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Editor's Introduction

Akiko Tamura

The study entitled "Firm's Competitiveness and Foreign Direct Investment Strategy", an Institute of Comparative Economic Studies (ICES) project, commenced in 2013. Its aim is to investigate how firms improve their competitiveness through investment abroad or international trade, and how firm competitiveness results in international competitiveness for the country. This issue is a key research question in the field of international trade, which is the editor's main field of study. The project aims to illuminate new aspects of this issue through interdisciplinary research. The other project members' specializations include microeconomics (contract theory), management accounting, corporate finance, international finance, and macroeconomics. This interdisciplinary collaboration has successfully stimulated our research resulting in the publication of 11 papers in March 2017. For this special issue of the journal, three project members contributed papers from the fields of management accounting, international trade, and macroeconomics.

In "The Innovation Mechanism in Target Costing", Nobumasa Shimizu examines the role of target cost information in the development and design of new products and knowledge creation activities from the perspective of the theory of management accounting. Needless to say, knowledge creation is the source of firm competitiveness. The paper highlights a gap between the popular theory of target costing and actual practices in Japan, and suggests a new theory. Shimizu's study clarifies that target cost information that suppresses knowledge creation exists. Whether the target cost constitutes information that promotes or suppresses knowledge creation is determined by the extent to which the participants' knowledge fluctuates in the product planning stage before the target cost is indicated, and the size of the gap between the target cost and drifting cost.

In "Firm's Investment Strategy and the Choice of Foreign Direct Investment", Akiko Tamura examines the firm choice regarding foreign direct investment (FDI) using the theoretical framework of Antràs and Helpman [2004]. The novelty of this paper is that it considers the Miles and Snow strategic firm types as representing firm heterogeneity. Based on analyses of a mail survey of Japanese manufacturing firms, I find that, of the Miles and Snow strategic types, prospectors are more headquarter-intensive than defenders, and that analyzers fall in-between. From the mail survey of Shimizu and Ando [2011], it was found that prospectors perform FDI more aggressively than do defenders, which is consistent with my theoretical analysis. In future research, how firms' FDI strategies influence their competitiveness will be investigated.

In "Impact of Foreign Direct Investment and Financial Market Development on Economic Growth", Tomoko Hino examines the impact of FDI and financial market development on economic growth in host countries by conducting analyses using ordinary least squares, a fixed effects model, and an instrumental variables regression on panel data collected for 60 countries from 1980 to 2014. The results of the analyses show that FDI and financial market development have independent positive effects on economic growth in host countries. This paper adds to confirming that the adoption of appropriate FDI strategies by firms results in improvements to the international competitiveness of the country.

The Innovation Mechanism in Target Costing

Nobumasa Shimizu
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Abstract

Target costing research studies the series of activities that handle cost management at the development and design stages of new products. The knowledge creation activities of each participant are positioned as essential elements in the target costing activities that create the cost in the new product development and design stages. Based on introspective conduct, the essence of knowledge creation is found in new knowledge creation activities triggered by psychological phenomena such as the blurring of concepts and knowledge fluctuation. The potential for generating new creative knowledge are triggered when given information that cannot be processed with the existing knowledge system. Target cost constitutes such information under some conditions. Information that suppresses knowledge creation exists. With such information, there is little knowledge fluctuation and low potential for generating original knowledge. Whether target cost constitutes information that promotes or suppresses knowledge creation is determined by the extent of participants' knowledge fluctuation in the product planning stage before the target cost is indicated, and the size of the gap between target cost and drifting cost.

Keywords: Target costing, Knowledge creation, Knowledge fluctuation, Information that facilitates knowledge creation, Information that suppresses knowledge creation

JEL classification: O32, M49

1. The Issue

As is widely known, target costing research studies the series of activities that handle cost management at the development and design stages of new products. Generally speaking, the research on target costing is advanced in the field of engineering, specifically, in industrial engineering associated with value engineering (VE). The research on target costing as a form of management accounting is lagging behind. However, the publication of noteworthy case studies and questionnaires suggests that there is a rising awareness of the importance of target costing research in the field of management accounting [1].

On the whole, such survey studies shed light on the realities of target costing research, providing reasonable pointers for understanding its characteristics. The results of the field studies also suggest that there is a need to reexamine the conventional theoretical research on target costing, and to

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[1] For case studies, see Kondo (1989), Tanaka and Kobayashi (1990). For questionnaire survey results, see Tani et al.(1994), Tanaka (1995), Japan Accounting Association (1996).

construct new theories.

It is time to consider the gap between popular theories and the reality of the process of setting target costs in target costing.
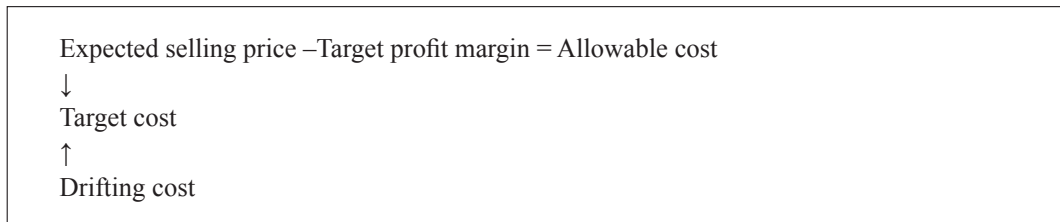

Expected selling price –Target profit margin = Allowable cost

↓

Target cost

↑

Drifting cost

Figure. 1 Setting target cost with the subtraction method

According to popular theory, it is advisable to use the formula in Fig. 1 when setting target cost. Tanaka (1995) refers to this as the subtraction method [2] [3]. The process of using the subtraction method to set target cost is often explained as follows. First, the expected selling price is set based on a market evaluation of the new product design and functions. Then, the company computes the allowable cost by subtracting from the selling price the target profit margin necessary for its survival. The allowable cost is the cost premised on market conditions, which the company must achieve by any means possible to survive in a competitive market. However, participants in the development and design of the new product will feel demoralized if, despite every effort, they are unable to achieve the allowable cost. Therefore, the drifting cost, which is the estimated cost of manufacturing the new product using existing technical standards, is estimated to determine the achievable target cost between the allowable cost and the drifting cost [4].

This commonly accepted theory could be summarized in three points: (1) The subtraction method is an intrinsic component of the process of setting the target cost. (2) The target cost must be set between the allowable cost and the drifting cost. (3) New products must be developed and designed below target cost.

On the other hand, the results of the questionnaire survey by Tanaka M suggest that the realities of setting target cost point in a different direction than popular theory does (Tanaka, 1990). Keeping the focus on the present discussion, the following two points summarize the realities of setting target cost. (1) Roughly half of corporations employ the subtraction method when setting target costs. (2) A considerable number of corporations launch new product manufacturing even when they are unable to achieve the target cost. Needless to say, this reality deviates from the popular theory outlined above.

Now, what does this gap between theory and reality tell researchers of management accounting? The discrepancy suggests that there is at least a need to reexamine popular theory and to use such reexamination as the springboard for constructing new theories, that is to say, theories that are able to logically and systematically explain the reality of the process of setting target cost.

In this article, I will explore the construction of a new theory based on the concerns outlined above while focusing on the role of target cost information in the development and design of new products.

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[2] Previously, Tanaka termed the subtraction method the allocation method. In addition to the subtraction method, there is also the addition method. For details, see Tanaka (1995).

[3] Popular theory refers to explanations common to many researchers, but, in particular, I have considered the market-oriented management system and associated formula for setting target cost in Kondo (1990).

[4] Drifting cost refers to the achievable standard cost using current technical standards.

