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### China and Japan's Response to Crisis: Are the Differences Reasonable?

With the advancing technology available today, virtually instant news is available more than ever. Newspapers and magazines are now accessible on tablets. Blogs allow countless people to share their thoughts and opinions with the world. With the accessibility of the Internet, both news and scholarly articles are obtainable at the click of a finger. Even books are online; students don't need to leave their laptops to do research. While the convenience of the Internet can be extremely beneficial, it can also be problematic. Take social media for example, fake deaths reports are created about celebrities and thus the world thinks a living person is dead. Now when someone actually dies, people are skeptical. Or when tragic events occur, rumors get spread leading to worldwide confusion. Look at the events of the bombings at the Boston Marathon in April 2013. People were glued to social media to get the latest updates of the bombing. Speculations on the identities of the bombers were posted, tweeted, and spreading over the Internet. Four innocent people were under suspicion; inaccurate tips for the police were published, and overall paranoia was heightened due to social media. The fact that anyone, anywhere can post anything online causes the need to be skeptical when reading news today. How do you know a news story is not based on rumors? How can you trust authors of articles? Though the Internet makes research easier, it also requires a need to research about research. Questions should be asked, even about articles from trusted websites.

To illustrate, look at the blog post in *The Huffington Post* by Tom Doctoroff titled "China vs. Japan: Two Cultures, Two Responses to Crisis". The article, posted in March 2009, describes

the reactions of China and Japan to the 2007-2008 global financial crisis and their respective reactions to the crisis. Both countries were similarly affected but, according to Doctoroff, the response to the crisis of China compared to Japan is different. Doctoroff characterizes China's response as "supremely pragmatic", almost unfazed by financial crisis. The Japanese, on the other hand, are "in a trance, befuddled, even helpless, stunned by something they don't understand." Why such different reactions? Doctoroff attributes the differences in responses to three categories: economics, leadership, and culture.

First, Doctoroff describes the economic differences between China and Japan. He rationalizes because China's economy "is in an earlier stage of development growth, while slowing dramatically, [it] is still relatively strong". Japan, however, "is still too dependent on exports for a mature economy". Thus, Doctoroff establishes his definition of economic influences on the response to financial on the age of the countries' present economy. Next, Doctoroff presents differences in leadership between China and Japan. The Chinese people are said to "believe" in their government. Doctoroff attributes this to the fact that China is a Confucian society where trust and respect of leaders is stressed. Conversely, in Japan, leaders are seen as a "joke". Here Doctoroff bases his definition of political influences on the amount confidence the people have in their leadership. Lastly, Doctoroff explains how cultural differences affect the response to financial crisis. He asserts China is strongly motivated by Confucianism while Buddhism dominates Japan. Also, Chinese society is portrayed as hectic, loud and spontaneous compared to an alluring, clean, and innovative described Japan. Doctoroff uses ethical/belief systems and the qualities of a society to define cultural influences on the different reactions to financial crisis. He clearly communicates that the Chinese response to the global financial crisis is superior to Japan's as seen in his depiction of the rationales for each

country's respective response. This favoritism of the Chinese reaction is seen in other aspects of the article as well.

Doctoroff uses two rhetorical appeals in his article: logos and ethos. Logos, or the logical appeal, can be seen when he describes how the financial crisis affected China: "20 million laid off migrant workers have returned to the countryside sans despair for the future" and "Shanghai taxi drivers have had incomes lowered by around 25%". By including such examples, Doctoroff is able to contrast the severe impact of the financial crisis on China to their "pragmatic" response. This shows that China is able to calmly and rationally respond to crisis. However, Doctoroff does not incorporate statistics on how Japan was affected by the crisis. Why? Maybe the financial crisis affected Japan more severely than China. Including such statistics on Japan would hurt his argument in that it would seem reasonable for Japan to have a more puzzled reaction because the financial crisis hit the country harder. The second rhetorical appeal used by Doctoroff is ethos, used to establish his credibility. Doctoroff does this by referring to his personal experiences with the global financial crisis. Tom Doctoroff works for JWT, a global advertising and marketing agency. Using his company as an example helps Doctoroff appear qualified to write on the subject. At JWT, they had to "'derisk' their budgets" and suffered staff cuts. This illustrates how Doctoroff was directly affected by the global financial crisis but also reveals an influence that shapes Doctoroff's argument.

