

**RESEARCH PAPERS**

**No. 5**

# **Global Community Governance**

**Edited by**

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**Published by**

**THE INSTITUTE OF ECONOMIC RESEARCH**

**Chuo University, Tokyo, Japan**

**July, 2016**

Research Papers Series 5  
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Printed by Sanrei Printing Co., Ltd.  
Tokyo, Japan

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## Preface

### Global Issues and Local Communities

Hiroshige TANAKA

Many local communities are forced to be connected directly or indirectly each other with the global market mechanisms outside the control of states. They have developed spontaneously and interdependently in coping with development of the global market. Consequently, enlarging scale of global economies might influence the core part of the global communities greatly. The global communities sometimes could confirm the common targets and seek to establish formal or informal organizations of communications and management system to achieve the targets. To prevent the global problems from occurring frequently, the global community must pave the way to the cooperative solutions with many stakeholders for the particular local issues. The many global problems might be derived from a particular local issue and dispersed by function of the global markets. Confronting on the negative impacts of the global market mechanism, the global community should be organized and make efforts to solve problems effectively. The global communities are suffered from increasing pressures of social needs in the both the quality and the quantity. The global community could be improved by the experimental practices shearing the global issues slowly but steadily. And the global community could be stable and sustainable by solving every bottleneck in the component local community. This cooperative research between Tsinghua University and Chuo University focuses on the issues connecting global and local communities in the two urban areas, Beijing and Tokyo and makes clear the appropriate feature of the global community shaped by the both urban areas.

In recent decades post industrial societies and globalizing markets have emerged and transformed the features of states and regions. The global markets and communities require the efficient cooperating mechanisms between regions and markets. The mechanisms should accompany new public services or schemes. Firstly, the enlarging global economies in recent decades have transformed structures of both the industry and the society. The prevailing global economies have replaced the main leading industries from large scale manufactures to the small scale profitable business such as technologies of the finance, the environment and the intelligence. In particular, the production sites in urban area have been replaced by business offices, retail stores and expensive residential buildings. The former large scale manufacturing sites in the urban industrial districts have decreased the productivity deeply and have been planned to be transformed into other functional districts to restore the

advantages in competition. Commercial and service industries could replace the lower productive sites and improve attractiveness of urban region in the daily business and life.

Although the employment needed in the large manufactures has tended to decline all over the states, some new businesses have incubated for the region to be successful in accumulating technologies and capitals. The some urban areas have advantages to foster the high productive industries. Many types of residents aim to obtain more profitable opportunities and comfortable urban lives and flow into the urban area with uprising economies. The trans-regional movements of firms and residents increase the social needs for the public services. Although the demands for urban businesses and lives will be expected to increase steadily, the supply side of the potential demand could not be improved easily by the constraints of governmental and private funds and legal and institutional restrictions. From the another perspective we must reform social structures to be connected well with further progressing global markets. The industries and the communities in urban regions have been proceeding to revolutionary reconstruction of society and governance. Presently, the shrinking industries need to be compensated with both competitive and cooperative mechanisms<sup>1)</sup> to converge the demand and the supply of public needs into equilibrium. The reforms initiated in the markets have involved many confusions and miss allocations in the many aspects of urban lives consequently. Some environmental problems should appear imperative in the urban region. The massive urban infrastructures to be provided are required under the restricted government finance. The provision of public services should be the efficient scheme to cope with the swiftly moving and diverse social needs.

The movement in the global markets triggers the fundamental change of communities. The structural change has spread in many fields and the various conflicting problems appear. The enlarging global economies have changed the roles and the features of public goods. In the post war period national governments ordinarily appear to owe some traditional public services, such as maintaining peace, social security and public health. In recent years some public services to support daily lives of residents in the fields of energy, foods, climate change and others could not be provided by a single state but should be obtained with international cooperation of many countries<sup>2)</sup>. The innovation in the intelligent technology and the economic policies influenced by liberalism

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- 1) Tanaka, H (2013), (2014) in *London Accord and Long Finance* develop the theoretical model to explain the urban mechanism.
  - 2) Touffut (2006) explains the feature of global public goods by comparing pure public goods of Samuelson (1954) who focused on the provision of public goods by the single state.

thoughts have accelerated the global movements of goods and money. Because the total value of money increases too large to be controlled by each particular government, sustainable financial system must be funded by global cooperation of governments. The governmental revenues to manage the social needs could not be obtained without the international agreement to restrict legal and illegal tax avoidance. In other words, sustainable financial and budgetary systems may be classified into global public goods.