2. The Characteristics of Knowledge Creation or Innovation Creation[5]

Target costing, which is the subject of the present study, is an activity where the capacity for knowledge creation or innovation creation among those who participate in the process is an essential element. The outcome of the target costing process depends largely on the creativity of the participants where new product planning, development, and design are concerned. Numerous case studies tell us that corporate success is greatly supported by the successful planning, development, and design of innovative new products never before experienced by consumers. In this sense, it is hardly an exaggeration to say that the creativity of the participants is an intrinsic element of target costing.

So far there has not been adequate recognition of its importance in the area of management accounting. Past research has made issues around decision-making the center of attention, focusing the discussion on optimization problems within such a framework, while taking alternative proposals as a given. As a result, the processes behind the creation of alternative proposals have been pushed aside. The fact that management accounting research has been chiefly restricted to human decision-making activities, pushing the creation of alternative proposals, i.e., an essential element of knowledge creation, outside its range, may have caused the gap between theory and reality.

As many analysts have pointed out, if human knowledge creation plays a decisive role in target costing at the stage of new product development and design, the issue should undoubtedly be at the heart of management accounting research. In this regard, the modeling of human knowledge creation becomes the starting point for the correct reconfiguration of management accounting research. Having pointed out the need for modeling, the discussion will now shift to an examination of the characteristics of knowledge creation based on Imada(1985) and Nonaka(1990) [6].

Imada identifies three types of human conduct: habitual conduct, rational conduct, and introspective conduct (Imada, 1985, pp. 264-277). Habitual conduct is acquired naturally by imitating the conduct of the people around us. Such conduct includes, for example, brushing one's teeth in the morning, or having three meals a day. Rational conduct is a series of acts involving choices that result in optimization, decision-making being a typical example. Lastly, introspective conduct involves the discovery of new thought patterns and conduct when something triggers a reconsideration of one's own past thought patterns and conduct. Imada lists undesirable outcomes, social problems, and changing values as some of the opportunities for such introspective conduct. When following Imada's classification of the patterns of human conduct into the three categories of habitual conduct, rational conduct, and introspective conduct, while attaching meaning to each one as I have done above, it is clear that introspective conduct is linked to knowledge creation.

Next, let us consider Nonaka's theory of knowledge creation. Nonaka presents ten propositions that make up the organizational knowledge creation model (Nonaka,1990, pp 68-91). Two of the propositions concern knowledge creation at the individual level, which is associated with the issue discussed here. The first proposition is that individual knowledge creation within an organization is the source of organizational knowledge creation, and that such individual knowledge creation is facilitated by the autonomy and intentions of the members of the organization. The second proposition is that the emergence of fluctuation or chaos induces members to learn retroactively, and generates potential for information and knowledge creation. According to Nonaka(1990), such fluctuation or chaos emerges out of a sense of danger or strategic ambiguity on the part of the organization, or highly challenging goals.

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[5] In this paper, innovation creation and knowledge creation are treated as synonyms.
[6] This article does not go as far as building a model of knowledge creation, but confirms the characteristics of knowledge creation in the theories of Imada (1985) and Nonaka (1990).

We have clarified two points based on the theories of Imada(1985) and Nonaka(1990): (1) the significance of knowledge creation, and (2) the triggers for such creative activities. Regarding the first point, knowledge creation is based on introspective conduct and knowledge fluctuation is its essence. Nonaka's concept of fluctuation is of particularly great interest here. We observe that new knowledge and creative knowledge is generated when there are great knowledge fluctuations. Regarding the second point, information that cannot be processed under the existing knowledge systems causes knowledge to fluctuate and becomes an opportunity to trigger creativity.

Incidentally, contrary to the earlier explanation, there are also cases when information suppresses knowledge creation. One of the rules of brainstorming, which is a knowledge creation methodology, is "No criticism" (Morioka, 1985, p. 102). The reason for this rule is that criticism excludes ideas and suppresses knowledge fluctuation. In short, criticism makes it impossible to deviate from the existing knowledge system and new knowledge no longer emerges. To sum up, information that prevents deviation from existing knowledge systems reduces knowledge fluctuation and suppresses knowledge creation.

So far, I have confirmed the characteristics of knowledge creation, the information that provides opportunities for knowledge creation, and the characteristics of suppressive information. It is now time to change the topic to an examination of the role of target cost in target costing activities. In the discussion in section 3 below, the discussion is shaped by the explanation of the influence of proposed target cost on the knowledge creation activities of the participants in target costing activities.

3. Target Cost as Information that Facilitates Knowledge Creation

Cost reduction, i.e., the method of managing cost at the development and design stages of new products, is an important element in target costing activities. VE (value engineering = value analysis) is a specific method for managing cost, i.e., cost reduction. As a result, when examining the present issue it is appropriate to add an analytical perspective to the role of target cost information in VE knowledge creation.

Briefly, VE is a course of action to increase utility value for consumers by remodeling products. According to Tanaka M(1985), the extent of the utility value expresses, in principle, the correlation between product functionality and cost. He refers to this as the value ratio, which he arranges into the four patterns presented in Fig. 2 (Tanaka M, 1985, pp 7-9). The four value ratio patterns are, in order from the left, (1) the cost-down method, and (2) the method of improving functionality. Pattern (3) attempts to increase utility value by improving functionality above the cost increase. Finally, pattern (4) is a method for improving both cost-down and functionality.

$$\text{Value} \uparrow = \frac{\text{Function} \rightarrow}{\text{Cost} \downarrow} \qquad \text{Value} \uparrow = \frac{\text{Function} \uparrow}{\text{Cost} \rightarrow}$$

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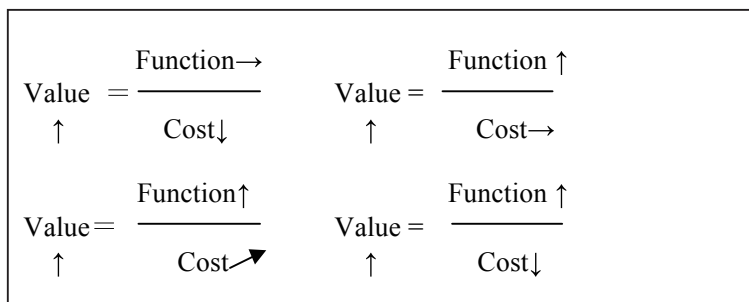
Figure 2. Four patterns for improving the VE value ratio

Seeing that the aim of the VE process is to improve the utility value of the finished product, and, having confirmed that such efforts can be classified into four patterns, I would like to shift the discussion to a concrete analysis of the VE job plan. As Table 1 indicates, 2nd Look VE consists of five steps: (1) Selecting the target, (2) Defining functionality, (3) Evaluating functionality, (4) Preparing kaizen proposals, and (5) Proposal and follow-up (Tanaka M, 1985, pp. 35-45)[7].

Table 1. 2nd Look VE Job Plan (Tanaka M, 1985, p37)

	Summary	Questions	Specifics
Step 1	Select target	What to analyze for value	(1) Select object
Step 2	Define functions	What is it? How does it work?	(2) Gather information (3) Define functions (4) Categorize functions
Step 3	Evaluate functions	What is the cost of each function? What is the value of the function?	(5) Calculate cost for each function (6) Evaluate function
Step 4	Create kaizen proposal	Are there other proposals that would work in the same way? What about kaizen proposals? Is the proposal certain to increase value?	(7) Ideas for kaizen proposals (8) Summary evaluation and realization (9) Detailed evaluation
Step 5	Proposal and follow-up	Is it possible to put the proposal into practice? What about the implementation status?	(10) Write up proposal (11) Understand implementation status

How does target cost information influence the knowledge creation activities of the VE participants in the process of executing this job plan? Fig. 3 uses the concept of the signifier and the signified to represent how the object, i.e., the product, appears to the eyes of the VE participants[8]. The figure assumes a case of increasing the utility value of Product A by means of cost-down as indicated in pattern (1) above. That is to say, the role of VE target cost information is clarified when other VE factors are stabilized. First of all, in Step 1, with Product A in front of them, the participants clearly recall the signifier and the signified for Product A. Of course, each participant has a different image of the substance of Product A. At this stage, there is absolutely no fluctuation in the knowledge of each individual. In Step 2, the participants define the functions of Product A, i.e., the substance of product A is analyzed from the perspective of its functions. Here, the assumption is that two functions are analyzed. In Step 3, these functions are evaluated and the cost of each function is calculated. The target cost for specific cost-down is set at this stage.

