Economic or Cultural Encirclement? Differential Association in the Strategic Management of Multinational Asian and European Corporations

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There is emerging what may be considered to be an upheaval (known in international relations as a déracinement) in strategic diplomatic, economic, intelligence, military, and trade alliances across East Asia and South Asia, followed by Eastern Europe and the Middle East, with India and Japan veering toward the Russian Federation and away from their more traditional partners: United States and Europe, and the Russian Federation unilaterally recapturing the Crimean Peninsula by force from the Republic of Ukraine. The extent to which this political and economic upheaval is likely to exert an impact upon trade relations as well as military alliances between affected countries and the West is the research focus of this article. The research question here is whether this déracinement is likely to influence changes in strategic alliances between companies in all Asian countries including the Eurasian Russian Federation and corporations in the West, not only involving those countries that are changing alliances but also China, India, and Russia (“RIC” bloc without Brasil and South Africa) and members of the Association of Southeast Asian Nations (ASEAN), in addition to American, Canadian, and European companies, in reaction, with the conclusion being that this is likely. This paper draws upon current literature in global news reports plus the author’s participant observation. The aim of this paper is to identify reasons why this scenario is emerging, why at this moment, drawing on a theory of differential association applied from other disciplines: Asian countries will construct or abandon strategic corporate alliances depending upon their perception of an excess of definitions favorable or unfavorable to changing political alliances, and many American and European firms will do the same. What are such definitions? What will most likely be the economic, political, even military consequences of this sort of realignment? Is “encirclement” the primary cause or the primary effect? This paper argues that encirclement is both cause and effect, encirclement begets more encirclement, as countries and also companies from those countries tend to align and realign culturally then economically in what one might characterise as being a “two-tailed” pattern.

Keywords: Asia, corporate differential association, Crimea, cultural encirclement, Déracinement across Eurasia, differential association of nations, economic encirclement

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Introduction

An emerging déracinement appears to be evident in the changing political alliances of South and East Asia and also Eastern Europe, as some nations, such as India and Japan in Asia and parts of Ukraine in Europe, begin to veer toward the Russian Federation and away from the West. It is too early to determine in detail the scope of this déracinement or its likely duration and both issues are beyond the ken of this paper, but the arsenal the West holds with Turkey extends well beyond exotic forms of munitions. Turkey could close the Turkish Straits that include the Dardanelles, the Sea of Marmara and the Bosporus, together the gateway the Russian Federation’s Black Sea fleet enjoys to the Aegean and Mediterranean Seas. International law would permit this under the 1936 Montreux Convention (Article 21), if Turkey were at war with or felt threatened by war with, the Russian Federation (Bertrand, 2015).

Changes in political alliances likely will provoke retaliatory changes in other political alliances, plus some parallel changes in business alliances regionally and sometimes globally. Some evidence exists to support an hypothesis that China feels “encircled” and therefore threatened by India, the Russian Federation, and Japan to its North, and that a provocation for the Russian Federation’s recapture of the Ukraine’s Crimea is China’s planned construction of a huge deep water cargo shipping and receiving port not far from the Russian naval base at Sebastopol, thereby evidencing “encirclement” of the Russian Federation’s Southern boundary diplomatically and militarily, in terms of information surveillance and trade, but also perhaps both culturally and economically by China and the European Union. Russia supposes that both China and the European Union are acting as proxies for the United States. Surely consequences will follow. Most important amongst the “definitions” favorable to China and Europe will be where China will relocate its post-panamax deep water cargo port. The “definition” that will be the most culturally favorable to China and the most economically favorable to East Europe will be for China to relocate that port from the Crimean Peninsula to Greece as this author noted earlier this year (Jones, 2015a; 2015b), thereby making China an immense foreign direct investor in East Europe (USD 50 billion), lifting Greece from poverty sustainably, and endearing the Chinese to the Europeans, thereby promoting Chinese culture in the West.