Another way Doctoroff's belief that the Chinese reaction to the crisis is supreme to Japan's is through his implicitly expressed philosophical perspective. Because of his seemingly preference to the Chinese way of responding to financial crisis, Doctoroff appears to have a utilitarian philosophy. As stated, Doctoroff constantly describes the Chinese as pragmatic; when faced with a problem they act fast and reasonably: "There has been a meticulous assessment of

risk and opportunity. Every state-owned company has methodologically recalibrated its five-year plan”. At JWT, the employees understood the actions that needed to be taken. Doctoroff “asked a few employees whether we should fire a few people or lower salary to save jobs. The answer was unanimous: trim headcount, please.” The Chinese are willing to make sacrifices if it means what’s best for the company. Doctoroff contrasts this with the Japanese response that he portrays in a negative light; the Japanese are not open to change.

After reading the article, it is not hard to tell that Doctoroff has some sort of partiality towards China. Why? As stated, he works for the global advertising agency, JWT. At JWT he is the Northeast Asia Director and Great China CEO. According to *The Huffington Post*, he is “one of Asia’s most respected advertising professionals and also a leading expert in Chinese consumer psychology”. He is the recipient of the “Magnolia Government Award”, “the highest honor given by the Shanghai municipal government to expatriates”. Doctoroff was also a torchbearer at the 2008 Beijing summer Olympics. He is the author of three books all about Chinese society and consumerism. It is clear that Doctoroff is respected in China. He moved to China in 1994 so it is understandable that he is more knowledgeable about Chinese society than Japanese society. Furthermore, his mention of Dentsu and Hakuhodo, two Japanese advertising and PR companies, reveals a competitive motivation. He claims the two companies are “dishonest” in receiving media rebates but only uses adjectives such as generous to describe his own company. This article could possibly be a way for Doctoroff to communicate to the world (including his current and potential clients) that China, and thus his company, is sensibly responding to the global financial crisis especially compared to Japan (clients should not be worried).

It’s not that Doctoroff is incorrect in saying that China had a superior response than Japan to the financial crisis, China went on to surpass Japan in becoming the world’s second largest

economy. Instead, the problem is Doctoroff's corporate bias towards Chinese society that gets in the way of his methodology in being able to write a fair portrayal (that is, equally present examples of how the crisis affected the two countries, how the countries responded, and the reason for such reaction) of China and Japan's response to the 2007/2008 global financial crisis. It is impossible for Doctoroff to completely remove his bias; his bias is rational. This being said, there is information he could include that would make his argument more neutral, which in turn would make his article more reliable. How were China and Japan affected by the financial crisis? What are some statistical examples of how Japan was affected by the crisis? What are some examples of Japanese companies' reactions to the crisis and what about other Chinese companies? Is the way Doctoroff defines the economic, leadership, and cultural influences appropriate for the situation? Answering these questions would surely help Doctoroff.

Doctoroff does not reflect too much on the how the global financial crisis but that information could help describe a reason for such different responses between China and Japan occurred. Both countries experienced a decrease of imports. In China, "exports, which rose 25.7% in 2007, slowed to 17.3% growth in 2008" (Xianyi, 32). However, the slowing of exports in China did not have that big of an effect on companies: "among 793 companies that released their 2008 financial statement (as of March 31, 2009), only 58 companies, i.e. 7.3% were unprofitable- able. More than half of them showed an increase in profits compared with 2007. Total profits fell slightly by 3%." (35). China had a quick reaction to the financial crisis. Look at the steel industry. The Chinese iron and steel industries were "hit by both the decline in downstream demand and a drop in prices" where "domestically, steel demand for construction, automobile and industrial equipment shrank. Interestingly, exported steel products themselves do not represent a big portion of the steel industry's output (export shipment volume fell 5.5% to