There is an important point to be made about the role of target cost information at the stage of setting the target cost. Namely, the signified Product A becomes blurred in the eyes of the VE participants when the target cost is set. The term "blurred" is used for Fig. 3, but, to borrow from Nonaka(1990), we can also say that knowledge enters a state of fluctuation. The fact that the signified was blurred or that knowledge was fluctuating simply shows a good trigger, the target cost, was

[7] Here, 2nd Look VE refers to VE in the late stages of target costing when the finished product exists.
[8] The concepts of the signifier and the signified are used in linguistics. These concepts must not be understood as tangible in themselves, but this article treats them as tangible concepts for the sake of convenience. For details, please refer to Maruyama (1983, 1984).

provided. To achieve the target cost, it is no longer permissible to leave Product A untouched. It must be remodeled in some way—by changing the materials, or the manufacturing process. When VE participants think like this, the signified is blurred, and knowledge fluctuates for each individual. Of course, such "blurring of the signified" and "knowledge fluctuation" stimulate each participant's ability to create knowledge, which is linked to the formulation of kaizen proposals, i.e., alternative proposals, in Step 4 [9]. This is the creative activity when individuals use their ingenuity to create new knowledge. Finally, Step 5 is a decision-making process whereby the proposal with the highest value ratio and most potential for practical implementation is selected from several alternatives.
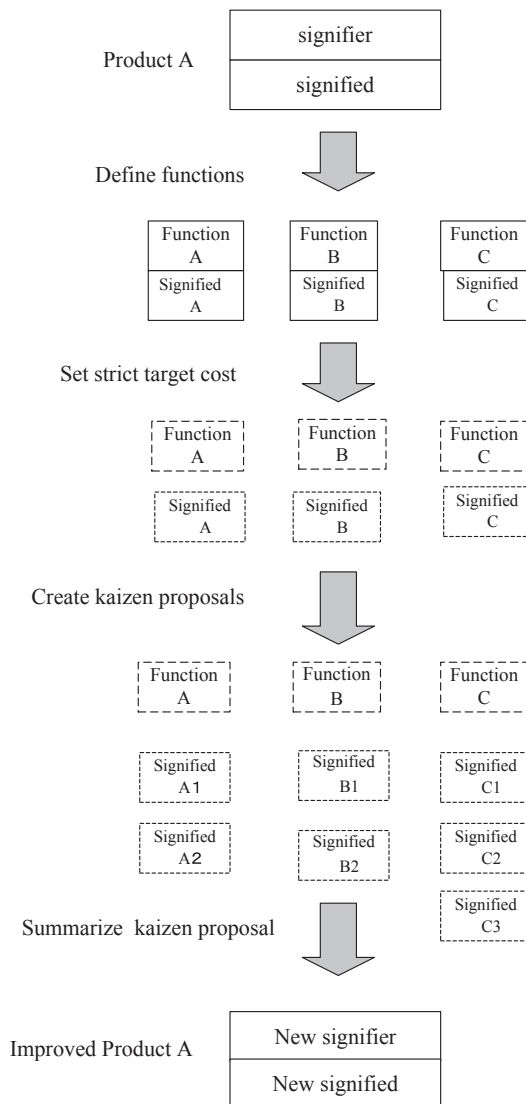
Figure 3. Knowledge fluctuation expands due to strict target cost

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[9] Alternative proposals in VE are not necessarily completely new ideas; rather, they often consist of technical information external to the company.

The analysis above has made it clear that in the case of VE activities where cost-down is the only method of increasing the value ratio of products, setting target costs motivates VE participants to create knowledge. Indicating the target cost in a situation where the participants' knowledge does not fluctuate triggers a psychological phenomenon referred to as the blurring of the signified, or the fluctuation of knowledge in the minds of each person, which stimulates the creative ability of each individual and leads to some manifestation. This is because, under the conditions assumed earlier, target cost information becomes information that cannot be processed under the existing knowledge system.

4. Target Cost as Information that Suppresses Knowledge Creation

Contrary to the explanation in the previous section, the cases where target cost information suppresses the ability of VE participants to create knowledge cannot be ignored. I will therefore proceed to the 1st Look VE Job Plan in Table 2 to confirm the negative influences of such target cost (Tsuchiya, 1985, p. 142)[10].

Table 2. 1st Look VE Job Plan

Input	Requirements of consumers, product planning departments etc.
Analyze functions	What is it? What does it do? What about the value? • Clearly understand user requirements, and the requirements of corporations, planners, and developers • Clearly define what functions must be served, clarify the interaction between individual functions, and confirm required functions • Evaluate target cost for each function to find out what it will cost to achieve the function
Create	Does anything else perform the function? Based on the function to fulfill, bring together the expertise and generate lots of ideas from every angle Combine the ideas, configure the ideas, and put together several concrete proposals
Evaluate and decide	What is the cost? Are we sure that it performs the required function? Evaluate the concrete proposals from the aspects of technology and economy (cost), select the best low-cost proposal that fulfills the required functions, and make a decision. If necessary, carry out testing
Output	Produce specifications and blueprints based on the selected proposal

In Step 1, the product planning stage, the requirements of consumers and product planning departments concerning the new product design, function, and price are collected as input information for new product development. In Step 2, the functions are analyzed and a target cost is set for each function. Step 3 creates development proposals for components and products that fulfill the functions identified in the analytical step and meet the target cost. In other words, alternative proposals. In Step 4, the alternative proposals are evaluated and decisions are made. In the final step, the design is made based on the proposal selected.

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[10] Here, 1st Look VE refers to VE in the development design stage, that is, VE in the early stages of target costing.
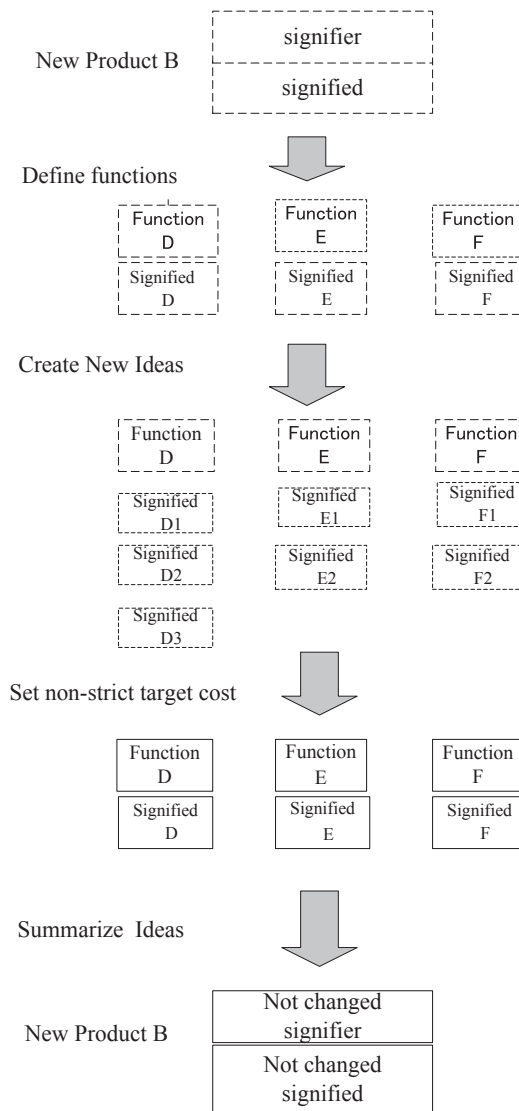
Figure 4. Knowledge fluctuation is suppressed due to non-strict target cost

Fig. 4 represents how the new product appears in the eyes of the VE participants. Here, the input information for new product development is brimming with novelty, and it is assumed that the target cost is set a little more strictly than the drifting cost. The lines are blurred in Step 1 because the VE participants are unable to form a clear mental image of the signifier and signified for Product B. In other words, knowledge fluctuation is extremely high. With function analysis in Step 2, the image becomes a little clearer. The target cost is set at this stage, further clarifying the image and bringing the blurred areas into focus. In short, knowledge fluctuation is reduced. When alternative proposals are created in Step 3, the image of the new product is almost complete. In Step 4, the most suitable proposal among those created is selected. The image is now even clearer. The last step is to draw the design. There is hardly any knowledge fluctuation at this stage.