This paper identifies a causal explanation in the theory of “differential association” adapted from disciplines, such as criminology and the sociology of law outside of business management or political science, meaning an excess of definitions that are favorable compared with definitions that are unfavorable to strategic changes, much as an individual’s determination to pursue a law abiding lifestyle in contrast to a lifestyle of crime or social deviance is thought to be dependent upon the same excess of definitions (Sutherland, 1947). Important to mention is the fact that differential association lost acclaim in the criminological community in the 1980s, only to be “revitalized” during the 1990s (McCarthy, 1996, p. 145). The question of delinquent peers remains clear: “what they think or what they do” (Warr & Stafford, 1991, p. 851). This question must be transformed in the context of “delinquent” countries in Asia and Europe in relation to each other and the West. Differential association affects global trading relations: Indian, Japanese, Russian, and Ukrainian, with each other and with Chinese, European, and United States management. What do strategic managers think and what will they do, both proactively and reactively, in the context of their own differential association? Culture precedes institutions, that is for certain. Institutions that determine the way the world operates are derived from culture. As Daniel Etounga-Manguelle remarked incisively in a statement that became core to a book by Harrison and Huntington (2001, 48): “Culture is the mother, institutions are the children”.

Political and Economic Déracinement in Asia

The central theme of this paper follows from an apparent déracinement of political alliances amongst the nations of East Asia and South Asia late in 2013 and into 2014. From the “cold peace” that framed the bipolar world between 1945 and 1989 emerged some political alliances from necessity if not necessarily from choice. India aligned with the United Kingdom, primarily, and the British Commonwealth of Nations, a predictable outgrowth of its condition as a new sovereignty that gained independence from British colonial rule in 1947, interrupted sporadically by brief flirtations with China and the Soviet Union. Japan aligned with the United States out of necessity for at least four reasons: the post-war military occupation, reconstruction by the American management visionary W. Edwards Deming of its industrial infrastructure, a ready-made market for its products in both the United States and Western Europe, and its need to be protected from China and the Soviet Union, each of which had sustained huge casualties during World War II from fascist aggression, and China never forgets. Neither India nor Japan has required the same amount of “catching up” as the Central and Eastern European Countries (CEEC) required upon collapse of the Soviet Union between 1989 and 1991 (Kozminski, 1993), because the Western Alliance never looted them and clearly did not leave them destitute, although the road to 21st century competition arguably has been more challenging for India than for Japan, occasioned in large measure from India’s huge population expansion. India and Japan have experienced the need for “management in transition” in a vein in some respects similar to that experienced by the CEEC in the more recent period of the 21st century (Kozminski, 2008). It is natural for nations to take on individual traits as they grow independently. It is normal for them to make similar mistakes as well, presumably grounded in large measure on the individual mistakes their leaders make.

Mistake it surely is for either India or Japan to form too close an alliance with the Russian Federation, or for Ukraine’s Crimean peninsula to vote to repatriate itself to Russia. This is because this change of posture stands to alienate them from the West, from the United States for certain, but also from the CEEC bloc that remembers what the Soviet Union did to them between 1945 and 1989, from much of the rest of the European Union and other European countries, and from China that is reported to have followed the advice of a top marshal of China to “play the American card” as a safeguard against an invasion of China by the Soviet Union in the late 1960s and early 1970s. That “American Card” was China’s invitation to President Richard M. Nixon to visit China that culminated in the signing of the Shanghai Communiqué by Nixon and China’s Chairman Mao Zedong on 28 February, 1972 that “opened” China to the West (The New Nixon, 2002). Other consequences of this mistake may include but not be limited to an increase in tensions between China and Japan over what China claims as its Diaoyu Islands and Japan claims as its Senkaku Islands in the East China Sea, between China and India over a long disputed border involving Kashmir, over expansion of NATO in CEEC, and in security of at least the smaller CEEC members such as Estonia.