59.23 million tons in 2008)” (35). In response to the decrease of the steel industry, “there has been a push for the restructuring of the steel industry through M&As (Mergers and Acquisitions)” (35). This is another example of Doctoroff’s assertion that the Chinese are pragmatic and are able to act quickly and are willing sacrifice for the greater good. Japan, as Doctoroff said, is very dependent on exports. This dependence on exports really hurt Japan during the financial crisis. The United States is one of Japan’s primary export partners. The failure of the United States bank Lehman Brothers “was seen as the trigger of the global financial crisis” (Terada and Ong, 201). It would be an understatement to say the U.S. suffered severely during the crisis. This had a direct effect on Japan. Japan “suffered the biggest decline in exports among the major countries, recording a 39.1% fall in its exports growth on a year-to-year basis in 2009. While Chinese exports also dropped by nearly 17% year on year, Chinese companies primarily exported basic products such as general machineries and apparels to the USA. Japan, on the other hand, exported higher value-added products to the USA, particularly in automobile and transportation equipment sectors, which were more responsive to the negative effects of a global financial meltdown helping to explain the relative severity of the decrease in Japan”(205). Japan, like the U.S., was not prepared for the crisis and they too suffered. A *Global Economic Review* article in 2010 includes a chart on the change rate of the value of each country’s domestic currency relative to the US dollar: from July 1<sup>st</sup>, 2008 to December 31<sup>st</sup> 2008. The Chinese currency changed by 0.480 percent while Japan’s currency changed by 16.793 percent (Choi et al, 31). Now we can understand the difference the Chinese and Japanese responses of the global financial crisis: Japan seemed to suffer a larger blow and China had an economy set in place that was able to respond quicker to crisis. Doctoroff is correct; economics did influence the difference in how the Chinese and the Japanese “absorb the financial crisis”. However, he only

used two sentences to explain so. This leads to another problem with Doctoroff's methodology: how appropriate are his definitions of the three categories of influence on the responses? He uses the age of China and Japan's existing economy, but as I described, reliance on exports is another important factor. What about their type of economy? China's economy is described as a combination open-market economy (free international trade) and government owned businesses; it is often described as state capitalism. The government has direct control over the economy, and thus is able to control changes needed in the presences of financial crisis. Japan has a free market economy and therefore puts great emphasis on industry and trade. This is another explanation for the difference in the effects of the financial crisis on China and Japan. Another influence described by Doctoroff is leadership, which he attributes to how much the people of each country respect their leaders. Is the only political influence? What about the type of government? China is ruled by the Communist Party that believes in direct involvement with the economy. Japan has what is called a "parliamentary representative democratic monarchy" and they too directly interfere with the economy. Doctoroff was correct in declaring that Japan's government was simply slower in adapting to the effect of the global financial crisis. At the time Doctoroff wrote his article he couldn't have known this but, "Three months after assuming power and a year into the crisis, the DPJ government outlined its ambitious economic targets to increase Japan's nominal GDP growth by 1.4 times to 650 trillion yen, and to lower jobless rate to less than 3% by 2020" (Terada and Ong, 2006). Japan was slower to respond than China despite both governments' involvement in their country's economy. The last category Doctoroff uses to compare the reason for China and Japan's different reactions is culture. He centers the cultural influences on Confucianism vs. Buddhism. While Doctoroff's description of modern Chinese and Japanese society is accurate, his assertion that Confucianism and Buddhism is an

important influence on the response to economic crisis is generalized and outdated.

Confucianism still influences Chinese society today and Buddhism continues to be one of Japan's most popular religions. However, the religions' (or ethical systems') influence on society (to me) do not seem to be related in China and Japan's responses to the global financial crisis; the responses seem to be driven by the two countries' economic and political systems. Doctoroff includes the cultural differences between China and Japan in order to continue his "pragmatic" vs. customary (slow to change) approach in comparing responses. Doctoroff should remove the "Confucianism vs. Buddhism" part of his article and focus more on economic and political influences (which, by the way, are also simultaneously cultural influences).

Doctoroff is qualified write this article; he has been working in his field for over twenty years and has a blog on *The Huffington Post*, after all. Instead, "China vs. Japan: Two Cultures, Two Responses to Crisis" by Tom Doctoroff demonstrates that even though an author appears to be credible, it is important to do research. Who is the author and what exactly is it that prompts him/her to write the article? With the convenience of the Internet, more people are able to share news and their ideas, but this also leads to a greater chance to encounter skewed or subjective stories. It is important to be able to identify such motivations, so our knowledge does not become skewed as well.



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