What matters here is that knowledge fluctuation is suppressed at one sweep when the target cost

is set in Step 2. New information concerning design and functionality forms in the minds of the participants in the product development stage. In short, when knowledge fluctuates greatly, manifesting as knowledge creation, there is potential to generate creative knowledge. Incidentally, the participants will have a mental image of the new product based on past knowledge of product development where products were created below target cost because they have been provided with somewhat strict information about target cost. As a result, there is little knowledge fluctuation and the creativity of the product development stage is lost.

Based on the reasoning outlined above, target cost information curbs knowledge fluctuation and suppresses knowledge creation in cases where there is a lot of fluctuation in participants' knowledge at the product planning stage. As indicated in Section 2, under the conditions assumed here, the target cost information prevents deviation from the existing knowledge system.

5. Conclusions

The standpoint of this article is that there is a gap between popular theory on target costing and actual practices in Japan. Such a gap between theory and reality suggests that there is a need to reexamine popular theories on target costing and to replace them with a new theory. In this article, I explore the construction of a new theory while keeping the focus of the discussion on the role of target cost information. The article concludes with a summary of the importance of developing such a theory.

(1) The knowledge creation activities of each participant are positioned as essential elements in the target costing activities that create the cost in the new product development and design stages.

(2) Based on introspective conduct, the essence of knowledge creation is found in new knowledge creation activities triggered by psychological phenomena such as the blurring of concepts and knowledge fluctuation. The potential for generating new creative knowledge is greater when there is more knowledge fluctuation. Such psychological phenomena are triggered when given information that cannot be processed with the existing knowledge system. Target cost constitutes such information under the conditions assumed in Section 2.

(3) Information that suppresses knowledge creation exists. With such information, there is little knowledge fluctuation and low potential for generating original knowledge. Such information prevents deviation from the existing knowledge system. Target cost constitutes such information under the conditions assumed in section 4.

(4) Whether target cost constitutes information that promotes or suppresses knowledge creation is determined by the extent of participants' knowledge fluctuation in the product planning stage before the target cost is indicated, and the size of the gap between target cost and drifting cost. The relationship is outlined in Table 3 [11] [12] [13].

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[11] In Table 3 (and throughout the article), the target cost requirement is assumed to have higher priority than other conditions such as the design, color, or functionality of the new product.

[12] According to the presentation of target cost in Table 3, target cost becomes information that promotes knowledge creation if there is more knowledge fluctuation in the product planning stage. If there is little knowledge fluctuation, target cost becomes information that suppresses knowledge creation.

[13] This article does not allow for a detailed discussion, but all knowledge fluctuation does not necessarily generate new creative knowledge. The bottom line is that for a product to be completed, new knowledge must be integrated with the existing knowledge system. The greater the knowledge fluctuation, the more potential for generating new creative knowledge, but the potential for bringing products to completion decreases. Conversely, one might surmise that hardly any new creative knowledge is generated when knowledge fluctuation is small, but the potential for bringing products to completion increases.

Table 3. Relationship between target cost and extent of knowledge fluctuation

		Extent of knowledge fluctuation	
		Large	Small
Gap between target cost and drifting cost	Large	Large fluctuations (section 3)	Large fluctuations (section 3)
	Small	Small fluctuations (section 4)	Small fluctuations (section 4)

Acknowledgment

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Firms' Investment Strategies and the Choice of Foreign Direct Investment

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Abstract

In this paper, I examine firms' choice to undertake foreign direct investment (FDI) using the theoretical framework of Antràs and Helpman [2004]. I clarify that more headquarter-intensive firms choose to undertake FDI, whereas less headquarter-intensive firms choose outsourcing. I use the strategic types of Miles and Snow to examine firm heterogeneity. Using the analyses of mail surveys of Japanese manufacturing firms in Shimizu and Tamura [2010] and Shimizu and Tamura [2013], I find that prospectors are more headquarter intensive than defenders, whereas analyzers fall in between these types. Thus, prospectors may choose to undertake FDI more than do defenders. From the mail survey of Shimizu and Ando [2011], prospectors perform FDI more aggressively than defenders, which is consistent with the theoretical analysis.

1. Introduction

Melitz [2003] developed the so called "new-new trade theory" regarding firm heterogeneity, which analyzed what kind of firms choose to undertake foreign direct investment (FDI) when they decide to sell their products overseas. Traditionally, many international economics textbooks (for example, see Helpman [2011]) utilized the eclectic theory of Dunning, which states that firms require ownership advantages, location advantages and internalization advantages to choose FDI. Moreover, there are traditionally two purposes of FDI: horizontal FDI aims at supplying goods to the host country, whereas vertical FDI divides a production process, such that some of it occurs overseas, and final goods are imported from an overseas affiliated firm. Recently, a third pattern of FDI, complex integration, in which the aim is to export to a third country, the export platform, has been recognized and analyzed.

In Melitz [2003], firms that differ according to productivity choose to either sell their goods only in the domestic market, export, or undertake FDI (subsidiary sales are defined as horizontal FDI). In choosing between the three potential actions, the most important point is that the fixed costs required are highest for FDI (F^H), followed by exporting (F^X), with the lowest fixed costs for domestic sales (F^D). On the other hand, assume that the domestic wage is higher than the foreign wage, and consider a trade cost such as the transport cost. In this case, the unit cost for exporting is highest, followed by domestic sales, and FDI has the lowest unit cost. Figure 1 illustrates the choice of

activity by the heterogeneous firm with regard to domestic sales, exports, or FDI. The higher fixed cost associated with FDI results in a lower intercept for the profit line ($F^H > F^X > F^D$), whereas the slope of the profit line for exporting is flatter, and the slope of the profit line for FDI is steeper.
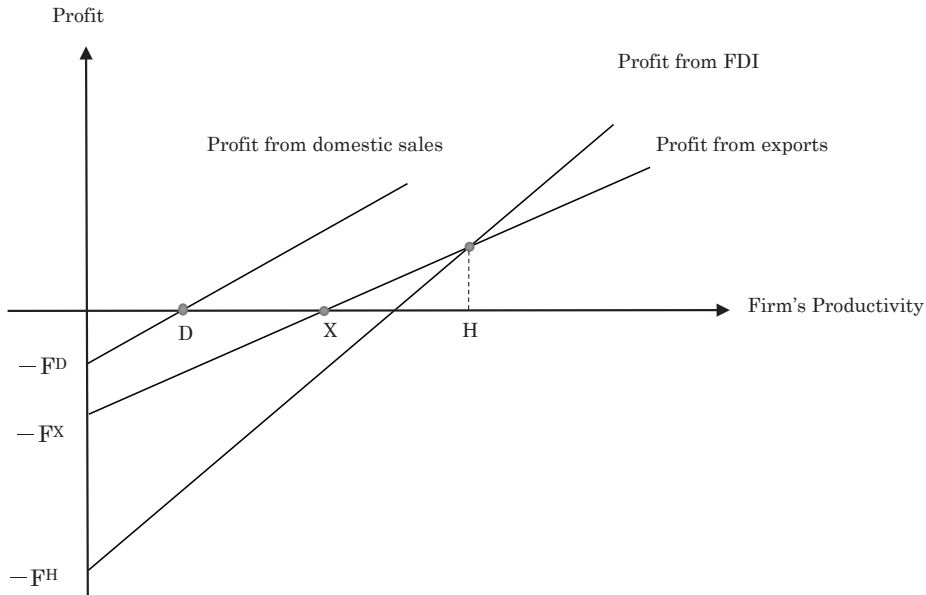
Figure. 1 Firms' choice of domestic sales, exports, and FDI

Figure 1 shows that firms with productivity lower than D will withdraw from the market, firms with productivity between D and X only sell in the domestic market, firms with productivity between X and H will sell in the domestic market and export, and finally, firms with productivity higher than H will sell in domestic markets and invest in subsidiaries overseas. These results are confirmed by many empirical studies using firm-level data, including Tomiura [2007], who found that the productivity of Japanese firms that undertake FDI is higher than that of Japanese firms that only supply to the domestic market or export.