What this realignment is likely to do as well is to make China’s corridor through Pakistan to the Indian Ocean strategically even more important as a figurative and literal “spout” to China as a “teapot”: Such a corridor divides Western India from Russia and provides China with a Northwest passage to the sea, an immense value added to China which believes that India and Japan are spearheading an effort with Russia to encircle China with what China considers to be a “crown of thorns”. This paradigm makes the Association of Southeast Asian Nations (ASEAN) countries much more to China that fears the ASEAN bloc will complete that encirclement, a fear that China irrationally appears to make come true by diplomatic faux pas policies, such
as its paltry financial commitment to the Philippines in the wake of its typhoon Haiyan devastation (Kwok 2013), a non sequitur to China’s effort to isolate Japan and the Philippines (Keck, 2013), rather immaturely and unsuccessfully, because by turning its back of the Philippines, China turned its back on growing ASEAN solidarity. On 15 November, 2013, the Russian Federation performed on a long-standing agreement and handed over a reconditioned Soviet-era aircraft carrier to India which India claims that it requires to combat “Chinese assertiveness” in the Indian Ocean as gateway to South Asia (Kotoky & Bush, 2013).

With political change boding such ominous consequences, threats may outpace opportunities for the entire region of East Asia and South Asia, as well as for Europe and North America. One foreboding is evident from studies that occurred earlier than those that spawned the theory of differential association: In order to be a professional thief, one must be accepted into a society of thieves (Sutherland, 1937; 1947; 1949; Matsueda, 1988). So it is with India and Japan as well: If left to join the Russian Federation and its dwindling block, they must find acceptance. Whether this will be the case will be entirely dependent upon what they bring with them to the alter at their “weddings”. Also they stand to incur debt instead of dowry, increasing geometrically during the last quarter of 2015, as the Russian Federation commenced to bombard rebel forces alongside of Islamic “State” guerillas in Iraq and Syria, before a Russian bomber drifted into Turkish airspace, apparently inadvertently, only to be shot down with one of its two pilots killed and a Russian marine killed trying to locate and rescue the second pilot (Goodenough, 2015).

Japan appears to have moved its foreign direct investment (FDI) objectives away from China and toward the ASEAN bloc that includes all Asian countries along the Pacific coastline South of China except East Timor. As the Wharton School of Business reported:

Japan’s direct investment in ASEAN from January through June 2013 increased sharply, up 88.7% at 998.6 billion yen, while its FDI into China fell 18% from a year earlier to 470.1 billion yen, according to the Japan External Trade Organization (JETRO). “It is not just because of the deterioration of China-Japan relations; there are other important factors”, notes Koichi Ishikawa, an ASEAN economy specialist at Asia University in Tokyo. “ASEAN is becoming a bigger consumer market, as its middle class is growing rapidly and consumption was very strong in 2011 and 2012 in Thailand, Indonesia, the Philippines and Vietnam”. Affluent consumers are crowding into newly built shopping malls, and car and motorcycle sales hit new records in Indonesia in 2011 and 2012. (Knowledge@Wharton, 2013, p. 1)

Clearly what one might term an “hourglass effect” is emerging in East Asia as Japan appears to withdraw its FDI from China and reinvest that into the ASEAN bloc, seeming to invest the same monies across Asia, only in different countries. It will confirm in the Russian mindset the accuracy of their assessment that the West is weak, that assessment itself being a “definition” or attitude is favorable to Russian aggression. On the contrary, a robust response by the North Atlantic Treaty Organisation (NATO) to Russian aggression in Ukraine, particularly on the Crimean Peninsula, would send Russia the opposite “definition”, salubrious with the cooperative stance Russia seems to be seeking more recently with the West as both escalate their involvement fighting the “Islamic State” in Syria and the Levant.

Political and Economic Déracinement in EurAsia

Political déracinement occurred slower and less visibly in the areas of the former Soviet Union where Asia approaches Europe, known collectively in the post-Soviet age as the Commonwealth of Independent States (CIS), although in reflection some do not seem to be very independent from the Russian Federation that in turn appears to want to revive at least some characteristics of its predecessor in its own name. E. K.
Dosmukhamedov (2002) and more recently lettred Y. K. Dosmukhamedov (2011) warned of approaching economic risk in Kazakhstan as early as 2002 in his book, *Foreign Direct Investment in Kazakhstan: Politico-Legal Aspects of Post-Communist Transition*, a part of Palgrave Macmillan’s St. Anthony’s College Series at Oxford University, where he had been a fellow for several years earlier and a close colleague of this author at that time. In that book, Dosmukhamedov (2002, p. 1) argued rather forcefully that “the expanding mass of laws, in many cases controversial and confusing, and related political practices must be placed within a coherent and interrelated framework”. That warning went unheeded by the West, prompting his recent work a decade afterwards that analyses the carnage that has resulted from ignorance and inaction of the West, aptly entitled *Kazakhstan’s Assassinated Democracy*, in which Dosmukhamedov (2011) explains the goals of the centre-right Atamekan Party that he chaired: “They include the prosperity of Kazakhstan as a full-fledged member of the globalization process, rather than merely an appendage for raw exports” (Dosmukhamedov, 2011, p. 6). In this same book, he lambasted the administration of U.S. President Barrack Obama, reasoning that,

