

**“The Future of East Asia:
Building Trust for Shared Prosperity
and Sustainable Development”**

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Jeffrey S. Lehman

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The title of this session is, “Building trust for shared prosperity and sustainable development within East Asia.” And I must begin by disclosing the limitations on my ability to contribute.

I am an American, not an East Asian. Moreover, I do not claim any academic or other expertise about East Asia on the basis of personal experience. The first 37 years of my life were spent almost entirely studying and working and teaching in the United States and France. My first visit to East Asia came as dean of the law school at Michigan in 1994. My first visit to China was only ten years ago.

So my perspective is nothing but the perspective of a friendly outsider, someone who feels very warmly towards East Asia, but who is also profoundly aware of the limitations of his own knowledge and experience. That perspective means that I cannot offer any assertions or even suggestions. I can only share naïve observations and questions.

My first naïve observation is that at one level it would seem as though the question of building trust between the nations of East Asia has been solved. After all, the past decade has seen ever-closer integration among the economies of the region.

But when I think more carefully, I must also wonder whether that process of trust building has been most effective at the level of governments and macro-level business endeavors. And whether if one looks at

the micro level one might conclude that there remain additional possibilities for greater cross-border trust building. Given that the focus of the panel is specifically the question of building trust, I will take it as a working hypothesis that more remains to be accomplished.

And my modest contribution towards that effort is to share with you two questions, asked in a spirit of affection by an American who is watching his own country continue to struggle with these same two questions.

Question 1: Does Shared Prosperity and Sustainable Development Across a Region Require a Region-Wide Shared Understanding of History?

America is a blended country, a mixture of races and nationalities. When I was growing up, the schools taught an official, “heroic” view of American history in which a great nation was forged by the male descendants of Europeans who broke away from England and established a new nation committed to principles of liberty and equality. But at home, in private, Americans who had a more complicated view of American history -- one that less purely heroic, and more flawed – had to share and develop that view in private.

It meant that when we all came together for the first time, on university campuses – young men and women, blacks and whites, Asians, Hispanics, and Native Americans, Christians, Jews, Buddhists, and Muslims -- there was a lot of mutual misunderstanding and mistrust to overcome.

And I would observe that my children learned a much richer, more complicated, less heroic view of American history when they went to school. For them the nation’s founding fathers were whole people – good and bad – and many other men and women of a wide variety of ancestries contributed to the development of the nation. Developing this more complex official view of history has been difficult and painful, and it is far from complete. But I believe that it has been a key to strengthening trust across differences within America.

Because of my own ignorance I often find myself asking very naïve questions about history when I am in East Asia. And when I do I some-

times feel like I am reliving the America of my youth. I encounter a Chinese view of history, a Japanese view of history, a Korean view of history. And I wonder to myself, might a deeper trust across nationalities in East Asia be enabled if young people grew up learning more similar histories, ones that were less heroic and more complicated?

Question 2: Does Shared Prosperity and Sustainable Development Across a Region Require Greater Trust Between Strangers, Grounded in Law and Culture?

Because I am a law professor, I am probably inclined to place too much emphasis on the role of law and the rule of law in the development of human societies. Because I am an American, I am probably inclined to generalize too much from the experience of one rather unusual country.

But I think there is a genuinely interesting puzzle about America. How did a nation of immigrants, a nation where people do not have deep historic ties that would lead them to trust one another, develop a creative, dynamic, inventive, entrepreneurial economy?

The differences among Americans, and their mutual suspicions, should have created huge transaction costs, huge barriers to doing business together. How were they overcome?

I would stress a process through which legal rules and institutions allowed strangers to count on each other's word, and that ultimately helped to build a culture of voluntary compliance. Indeed, whenever America's entrepreneurial and creative economy has gone off in the wrong direction, it looks to me as though it has been because those rules and those cultural institutions have fallen short.

When I am in East Asia, and especially now, working in China, I spend a lot of time talking with people who are helping to lead processes of reform and opening up within the region. And I am struck by how many of these leaders tell me that they believe a strong regional economy will require cultural and legal change.

These leaders emphasize that a dynamic society requires people to be able to trust strangers, not only their family, friends, and classmates.

And to build this kind of trust between strangers, they describe a process that builds mutually reinforcing legal and cultural institutions, of the kind that have emerged in Hong Kong and Singapore over the past twenty years. As a lawyer, I want to believe they are right. But I wonder, are they really? How important is the rule of law to facilitating trust between strangers?