The analysis of vertical FDI has combined the trade model with differentiated goods and the difference in factor composition (see, for example, Helpman [1984]). The production process is decomposed into manufacturing and headquarter services, such as management and research and development (R&D), and it is assumed that factor intensity differs between the two sectors. Then, firms in a capital-abundant country locate their capital-intensive headquarter service in their home country and their labor-intensive manufacturing components in labor-abundant foreign countries. This framework suggests that the FDI strategy of firms will be affected by the difference in factor composition among countries.

Therefore, firm heterogeneity, whether with regard to productivity or the factor intensity of sectors, is key to the choice regarding FDI. Rather than focusing on heterogeneity in productivity, this paper considers firm heterogeneity in terms of differences in the firms' investment strategies or management style in adapting to changes in the business environment, such as market competitiveness,

complexity, or uncertainty. Miles and Snow [1978] consider four strategic types of firms: defenders, prospectors, analyzers, and reactors, based on the firms' adaptive behavior in response to the business environment. I clarify the differences in investment strategies and investment management for these four strategic types, using the results of Shimizu and Tamura [2010] and Shimizu, Oura, and Tamura [2012]. Then, I analyze the attitude of the four firm types toward FDI.

I adapt the theoretical framework introduced by Antràs and Helpman [2004] that involves the firm's organizational decision of the internalization. Antràs and Helpman [2004] assume that differentiated goods are produced by a combination of headquarter services and production sectors, and that a firm's intensiveness of headquarter services affects its decision regarding FDI. I consider the differences in the firms' investment strategies and management according to the strategic types of Miles and Snow and how these relate to the intensity of headquarter services. Then, I verify the theoretical results regarding firms' FDI decisions using the survey of Japanese manufacturing firms by Shimizu and Ando [2011].

The remainder of the paper is structured as follows. In Section 2, I adapt the theoretical model by Antràs and Helpman [2004] and analyze how the share of headquarter services affects a firm's FDI decision. In Section 3, I introduce the strategic types of Miles and Snow, who analyze the difference in firms' adaptation behaviors in response to their business environments, as the source of firm heterogeneity. Then, I summarize the investment strategy and investment management of each of the strategic types. In Section 4, I analyze the difference in firms' FDI decisions based on the strategic types, and verify the results using the survey of Japanese manufacturing firms by Shimizu and Ando [2011]. Finally, in Section 5, I summarize my results and present future research possibilities.

2. The FDI Decision and the Production Share of Headquarter Services

In this section, I analyze how the production share of headquarter services, which include management and R&D, affects firms' decisions regarding FDI. The firms' differentiated goods (i) are produced by the headquarter services (h(i)) and by the manufacturing components (m(i)). X is aggregated consumption and I assume a Cobb–Douglas production function [1]:

$$X=[\int x(i)^{\alpha}di]^{\frac{1}{\alpha}}, 0<\alpha<1$$

$$x(i)=\theta\left[\frac{h(i)}{\eta}\right]^{\eta}\left[\frac{m(i)}{1-\eta}\right]^{1-\eta}, 0<\eta<1$$

where the larger parameter η indicates more headquarter-intensive goods, θ denotes a productivity parameter, and the elasticity of substitution between the two goods is $1/(1-\alpha)$.

There are home (N) and foreign (S) countries, and the headquarter services can be produced only in the home (N) country, whereas the manufactured components can be produced in both the home (N) and the foreign (S) countries with one unit of labor. The wage is higher in the home country than in the foreign country ($W^N > W^S$). Firms in the home country can choose integration or outsourcing in the home or foreign country. Outsourcing in the foreign country refers to import

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[1] I omit industry index j.

components and integration in the foreign country refers to FDI. I assume that the fixed cost of integration ($f_V{}^N$, $f_V{}^S$) is higher than the fixed cost of outsourcing ($f_O{}^N$, $f_O{}^S$) and that the fixed cost of integration or outsourcing in the foreign country is higher than these fixed costs at home. Therefore, $f_V{}^S > f_O{}^S > f_V{}^N > f_O{}^N$. These assumptions reflect the fact that integration requires a restructuring of the organization, which involves high management costs, and that there will also be higher R&D or monitoring and communication costs in the foreign country.

Firms pay a fixed cost in terms of domestic wages ($w^N f_V^S > w^N f_O^S > w^N f_V^N > w^N f_O^N$) and choose outsourcing or integration. The variable unit cost in the home country is higher than that in the foreign country, which reflects the difference in wages. In addition, I assume that the variable unit cost of integration is lower than that of outsourcing.

Figure 2 illustrates the equilibrium in the headquarter-intensive sector, showing the profit of each organizational form (π_V^S, π_O^S, π_V^N, π_O^N) as a function of the productivity parameter ($\theta^{\frac{\alpha}{1-\alpha}}$).
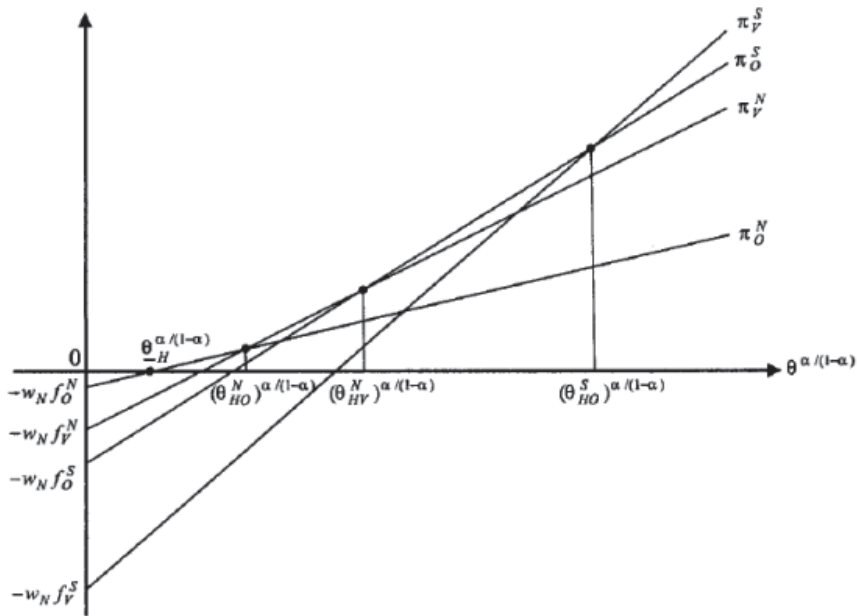
Source: Antràs and Helpman [2004] p. 567.