The naive unwillingness of the US administration to stop the ever-growing appetite of (Kazakhstan’s) President Nazarbayev and his highly corrupt family and cronies, in exchange for US aircraft flying rights, or lucrative uranium and oil transactions, says more than the sincerity of President Obama’s commitment to defend democracy around the world. A roadmap to democracy, un-paginated on Kindle. (Dosmukhamedov, 2011, p. 10)

In this book, Dosmukhamedov (2011) argued that although Kazakhstan is a Central Asian country, it is close to Europe culturally and geographically, making it an excellent prospect for democracy. Of course, the paradigm Dosmukhamedov and others follow are strictly out of the differential association paradigm and it applies to other nations, such as Turkey as well.

Actors in EurAsia and in the West will follow one path or another, the path leading Westward, the path returning Eastward, based on an excess of definitions favorable to one direction or the opposite. His criticism is that Kazakhstan receives what it feels it requires from the West without being required in return to move toward democracy. The same is true elsewhere across the post-communist world in EurAsia, all of it amounting to a chaotic confusion of definitions. In practice, much of this confusion by EurAsians and inattention by the Americans and Europeans appears to have facilitated the spread of chaos into Eastern Europe, or heated up that which was already present in early 2014, such as on Ukraine’s Crimean Peninsula and elsewhere from Europe to Asia across the Middle East and South Asia.

**Political and Economic Déracinement in Europe**

No sooner was an introductory analysis of political *déracinement* in Asia late in 2013 than an almost parallel political *déracinement* commenced to unfold in Europe early in 2014, beginning with a popular uprising in Kiev, the capital of the Republic of Ukraine, that precipitated the deposing followed by flight to Russia of its Russian-affiliated president, Viktor Yanukovych. Soon thereafter masked gunmen wearing Russian uniforms poured into the Ukraine with lorries displaying Russian license tags followed by Russian Federation president Vladimir Putin’s call for an “election” by Crimean residents to determine if they wished to secede from Ukraine to rejoin Russia a part of which the Crimea had been prior to 1954 when the Soviet Union’s premier Nikita S. Khrushchev “gave” the Crimea to Ukraine supposedly as a good will measure. Following suit, the Republic of Moldova voiced interest also in joining the Russian Federation on 20 March
2014, increasing momentum of what appears to be the planned enlargement of the Russian Federation into Eastern Europe. At the same time, Russia responded to American and European economic sanctions with its own counter-movements, namely the abrupt repatriation of its own holdings by recalling Russian commercial and state investments from foreign locations, casting the Russian Federation as a politically and economically unpredictable country.

What occurred in Ukraine can and likely will occur elsewhere across EurAsia, then into Eastern Europe, possibly into Central and Western Europe, destabilizing FDI in the areas affected. For instance, the Russian Federation is likely to embark upon the “liberation” of Moldova and the Transnistria Republic that border Southwestern Ukraine, on the pretext of safeguarding Russian speakers who inhabit those territories. If all goes well and the West capitulates, Russia is then likely to move toward the Balkans: Serbia, Bosnia, and Herzegovina, sensing more Western inertia and internal bickering as yet another “definition” favorable to its propensity to land grab in territories it considers to be strategic to its interests.

