

Introduction

How can we delineate the notions of economic decoupling and risk in an Asian context? More specifically, how can we determine their potential applicability in the contemporary East and Southeast Asian political economy? This is the key theme in this special issue of *The Copenhagen Journal of Asian Studies*, which undertakes the task of investigating how notions of decoupling and risk assessment relate and thus potentially condition each other both theoretically and contextually.¹ Jan Sýkora and I, the organizers of the workshop from which these papers are drawn, believed that such an approach would be fruitful to follow to understand the growth potential of contemporary Asian economies, a discussion made highly pertinent by the current financial crisis that has impacted Asian economies less than their Western counterparts.

To assess the validity and explanatory power of the notion of decoupling and various risk scenarios in relation to current political and economic developments in East and Southeast Asia, this special issue forwards a critical assessment, focusing especially on decoupling, by splitting the concept up into economic decoupling, political decoupling and differentiated notions of decoupling, thus ending up with a discussion of whether it is possible to employ the concept at all in an increasingly global economy.

To further substantiate this discussion, various East and Southeast Asian-based case studies from China, Japan, Malaysia and more generally in Asia are introduced. The main question in this connection is whether an analysis of a given local political economic context and the notion of 'glocalization' might be a more appropriate approach when attempting to explain the interplay between domestic developments, notions of regional political and economic risk scenarios and global economic constraints rather than an approach that employs a 'pure' notion of decoupling with all its perceived conceptual uncertainties.

To further explore this approach the special issue develops an analytical frame for this discourse by discussing four themes: 1) identifying the ancestry of decoupling and risk in an Asian political economic context, 2) critically assessing decoupling in a national and regional context, 3) contextualizing notions of decoupling and risk assessment, and 4) working toward a critical understanding of the relationship between decoupling and risk assessment.

Rather strong arguments have been voiced for and against the notion of decoupling, as the concept has so many different definitions and ramifications when applied to a given locality. Some of the authors in this special issue discuss whether East Asian economies have begun to decouple from the West and thus started to develop their own indigenous growth dynamics. Following from this, it could be argued that identifying decoupling in an instrumental way could serve as a powerful argument to support a regionalist integration strategy, or alternatively, by denying any evidence of decoupling one would strengthen the case for a continued and increasing multilateralism in the global community.

I argue that the relationship between economic globalization, national economics and a given societal context in which the first two are embedded is governed by various layers of interdependency. This means that one cannot solely focus on one point in this triangle, thus decoupling, so to speak, the two other in order to understand, for example, the political forces at play there.

Employing the concept of decoupling provides researchers with an *either/or* explanation, thus legitimating the concept in term of applicability. The problem is, however, having a concept that can explain key assumptions in conflicting arguments raises the question of the validity and thus legitimacy of the concept. One way to solve this dilemma is to take a closer look at the concept, its origin, what exactly it refers to, and whether there is analytical room for a concept that seems to contradict the essence of globalization in all its complexity.

Interestingly, the five articles in this special issue, despite various intellectual reasoning and across various empirical backgrounds, reach a kind of consensus on the concept of decoupling. It is not an *either/or* concept, but rather a *both/and* concept. Thus, it is a concept that according to some of the authors in this special issue can explain a cyclical relationship between international decoupling during economic upturns and national recoupling during downturns. For other authors in this issue, it is a policy instrument that governments can employ when trying to facilitate a stable domestic economy in times of global financial turbulence like the one we are currently experiencing. Put together, the various definitions and thus usability of the notion of de- or recoupling are thus lifting the concept, so to speak, out of the economic realm and putting it in the political realm. What is needed in order to justify such a perception, however, is a discussion that seeks to identify the ancestry of the concept, as this might provide us with a background for how to

understand the concept, an understanding that might provide us with the logic behind the usability and flexibility of the concept. The five articles in this special issue are organized in such a way that notions of de- and/or recoupling are traced in terms of ancestry and then critically assessed against increasing globalization. This then gives way to both theoretical and empirical investigations of the applicability of the term in relation to risk assessments in an East and Southeast Asian context.

In the first article, Michael Jakobsen takes a closer look at the roots of decoupling. He identifies it as originating from the Dependency School of the 1960s, 1970s and early 1980s. According to this school of thought, the so-called Third World or periphery should de-link or decouple from the First World or centre in order to develop into mature political and economic nation-states. In this context, de-linking or decoupling was a heavily politicized concept within a neo-Marxist theoretical discourse. Whether it was economically feasible for the periphery to decouple from the centre was directly linked to various political strategies. The emphasis on the economy in relation to de-linking or decoupling is, according to this author, still very much debatable as the current global economy is heavily entangled through increasing integration, interdependency and mutual harmonization. The key argument in this article is thus that decoupling can be reduced to a domestic policy manifestation that reflects a given national political position in an international landscape of multiple and shifting power centres, thereby unintentionally accepting an increasing global economic interdependency between and harmonization of individual national economies. The article then introduces an alternative approach to understanding the current global economy based on a delineation of the relationship between economic globalization, national economics and a given societal context in which the two former are embedded, thus showing the various layers of interdependency between them. This is then applied to the case of Malaysia.