Figure 2. Equilibrium in the headquarter-intensive sector

The intercepts of the profit lines reflect the assumptions regarding fixed costs ($w^N f_V^S > w^N f_O^S > w^N f_V^N > w^N f_O^N$), and the slopes of the profit lines reflect the assumptions regarding variable costs (*slope of π_V^S > slope of π_O^S > slope of π_V^N > slope of π_O^N*). Figure 2 shows that the least productive firms exit from the market. Then, as the productivity of firms increases, they choose domestic outsourcing, followed by domestic integration, then foreign outsourcing and, finally, for the most productive firms, foreign integration (FDI).

Further, Antràs and Helpman [2004] show that firms that are more headquarter service intensive (higher η) choose FDI. This is because the gain from internalization is higher if the production share of headquarter services is high, as reflected in incomplete contracts for headquarter service. On the other hand, firms that are more intensive in relation to manufactured components (lower η) choose

outsourcing. This is because outsourcing gives more incentives to the manufactured components supplier. Therefore, in the produced-components-intensive sector, the more productive firms choose outsourcing overseas and the less productive firms choose domestic outsourcing.

3. Miles and Snow Strategic Types and Investment Management

Miles and Snow [1978] outline a theory in which each firm determines an investment strategy that involves adapting to the business environment and implementing investment management. They consider that organizations fall into four environmental adaptation types (strategic types), which they term the defender, the prospector, the analyzer, and the reactor.

The first type, the defender, limits its operational area to a relatively narrow product market and establishes its solid status, with the improvement of efficiency and cost competitiveness as its most important goals. In contrast, the prospector constantly searches for market opportunities to obtain profits, aggressively creates change and uncertainty, and develops new products and markets. The third type, the analyzer, establishes its solid status in existing product markets but also searches for market opportunities that it can pursue using its existing technology and it rapidly seizes these if they appear promising. The final type, the reactor, cannot adapt to the business environment; rather, it merely reacts to environmental change and lacks consistent organizational activity. The reactor strategy results in firms failing to function properly.

Shimizu and Tamura [2009] research the investment processes and management of each strategic type using a mail survey of Japanese firms, which was conducted in 2009. The mail survey, sent to a sample of Japanese manufacturing firms, requested the firms to respond concerning capital investment for their main product. The questionnaires were mainly addressed to the management planning sections of 853 Japanese manufacturing firms listed on the First Section of the Tokyo Stock Exchange. The response rate to the survey was 11.72% (100 of the 853 companies). Using a chi-squared test, Shimizu and Tamura [2009] confirm that the respondent firms' distribution by industry is comparable to all manufacturing firms listed on the First Section of the Tokyo Stock Exchange. In addition, firm scale (total assets and capital stock) is compared across respondent and non-respondent firms, and no significant difference is found.

To classify the respondent firms into four strategic types, I adopt the measurement of strategic types by DeSalbo et al. [2005], described below. To begin, we prepared 11 questions that expanded on Miles and Snow's [1978] adaptive-cycle model. Then, we constructed four distinct response options characterizing the four possible strategic types (defender, prospector, analyzer, and reactor) for each of the 11 questions. Next, as a basic rule, the sample firms were classified into one of the four strategic types depending on the response option selected most often. For instance, we classified the firm as a defender if it most often chose defender response options. However, if the number of response options was tied between defender, prospector, and/or analyzer response options, the firm was classified as an analyzer, whereas if there was a tie involving reactor response options, the firm was classified as a reactor.

Table 1 provides the results of the classification of the respondent firms using the procedure described. As shown in Table 2, the largest number of firms are analyzers, followed by defenders, and then prospectors [2].

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[2] We were unable to classify one firm because it did not respond to all of the questions in the survey. This reduced our sample size to 99 firms.

**Table 1. Results of the classification of strategic firm types using
the mail survey conducted in 2009**

Strategic type	Number of firms (%)
Defender	21 (21.0)
Prospector	16 (16.0)
Analyzer	44 (44.0)
Reactor	18 (18.0)
Missing Observations	1 (1.0)
Total	100 (100.0)

Source: Shimizu and Tamura [2010].

Shimizu and Tamura [2010] and Shimizu and Tamura [2013] summarized the differences in investment processes for each strategic type as follows[3]. The defenders focus on efficiency and improving cost competitiveness to maintain a stable status in their domain. They conduct plant investment as operational investments in that context. Therefore, defenders seldom enter new business areas via strategic investment but only repeat their operational investments. The prospector always searches for new business opportunities and pioneers entry to a business area, selected because it is expected to yield large profits. Thus, prospectors are always considering strategic investments and carefully compare the alternative projects available. As they consider entering new businesses as pioneers, they make new business investments. The analyzers succeed in strategic investment across multiple business domains, and repeat operational investments. They may obtain some of their business by imitating the actions of prospectors or through mergers and acquisitions. They search for a business area that they can enter by combining it with the technology of the existing business. Therefore, the analyzers deliberate carefully and invest in determining the optimum timing to seize market opportunities using their existing technology.

Shimizu, Oura, and Tamura [2015] investigate how the consistency between a firm's business strategy and its investment management efforts affects business performance, controlling for market environment factors such as complexity, competition, and uncertainty. Again, this study uses the mail survey conducted in 2009, but it measures the intensity of the strategic type for each respondent firm by counting the responses for each strategic type, rather than classifying the firms into the four strategic types. For instance, if a firm responds to the 11 questions of DeSalbo et al. [2005], and chooses six defender response options, four analyzer response options and one prospector response option, then the firm is considered to have defender tendencies (= 6), analyzer tendencies (= 4), and prospector tendencies (= 1). We measure business performance using the five-year average return on total assets (ROA) from 2005 to 2009.

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[3] We do not examine reactors in detail because they do not operate consistently.

Table 2. The regression results for the interaction between strategic type and investment management

Link with medium / long-term plan			Investment timing		
Constant	7.02 ** (1.924)	5.41 (1.442)	Constant	7.16 ** (2.031)	5.91 (1.589)
Complexity	2.27 *** (3.2)	2.29 *** (3.083)	Complexity	2.38 *** (3.356)	2.27 *** (3.018)
Competition	-1.36 ** (-2.351)	-1.24 ** (-2.103)	Competition	-1.49 ** (-2.58)	-1.27 ** (-2.134)
Uncertainty	-0.62 (-1.182)	-0.57 (-1.077)	Uncertainty	-0.73 (-1.382)	-0.67 (-1.233)
Industry average of ROA	-0.13 (-0.423)	0.02 (0.053)	Industry average of ROA	-0.09 (-0.297)	0.00 (-0.014)
Link with medium / long-term plan	-0.33 (-0.756)	-0.41 (-0.9)	Investment timing	-0.49 (-0.759)	-0.21 (-0.317)
Defender tendency	-0.14 (-0.536)		Defender tendency	0.05 (0.184)	
(Link with medium/long-term plan) * (Defender tendency)	**0.66 ** (2.393)**		(Investment timing) * (Defender tendency)	**1.25 *** (3.109)**	
Prospector tendency		0.09 (0.391)	Prospector tendency		0.10 (0.455)
(Link w medium/long-term plan) * (Prospector tendency)		**-0.31 (-1.227)**	(Investment timing) * (Prospector tendency)		**-0.68 * (-1.689)**
Adjusted R2	0.138	0.092	Adjusted R2	0.168	0.102

Prior profitability check			Post-investment profitability check		
Constant	7.70 ** (2.098)	7.64 ** (2.056)	Constant	7.34 ** (2.024)	7.98 ** (2.228)
Complexity	2.17 *** (3.029)	1.87 ** (2.564)	Complexity	2.27 *** (3.151)	2.40 *** (3.36)
Competition	-1.55 ** (-2.629)	-1.29 ** (-2.205)	Competition	-1.45 ** (-2.512)	-1.59 *** (-2.825)
Uncertainty	-0.67 (-1.26)	-0.65 (-1.228)	Uncertainty	-0.73 (-1.372)	-0.82 (-1.594)
Industry average of ROA	-0.08 (-0.256)	-0.07 (-0.245)	Industry average of ROA	-0.09 (-0.279)	-0.15 (-0.505)
Prior profitability check	0.49 (0.755)	0.42 (0.655)	Post-investment profitability check	-0.55 (-1.241)	-0.59 (-1.381)
Defender tendency	-0.05 (-0.191)		Defender tendency	-0.11 (-0.42)	
(Prior profitability check) * (Defender tendency)	**0.83 * (1.901)**		(Post profitability check) * (Defender tendency)	**0.55 * (1.959)**	
Prospector tendency		0.15 (0.673)	Prospector tendency		-0.08 (-0.355)
(Prior profitability check) * (Prospector tendency)		**-0.84 ** (-2.116)**	(Post profitability check) * (Prospector tendency)		**-0.78 *** (-3.19)**
Adjusted R2	0.117	0.122	Adjusted R2	0.124	0.175

Note: Figures in parentheses are t-statistics. The symbols *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. The dependent variable is the five-year average return on total assets (ROA) from 2005 to 2009.
Source: Shimizu, Oura,, and Tamura [2015].