At least two separate but potentially interrelated ramifications for China have emerged from this crisis on the Crimea. The Ukraine government at Kiev persuaded China to invest in the construction of a huge port near the Crimean village of Frunzi in the Saksi Region that, once completed, would provide a shortcut for 140 million tonnes of Chinese made products each year to bypass both Russia (no need to risk hijacking from boxcars on the Russian Railway) and Hamburg, Germany (no need to make sea voyages to Central or Eastern Europe go through Gibraltar and then up to Hamburg), this trade estimated in 2010 to be USD 1.1 trillion annually and rising at 10% each year (Snytkova, 2013). This enlargement of infrastructure would come at the expense of Oseno (Lake) Bagayly that would cease to exist, once the land separating it from the Black Sea would be removed to make way for this project that is rather environmentally unfriendly. Russia seems to deem it politically unfriendly: The title of the article is interesting reading: China Breathes Fire on Ukraine’s Crimea published in the Russian Federation’s flagship newspaper, Pravda (English: truth).

Is this the real reason that Russian Federation president Vladimir Putin determined to occupy the Crimea, so it will no longer be “Ukraine’s Crimea”, and possibly to provoke withdrawal by China of its investment, presently offered as a half and half public/private partnership by the Beijing Interoceanic Canal Investment Management Co., Ltd.? Stated differently, is the Russian Federation in fear of itself being encircled by China and the West, much in the manner that China complains that it is facing encirclement from India to Japan across the Russian Federation (Thorp, 2012)?

What worries the Chinese and Europeans much more are Russian intentions further West in Europe, particularly in the Balkan Peninsula with its Russian-speaking Serbia and neighboring countries, such as Bosnia Herzegovina and Kosovo, the latter once part of Serbia before declaring independence in a move the Russian Federation accused the United States of orchestrating. In November 2013, at the second summit of the prime ministers of CEEC nations with China, the latter announced it earmarked USD 10 billion as FDI in 16 European countries, including Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Romania, Bulgaria, Serbia, Montenegro, Macedonia, Bosnia and Herzegovina, Albania, Estonia, Lithuania, and Latvia. China financed a Euro 150 Million power plant in Montenegro to be completed in 2016, and is finalizing plans to construct a rail line to link Budapest with Belgrade (Sieff & Borisova, 2014). This USD 10 billion is in addition to the USD three billion which China is committed to spend on the Crimea Peninsula to construct its deep water port as part of China’s design for a “New Silk Road” connecting China to the European Union.
(Snytkova, 2013). In Bulgaria, Chinese construction companies have announced plans to build the Cherno
More highway to link Varna and Bourgas, Black Sea cities not far from Russian-speaking areas of
Southwestern Ukraine, Moldova, and the Transnistria Republic, and China has already implemented its plan to
open a Great Wall auto plant in Bahovista near Lovech, that will be the first Chinese auto making facility built
in the European Union (Sieff & Borisova, 2014).

The American policy makers who determined to pursue a “soft power” approach to Russia in the wake of
its transparent invasion of Ukraine’s Crimea were unaware of or consciously ignored what is standard
knowledge within the private sector Western business negotiation community: “Negotiators from Russia
generally do not expect to develop long-term relationships with their bargaining partners and therefore do not
spend much time on relationship building. They also make few concessions and view concessions by others as
signs of weakness” (Connerley & Pedersen, 2005, pp. 159-160). So the “soft power” approach toward the
Russian Federation’s occupation of the Ukraine’s Crimean Peninsula, in contrast to a more robust NATO
response, will confirm in the Russian mindset the accuracy of their assessment that the West is weak. On the
 contrary, a robust response by North Atlantic Treaty Organization (NATO) would send Russia an opposite
“It’s definition”.

Political Explanation

Why have India and Japan seemingly resolved to join the Russian Federation block, itself seemingly
doomed to failure in the light of Russia’s behavior in Ukraine? Four factors appear to provide an explanation.
Firstly, and perhaps foremost, both India and Japan have allowed themselves to become terrified of China, a
nation that they demonise constantly, and give the appearance of insane jealousy over the fact that both Europe
and the United States have become China’s largest trading partners. Secondly, India harbors an idea that it has
imparted into the mind of Japan and that encircling China will benefit them and harm China, although neither is
ture. Thirdly, but most visibly, India and Japan have separate boundary or territorial disputes with China,
although for the most part over useless land, such as rock islands, Himalayan Mountains. Fourthly, India and
Japan seek natural resources for manufacturing that they feel China hoards and hope that Russia will supply.
Neither India nor Japan seems to have foreseen potential retaliation by Europe or the United States. Clearly, the
Russian Federation does not realize fully that within this decade, the United States will become self-sufficient
in fossil fuel and with a surplus become a major petroleum exporting nation. This will drive down the cost of
fuel and greatly dilute oil and gas revenues on which the Russian Federation depends. India does not reckon
accurately the counter-productivity of its “new” Soviet-vintage aircraft carrier, the INS Vikramaditya (in Sanskrit: brave as the sun), in reality as antiquated as China’s “new” Soviet-vintage aircraft carrier, the PLAN Liaoning, each a paper tiger. Warships, such as these, simply illustrate a trajectory of defeat for their owners
that, unless they change course, will face implosion much as became the result of the Soviet Union itself
(Garver, 2015).