The financial and budgetary systems are becoming to be restricted by global markets. We must promote the revolution of environmental technology and the reform of the social structure to reduce the emission of greenhouse gases effectively. The two incentive mechanisms of the market and the voluntary contribution in the community must work together in the same direction to achieve the target with the least social cost.

It should be recognized that the development of the social system could be brought not only by the market mechanism but also by the collaborating restructure in the social system. The voluntary and private contributions are expected to perform more and more significant achievements to improve regional reforms. In the cooperative research between Tsinghua University and Chuo University we should share the critical problems in the reconstruction of urban regions and focus on the environment, the voluntary contribution of community, public private partnership.

This monograph is constituted by the two parts of economical and sociological approaches. Professor LI surveys the targets and implications of the collaborative research program between Tsinghua University and Chuo University in the chapter 1. He argues acutely the framework of the research program by making focus on the 4 sections: the importance of study on grassroots community construction, the great significance of comparative study on Chinese and Japanese communities, and the Qinghe Experiment conducted by Tsinghua University.

TANAKA in chapter 2 analyses the reducing emission mechanism of green house gasses in the Paris Agreement of COP 21, 2015. The theoretical approach in this paper makes certain that the incentive mechanism of the market could improve the social and environmental problems efficiently but should be supported by estimating social net benefit of global community.

In chapter 3, GE and MENG argue the relation between political trust and sustainable governance. Based on survey data from the three most influential cities in the East Asian region, namely Beijing, Seoul and Tokyo, the paper examines how the provision of public goods affects political trust. We make a distinction between infrastructural goods and social justice goods and find out that (1) public goods provision has a significant effect on political trust; (2) as

compared to infrastructural goods, social justice goods plays a more significant role in contributing to political trust.

HAN and LAN in chapter 4 estimate the total factor energy efficiency of China's 30 provinces, autonomous regions and municipalities from 2000 to 2011, by adopting the DEA super-efficiency method, and studies the factors affecting the regional energy efficiency of China by the means of Tobit. It notices first that the total factor energy efficiency of China was decreasing, since there were obvious defects in China's energy management methods and management system. Meanwhile, the technical level in energy utilization was improving year after year; second, there were greatly different in the total factor energy efficiency in China.

In chapter 5, WANG has researched experimentally by comparing with development of the market and organizational improvement of the society. On the observation from the pilot community research project in the Qinghe, the author has provided foundations with social autonomous forces emerging in the community life by promoting participations from various types of residents. She argues that the present restrictive social systems and structures prevent the innovative social forces from leading to improve the governance of the grass-root communities and promoting the development of social autonomy.

In chapter 6, TAN argues the community governance innovation to reform the social system more efficient and cooperative. To achieve the improvement of the social system the innovation of community governance should be based on consultation sheared with the government, the market and the community. TAN performs the research surveys of "Qinghe experiment". She could propose the 4 policies to innovate community governance from the experimental survey.

In chapter 7, ZHAO has researched the two types of the middle class in the community. She researches the features to focus on residents' subjective and objective class status. The type of the community, occupation, annual household income influence residents' objective middleclass. This paper also compares people's social political attitude in two types of communities.

In chapter 8, SHINOHARA explores the dynamic relationships between tax structure and economic growth in Japan by means of a vector error correction model (VECM), under the assumption of tax revenue neutrality. He demonstrates that the analysis of the global model should be effective on the Tokyo Area as a global city. This paper develops the model analysis on the relation between local tax structures and regional economic growth on the base of Shinohara (2014b): assuming tax revenue neutrality, we examine the effects of local tax structure on regional economic growth for the case of the Tokyo Metropolitan Area from 1960 onward.



**Acknowledgment;** This research papers are published as a product supported by the international Co-Research project of Chuo University in 2015: *A Comparative Analysis on the Communities in the two Global Cities Tokyo and Beijing.*