Table 2 shows the regression results investigating the interaction effect between strategic type and investment management. I found that a prior and post profitability check and setting and the timing in the investment plan have a positive effect on ROA for defender firms. Conversely, a prior and post profitability check and timing in the investment plan have a negative effect on ROA for prospector firms. Thus, investment management involving planning and control works well for defenders, but not for prospectors. This may be because a "thinking while running" type of planning is suitable for prospector firms, whereas planning and control management methods may harm their performance.

4. The Strategic Types and Choice of FDI

How do the differences in the firms' investment process and management, based on the strategic types of Miles and Snow, affect firms' decisions to implement FDI? According to Antràs and Helpman [2004], the intensiveness of headquarter services relative to the production components has an important role in the selection of FDI. Thus, I will consider the difference in the headquarter services of three of the strategic types of Miles and Snow, the defenders, prospectors, and analyzers.

As noted above, the defenders focus on efficiency and improving cost competitiveness to maintain a stable status, and seldom enter new business arenas via strategic investment, preferring to repeat operational investments. Therefore, in their businesses, they will place only a small weight on headquarter services that involve R&D or monitoring costs to develop new markets. In contrast, prospectors are always searching for new business opportunities and making new business investments. Thus, they will spend a great deal on R&D to develop new products or new business opportunities. In addition, they are likely to consider investment management highly important as they carefully compare alternative projects available. The third strategic type, analyzers, may obtain some new businesses through mergers and acquisitions or by imitating the actions of prospectors. They search for business areas to enter by combining them with the technology used in the existing business, and invest in determining the optimum timing to seize market opportunities using their existing technology. Therefore, they do place weight on R&D and incur management costs, but less so than prospectors, who are pioneers.

Thus, the prospectors will have the highest share of headquarter services, defenders will have the lowest, and analyzers will fall in between. In terms of the model presented in Section 2, $\eta(the\ Prospector) > \eta(the\ Analyzer) > \eta(the\ Defender)$. According to the theoretical results of Antràs and Helpman [2004], more headquarter services-intensive firms perform more FDI, indicating that the prospectors choose to undertake more FDI, whereas the defenders choose the lowest levels of FDI, and the analyzer's levels of FDI will fall in between these extremes.

Shimizu and Ando [2011] sent a mail survey to 853 Japanese manufacturing firms listed on the First Section of the Tokyo Stock Exchange in 2011, asking them their attitude toward and the purpose of their FDI, as well as asking the 11 questions by DeSalbo et al. [2005] to classify the firms into four strategic types. A total of 65 firms responded to their survey in 2011. Using the method of DeSalbo et al. [2005], they classified 16 of the firms as defenders, 7 as prospectors, 34 as analyzers, and 8 as reactors. In total, 56 firms carried out FDI and nine firms produced only in Japan. Table 3 compares the respondent firms' attitudes toward FDI in three periods: the present, the future, and in 2006, prior to the global financial crisis, by the firms' strategic types. Their attitudes to FDI are measured on a seven-point Likert scale (where 1 = withhold investment and 7 = invest aggressively). Thus, a higher number means that the firm aggressively pursues and performs more FDI.

Table 3. Firms' attitudes toward FDI: Average for the strategic type

Questions (# of firms)	Defenders (11/16)	Prospectors (6/7)	Analyzers (32/34)	Reactors (7/8)	Total (56/65)
Future	5.36 (1.433)	6.17 (1.169)	5.69 (0.896)	5.71 (1.254)	5.68 (1.081)
Present	4.82 (1.834)	6.17 (1.169)	5.31 (0.998)	4.57 (1.397)	5.21 (1.303)
Pre-GFC (2006)	4.91 (1.315)	6.17 (1.169)	5.13 (0.793)	4.57 (0.976)	5.13 (1.010)

Note: Figures in parentheses are standard errors.

Pre-GFC: prior to the global financial crisis

Source: Shimizu and Ando [2011] mail survey.

Table 3 shows that the prospectors more aggressively perform FDI compared with the analyzers, and that the defenders have quite a negative attitude toward FDI. The prospectors' attitudes toward FDI are the same for the present, future, and past (2006), whereas the defender and the analyzer indicate that they would consider more FDI in the future. These results, indicating that the prospectors perform more FDI than do the defenders and that the analyzers are in between, are consistent with the implications of the theoretical results of Antràs and Helpman [2004].

The firms were also asked about the purposes of their FDI, again using a seven-point Likert scale, where a higher number indicates that firms put more weight on the specified purpose for FDI (1 = do not agree at all, 5 = strongly agree).

Table 4. The purposes of FDI: Average for the strategic type

Questions	Defenders (11/16)	Prospectors (6/7)	Analyzers (32/34)	Reactors (7/8)	Total (56/65)
Production base: Sell in host country	5.36 (1.362)	5.83 (2.041)	5.59 (1.388)	4.43 (2.225)	5.43 (1.582)
Production base: Export to third country	3.91 (1.375)	5.17 (1.602)	4.00 (1.685)	3.57 (1.902)	4.05 (1.656)
Production base: Export to Japan	2.55 (1.368)	5.00 (1.095)	2.91 (1.785)	3.29 (1.254)	3.11 (1.702)
R&D base	2.00 (1.272)	3.83 (2.483)	2.39 (1.745)	2.71 (1.604)	2.51 (1.773)
Sales base	4.27 (1.272)	4.50 (2.074)	4.50 (1.814)	4.14 (1.574)	4.41 (1.682)

Note: Figures in parentheses are standard errors.
Source: Shimizu and Ando [2011] mail survey.

Table 4 presents the firms' perceptions of the purpose of FDI based on each strategic type. In the table, "production base: sell in host country" and "sales base" refer to horizontal FDI, "production base: export to Japan" refers to vertical FDI, and "production base: export to third country" refers to complex integration. "R&D base" indicates FDI in the headquarter services.

Of the 56 firms that performed FDI, the largest number of firms stated that they invested for

purposes relating to "production base: sell in host country" and "sales base", indicating that more firms perform horizontal FDI. After horizontal FDI, the next most common purpose is "production base: export to third country". A smaller number of firms chose the purpose "production base: export to Japan" and very few firms chose "R&D base", which is in line with the predictions of the theoretical model.

The prospectors responded with higher numbers for every FDI purpose, and even gave high numbers on the Likert scale to "production base: export to third country" and "production base: export to Japan". The defenders responded with lower numbers, although they did respond with a relatively high number for horizontal FDI, that is, for the purpose categories of "production base: sell in host country" and "sales base". The analyzers' responses were in between those of the prospectors and the defenders for every specified purpose of FDI.