Then there is Europe, especially Ukraine, that appears largely to be a divided house of cards with part of it
ready to come tumbling down. Illustrative of this divide is Ukraine’s election results, such as voting by region
in the Ukrainian presidential race reflecting a clearly divided nation in terms not only of a vision for its
presidency, but in terms of its vision for a free market economy in 2004, as Figure 1 documents. Voting for
Viktor Yanukovych was synonymous with voting against a free market economy, endorsing corruption, and
constructively aligning with a retrograde Russian Federation. Voting for Viktor Yushchenko was synonymous with supporting a free market economy, gazing Westward toward an eventual Ukrainian membership in the European Union. Political boundary lines became drawn along ethnic lines, with the Ukrainian electorate divided between East and West.

Another indicia, albeit closely aligned with the above, is the 2010 election map, Figure 2 below, reflecting the split between Ukrainian president Viktor Yanukovych, who captured much of the Russian-speaking vote, and then prime minister Yulia Tymoshenko, who won most of the Ukrainian-speaking vote but lost the election. More so than the 2004 election results, the 2010 Ukrainian presidential election outcome was adumbrative of a nation divided ethnically and ideologically, reflective not merely of political discord, but more importantly of a territory deeply divided on economic and private sector business tenets and timeline preferences. Eastern Ukraine voted to look and to go backwards in history to embrace the negative characteristics of Soviet times that failed abysmally a generation earlier. Western Ukraine voted to go forward into the higher quality of life enjoyed by the European Union. All this forms a backdrop to the secessionist movement of Ukraine’s Crimea region that crystallised in the early weeks of 2014, with ironically some of Ukraine’s poorest regions opting to keep their economies stagnating by staring in the face the proverbial “gift horse”, such as Chinese and other FDI also. On the Crimean Peninsula, most Russian speakers seem to have voted to secede from Ukraine and join the Russian Federation, a “definition” the Russian Federation apparently deems to be favorable.

*Figure 1.* Ukrainian presidential vote on 26 December, 2004 by region. Source: Democracy at Work (2009).
This dichotomy between far East Ukraine and the rest of that country in terms of preference for Russian culture is most evident in the 2014 presidential election, as reflected below in Figure 3.

Figure 3. Ukraine presidential election, 21 June 2014, by region. Source: Democracy at Work (2014).

This dichotomy between East and West within the Republic of Ukraine is reflected in Figure 4 below as a
linguistic division in addition to being a political division. Presumably, the linguistic division functions as the independent variable, provoking a political division. Language and the resulting cultural divides that language differences provoke create clear “definitions” favorable to people who share common languages or language roots, unfavorable to others who speak in different tongues.

The end result of all graphics reproduced above tends to highlight at least two rather different Ukraine nations: one in the West gazing Westward and another in the East, seeming to gaze nostalgically both Eastwards and backwards to Soviet times. Differential association appears to have inspired differential perspectives, at least in the context of the Crimea, if not Ukraine generally, and this factor poses ominous ramifications for the economy and business in the region, as the People’s Republic of China appears to have learned, much to its chagrin, having invested heavily in the rich farmland of Ukraine’s Crimea. Speaking from Vatican City following his meeting with H. H. Pope Francis, United States president Barrack Obama called on Russia to pull its troops away from its border with Ukraine, remarking that Russian Federation president Vladimir Putin should know the right direction to take:

