567(0.29)	137727(59.5)	349583(44.2)

Machinery	Electronics	Transport	Electricity	Construction	Wholesale
398(64.6)	403(61.4)	73(46.7)	-	13(56.5)	23(25.5)
349853(44.2)	677161(42.2)	335386(35.7)	-	60886(92.6)	9313(0.05)
Trading	Restaurant	Hotel	Storage	Financing	Insurance
136(0.18)	24(32.8)	69(67.6)	19(27.5)	37(33.0)	1(0.05)
76898(15.1)	9791(12.7)	1908412(81.2)	27697(46.1)	265789(26.1)	4712(0.01)
Other Manufacturing	Other Services		Total		
270(68.6)	156(34.9)		2538(51.1)		
69818(50.4)	228594(35.1)		5144586(38.1)		

\* The each first row represents the number of investments by cases and the each second row represents the amount of investments(in US thousand \$)

\* The numbers in parenthesis means the percentage among the total FDI to Korea.

TABLE I-(4)  
Share of Japan's Investment among FDI to Korea

	'62-'71	'72-'81	'82-'86	87-88	89	90	91	92	93	94
Cases	61.6	77.9	47.6	52.9	41.8	47.7	37.8	30.5	30.5	31.2
Amount	36.8	57.9	49.5	50.8	42.7	29.3	16.2	17.3	27.3	32.5

TABLE II  
Regulation on FDI in Korea

	Types of Business	FDI Non-Permitted	FDI Permitted
Manufacture	585	10(1.7%)	575
Service	495	80(16%)	415
Agriculture	68	18(26%)	50
Total	1148	108(9.4%)	1040

TABLE III  
Exports and Imports through Kitakyushu Port of Entry

Country	Export Amount(Percentage)	Import Amount(Percentage)
Korea	466(8.9)	766(19.2)
USA.	854(16.2)	283(7.1)
China	662(12.6)	680(17.0)
Taiwan	493(9.4)	235(5.9)
Thai	333(6.3)	217(5.4)
Indonesia	137(2.6)	582(14.6)

\* The unit of amount is billion Yen.



TABLE IV-(1)

Content of Leading Articles in Mun-hwa Daily Newspaper.

Politics		76
Relation with Foreign Countries	North Korea	36
	Asia	10
	USA.	8
Social Problems	Traffic, Religion, Law e.t.c.	31
	Education	58
	Environments	13
Economy	General	26
	Regulation	12
	Open Policy	13
Topics Related with Japan	National Security	2
	Tokdo(Takeshima)	3
	History	2
	New-Era of Japan-Korea	3
	Relationship	
	World Cup Soccer	9
	Others	3
Other Topics		39

TABLE IV-(2)

The Articles on Japan in Chosun Daily Newspaper

Articles Adopted from Japan's Media		107
Special Articles on Japan	Historical Relation with Korea	6
	Economic Relation with Korea	6
	Information on Japanese Society and Culture	5

TABLE IV-(3)

Number of News Items on Japan Related Matter  
In Chosun Daily Newspaper.

	Politics	Economy	Society	Culture	Foreign	Sports	Military	Others
1980	2 (500)	6 (1800)	2 (450)	1 (150)	5 (1050)	2 (350)	4 (800)	3 (600)
1981	4 (1100)	3 (600)	5 (1350)	2 (450)	3 (680)	6 (1300)	3 (200)	1 (150)
1982	3 (800)	5 (800)	3 (1200)	4 (700)	10 (2100)	5 (1100)	7 (1800)	3 (400)
1983	6 (1900)	8 (2050)	5 (900)	6 (1800)	5 (1200)	6 (1300)	5 (2300)	1 (300)
1984	7 (2350)	12 (3050)	3 (1000)	6 (2200)	11 (2050)	10 (2200)	13 (7700)	5 (1050)
1985	3 (1000)	7 (1700)	5 (1000)	4 (1250)	10 (2250)	7 (2500)	3 (2500)	3 (550)
1986	4 (1700)	10 (2900)	10 (2050)	1 (500)	14 (4350)	9 (2000)	4 (1700)	2 (600)
1987	11 (5600)	8 (1850)	8 (2400)	1 (200)	6 (2200)	2 (300)	2 (1800)	3 (800)
1988	7 (1250)	2 (350)	6 (1300)	2 (300)	9 (2900)	4 (1100)	1 (400)	3 (600)
1989	6 (1859)	5 (600)	11 (2350)	5 (3150)	6 (950)	4 (1100)	9 (5800)	3 (1350)
1990	14 (4150)	3 (700)	7 (1450)	5 (1650)	19 (5950)	3 (600)	12 (8400)	6 (2400)
1991	30 (8800)	31 (9900)	16 (4200)	10 (5100)	40 (00000)	13 (5200)	20 (1350)	14 (4500)
1992	39 (14700)	30 (14700)	20 (5950)	19 (12700)	45 (17900)	11 (2200)	13 (6250)	19 (11900)