The second article, by Werner Pascha and Jihee Yoon, discusses whether the East Asian economies are currently decoupling. They find little evidence to support a secular decoupling, that is, the proposition that there is a long-term trend towards a decoupling of the East Asian region. The authors notice that there is no well-established relationship of the concept of decoupling to economic theory, that is, there is no clear understanding whether financial or real economic phenomena are more relevant. They furthermore found little evidence to support a secular decoupling hypothesis, that is, the proposition that there is a long-term trend towards a decoupling of the East Asian region. Rather

they found evidence in favour of a cyclical relationship: decoupling during economic upturns and recoupling during downturns. They conclude that seemingly detached economic reasoning is often subject to over- and even misinterpretation and should be accompanied by more political economic-based reasoning, capturing the discursive patterns of the scholarly-cum-political debate.

The third article, by Alain-Marc Rieu, has a different take on decoupling. According to Rieu, the idea of decoupling has played a major role in many different disciplines: in science and technology, organization theory, biology, economics and other social sciences. In each of these fields, decoupling designates an increased differentiation within a given system of a function, the resulting transformation of this function and the ensuing evolution of the system itself. Decoupling can therefore be used to describe the reciprocal evolution of various systems or sub-systems within a system and Rieu has developed a model that describes this. For example, when decoupling is occurring within a system, the emergent activities acquire a new degree of autonomy within this system. They build their own rules, model and interests. This, according to the author, explains why this new domain grows and tends to impose its own rules, model and interests on all other sectors of the system, which are now considered by this new domain a hindrance and obstacle to its autonomy and growth. He exemplifies the model with data from Japan. In the alternative research and innovation paradigm experienced in Japan since the 1990s, a decoupling process has emancipated and reformed research, innovation and education institutions. This development, however, has now come to a dead end and thus initiated a process of recoupling at the level of society, manifested as a so-called ecosystem of innovation. He is here referring to Japan's fourth Basic Plan that must lead to solutions or it might become the last of its kind. These include science and technology innovations and policies that will require new political philosophies and institutions.

In the fourth article, by Sean Golden, the emphasis shifts from the notion of decoupling to that of risk assessment. He approaches the concept of risk from a Chinese perspective and traces its evolution throughout the history of Chinese thought, from the classics to the present. He describes how the perception of risk has helped shape the guidelines of China's ongoing transformation, as in the case of 'peaceful development' and a 'harmonious world'. According to Golden, the standard definition of risk weighs the probability of something happening with the cost of its happening. In this sense, a high probability with a low

cost is not as much a risk as a lower probability with a higher cost. This can be used as a basic philosophy for developing a useful strategy for risk analysis, thus forecasting possible risk scenarios, calculating their cost, and designing possible responses. Chinese culture has traditionally had an aversion to risk, preferring harmony to disorder, and takes the methodology of analysis and calculation of risk from the ancient military treatise *Sunzi Bingfa*, thus using it as a model for combining qualitative and quantitative factors in the development of various risk scenarios and various risk management strategies suitable to China's own culture and circumstances so as to avoid the worst and to achieve the best of any critical moment of risk.

In the fifth and final article in this special issue, the authors discuss China's iron and steel industry by employing a subtle combination of both notions of decoupling and risk assessment. According to Peter in der Heiden and Makus Taube, balancing market forces and industrial policy strategy at the global market interface, political decision-makers have worked out an elaborate framework of measures to carve out maximum benefits for domestic enterprises and the economy as a whole. Their article aims to illustrate that sectorial industrial policy in China does not push for expanding exports and investments across the board but carefully promotes global integration in some areas while delaying it in others. By doing so, the authors show how the integration of China's steel industry into the global economy has been heavily influenced by the plans and ambitions that successive generations of economic policy-makers have worked out for China's steel industry, thus combining both policies of de- and recoupling as well as various risk-based policy scenarios in this context. Like Pascha and Yoon, in der Heiden and Taube describe a vacillating pattern where phases of higher intensities of global market integration alternate with those of an increased decoupling from global developments.

The five articles relate in an almost sequential way to the notion of decoupling and risk assessment: from discussing the pros and cons of employing the notion of decoupling in a globalizing world to a positioning of the concept in the political realm, thus discharging it of purely economic explanatory power. The essence of decoupling is thus to be found in the way economic policies are being framed. This also defines and confines its usability to the border zone between the domestic and the global economy, where economic political strategies are being defined and employed. Decoupling is thus not an *either/or* but rather a *both/and* concept.

NOTES

- 1 The five papers published here were originally presented at an EastAsiaNet workshop held at the Institute of East Asian Studies (IEAS) at Charles University in Prague, 22-24 April 2010. The workshop was co-organized by the EastAsianNet, the Copenhagen Business School and the Institute of East Asian Studies (Charles University in Prague) as a part of the project No. CZ.2.17/3.1.00/31190 (Innovation of B.A. programs through the implementation of subjects focused on the modern history of East Asian countries), funded by the Operational Program, Prague - Adaptability on 7-9 October 2010. Information on EastAsiaNet is available at <http://www.eastasianet.eu/>.