You would have thought that after a couple of decades that there would be an awareness on the part of any Russian leader that the path forward is not to revert back to the kinds of practices that you know, were so prevalent during the Cold War. (Felsenthal, 2014)

The above Figures combine recent Ukrainian presidential election outcomes with the political divisions Ukraine has experienced historically, focusing particularly on late 18th century, 1772 and 1793 in particular, and the change in political boundaries that the Soviet Union imposed with agreement of the United Kingdom and United States at the *Yalta Conference* held in the Livadia Palace on the Crimean Peninsula, 04-11 February, 1945. Another line of demarcation is by predominant language spoken and written in a region. In the case of Ukraine generally, Russian is the predominant language spoken by residents of Ukrainian districts actually
bordering the Russian Federation, whereas Ukrainian is the tongue of persons residing elsewhere, with minor exceptions, such as in extreme Southwestern Ukraine along its border with Russian-speaking Moldova and that part of Moldova that declared itself a separate state in 1990, self-styled as the Transnistria Republic, that lacks recognition by most of the world’s nations. It is dangerous to presume universally that voters will align along language spoken, but in the “election” held on 09 March, 2014 in the face of Russian ordnance on Ukraine’s Crimean Peninsula, most Russian speakers seem to have voted to secede from Ukraine and join the Russian Federation.

**Strategic Management in Reaction**

Businesses in India and Japan as well as Europe and Russia need to quickly take stock of their internal strengths and weaknesses coupled with their external opportunities and threats when they decide soon, as they must do, in what direction(s) to proceed if this déracinement persists. Will the Russian Federation improve trade opportunities for either India or Japan, particularly once the European Union and the United States commence to reduce trade with India and Japan, especially on military technology? Will joining ranks with the Russian Federation increase tensions between China and both India and Japan? Undoubtedly yes, with Japan in the short term, with India and Japan in the longer period. Japan counts on importing rare earth metals from China that produces 97% of the world’s supply but slashed export quotas by 35% in 2011, at a time when Japanese imports of these commodities from China increased by 40% (Mogi, 2011). China is capable of cutting Japan out entirely as a major source of its extensive supply chain management. Europe is capable of surviving without supplies of energy from the Russian Federation, but is the Russian Federation capable of an economic survival without Europe, especially Germany, as its customers?

Late in 2015, Chinese businesses reacted also, especially its state-owned enterprises (SOEs) in ferrous metals (mining of coal and of iron ore, steel production), with quarter four forecasting suggesting that RMB three trillion (USD 780 million) in liabilities within these three industrial sectors that employ 6.8 million workers will witness a 20% capacity reduction, the restructure of RMB one trillion (USD 156 billion) in non-performing debt equivalent to two percent of bank loans, forcing the redundancy of 1.8 million workers or 0.3% of urban workers, requiring China to infuse RMB 325 billion (USD 50 billion) over five years at the rate of RMB 75 billion (USD 11 billion) each year, evidencing a shift in focus by China’s central government to supply ahead of demand (Turner, 2015).

**Conclusions**

Asia and Europe have experienced some major upheavals in recent months, call them collective examples of déracinement. What this appears to suggest is the dissatisfaction of some countries, once major, possibly major in future, with the perception of a prospective “encirclement”. This includes China’s perception of encirclement to its North by India, the Russian Federation, and Japan. This includes the Russian Federation’s perception of a Chinese and European Union encirclement to its South, personified in the planning of China’s deep water port next to the Russian Black Sea Fleet port at Sebastopol, in the Crimea that used to belong to Ukraine but that the Russian Federation reoccupied in March 2014, unilaterally. Is it a cultural encirclement or an economic encirclement that some countries seem to cause, that some countries seem to feel they receive? This author suggested that it is both, economic encompassed within culture, and culture embodied within economics. What is for certain is that a déracinement is emerging across Asia and Europe, and this must be
followed by a rapprochement of business ventures will stand to suffer the most as Western countries and their companies, together with national adversaries and corporate competitors, align or realign with the wrong partners or fail to align or realign with the right partners, in what amounts to a colossal “differential association” of governmental as well as corporate entities. Cultural encirclement begets economic encirclement, then the latter finances more of the former, in a colossal and seemingly endless regression into further dérangement.

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