5. Conclusion

In this paper, I examine firms' choices regarding FDI, using the framework of the Miles and Snow strategic types to represent firm heterogeneity. Using the theoretical framework of Antràs and Helpman [2004], I clarify that more headquarter-intensive firms choose to undertake FDI, whereas firms that are less headquarter intensive choose outsourcing rather than FDI. Based on the analyses of mail survey data on Japanese manufacturing firms in Shimizu and Tamura [2010] and Shimizu and Tamura [2013], I find that prospectors are more headquarter intensive than defenders, and that analyzers fall in between. Thus, prospectors may choose to undertake FDI more compared with defenders. Based on the mail survey of Shimizu and Ando [2011], I find that prospectors perform FDI more aggressively than defenders, which is consistent with the theoretical analysis.

Finally, I identify a number of possible future research topics. Although many Japanese firms are classified as analyzers, I was unable to extract the investment strategies for analyzer firms. This is because the characteristics of analyzer firms are a mix of two different strategic types, namely the defender and the prospector. In future research, we aim to construct precise concepts concerning the analyzers.

Shimizu, Oura, and Tamura [2015] revealed that the management style that many firms adopt is not necessarily appropriate for improving their performance and, in fact, may harm performance. Another interesting topic for the future is to investigate how firms' FDI strategies improve their competitiveness.

Further, my study has limitations in that the analysis of the Miles and Snow strategic types uses survey data. In future research, it will be important to attempt the classification of firm strategic types using financial data.

Acknowledgment

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Impact of Foreign Direct Investment and Financial Market Development on Economic Growth

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Abstract

Foreign direct investment (FDI) has a major impact on the economic growth of both the investing and host countries. In the present study, the impact of FDI and financial market development on economic growth in host countries is examined by conducting ordinary least squares, fixed effects model, and instrumental variables regression analyses of panel data collected for 60 countries from 1980 to 2014. The results of the analyses show that FDI and financial market development have independent positive effects on economic growth in host countries, and also that financial market development does not increase the positive effect of FDI on economic growth.

1. Introduction

Foreign direct investment (FDI) has several major effects on the economic growth of both the investing and host countries. In the host country, compared with cases where there is only domestic investment, FDI improves total factor productivity and income, making it possible to prevent capital that could be invested domestically from flowing out of the country. FDI also makes it possible to increase domestic capital stock without increasing external debt, and the inflow of capital promotes expansion of production and employment and the transfer of new technology to the host country. However, FDI also intensifies economic competition due to increased entry of foreign-affiliated companies. In the investing country, FDI increases exports of intermediate goods via greater inter-process division of labor. In addition, domestic production becomes more specialized in capital-intensive manufacturing processes through the export of labor-intensive production processes, which increases the pool of skilled workers and improves domestic productivity. However, FDI also reduces the domestic production scale and raises the domestic unemployment rate.

Developing countries are characterized by a chronic lack of financial assets; therefore, to attract FDI, developing countries must first develop their financial markets, which has positive effects on their economic growth. Through financial market development, the number of domestic enterprises that lack financial assets is decreased, leading to a greater capacity for investment. The inflow of FDI then increases domestic savings and investment, and the efficiency of the domestic market is improved. Finally, as international risk-sharing progresses, capital costs are reduced, production specialization progresses, and productivity improves.

Although many of the positive effects of FDI and financial market development on economic growth in host countries are understood, the full effects are yet to be fully elucidated. It also remains

unknown whether financial market development enhances the positive effects of FDI on economic growth. Therefore, the present study examines these two points.

In this paper, Section 2 provides a summary of relevant studies previously conducted on the issue. Section 3 presents the two models and Section 4 describes the data used in the present estimations. Section 5 presents the results of the analyses. Section 6 compares the present results with those of a previous study. Section 7 concludes.

2. Previous studies

2.1. FDI and economic growth

Several previous studies demonstrate that FDI increases the income of the host country and has a positive effect on productivity. De Mello (1999) conducted an analysis using panel data from 33 countries that included both Organisation for Economic Co-operation and Development (OECD) member and non-member countries and found that FDI has a positive impact on economic growth in all countries, with the rate of economic growth increasing most in OECD member countries. This was attributed to FDI having a greater effect on improving productivity in countries with more advanced production technology. However, even in non-OECD countries, FDI was found to have a positive effect on economic growth because productivity is improved by the promotion of capital accumulation through FDI.

Xu (2000) examined the effect of technology transfer through FDI in host countries and found that only developed countries that have already accumulated human capital benefit from this type of technology transfer.

Soto (2000) and Reisen and Soto (2001) examined the impact of capital flows on economic growth by using panel data for developing countries and found strong positive correlations between FDI and capital flow, and between FDI and GDP growth rate. In developing countries, where financial markets are not fully developed, capital flows have advantages over debt flows. In other words, if the volatility of capital flows is large, the negative impact on the economy will increase. However, the volatility of FDI is smaller than the volatility of capital flows. For that reason, FDI has a greater positive effect on economic growth.

In contrast to this previous study, Blomström, Kokko, and Zejan (2000) analyzed data for developing countries and found that FDI does not have a positive effect on economic growth because there is no accumulation of human capital in developing countries, and so any improvement in productivity due to technology transfer through FDI is negligible. This suggests that FDI does not always lead to economic growth.

2.2. Technical level of the host country

Borensztein, De Gregorio, and Lee (1998) analyzed the relationship between the effect of FDI on economic growth and the technical level of the host country and found that when new capital inflow from FDI enhances technological progress, productivity improves and economic growth advances. However, they also found that the technical level of the workforce dictates the scale of economic growth. This suggests, that economic growth from FDI is positive only in countries that guarantee a minimum level of education.

2.3. Financial market development

Acemoglu and Zilibotti (1997) and Beck, Levine, and Loyaza (2000) report that if a country's financial markets are not fully developed, multinational companies are more advantageous than local businesses, which means that local companies may not benefit from FDI.

According to Hermes and Lensink (2003), a fully developed financial system is necessary for FDI to increase economic growth in the host country. The introduction of new technology through FDI improves productivity and increases economic growth. However, economic growth requires sufficient financial assets. Furthermore, to properly select investment destinations, a well-developed financial system is indispensable.

Alfaro et al. (2004) used cross-country data to examine the relationship between financial system development and the effect of FDI on economic growth and found that the positive effect of FDI on economic growth is ambiguous. However, they found that if the financial markets develop, the positive effect of FDI on economic growth is boosted.

In an analysis of cross-section of equity foreign portfolio investment (EFPI) data, Durham (2004) found that FDI and EFPI have no direct positive effect on economic growth, but that EFPI promotes the effect of FDI on economic growth.

Lee and Chang (2009) used panel data for 37 countries to examine whether financial market development or FDI affects economic growth most and found that financial market development has a greater influence on economic growth than FDI.

Chee and Nair (2010) used panel data for 44 countries in Asia and Oceania and a fixed effect regression model and a random effect model to examine the relationship between the degree of financial market development and the effect of FDI on economic growth and found that financial market development increases the positive effect of FDI on economic growth.

Li and Liu (2005) used panel data from 84 countries to examine whether FDI has a positive influence on economic growth. In the analysis, a three-stage least squares method was used and income gap relative to the United States was taken as an index of the absorptive capacity of the country. The coefficient for the interaction between the variables "income gap with the United States" and "FDI" was a significant negative value. In other words, the greater the income gap with the United States, the less positive the impact of FDI on economic growth.

2.4. Evolution of estimation methods

The effect of FDI on economic growth varies from country to country. With the introduction of panel data, it has become possible to incorporate different effects for each country into estimation models so that more detailed analyses can be conducted. However, panel data is often heteroscedastic.

Arellano and Bond (1991) and Arellano and Bover (1995) used dynamic panel data models to remove bias from their results. Nair-Reichert and Weinhold (2001) analyzed panel data from 24 developing countries by using homogeneity and heteroscedasticity assumptions. For the homogeneity assumptions, they used dynamic panel models, and for the heteroscedasticity assumptions they used a mixed fixed and random model. In both cases, they found that FDI has a positive impact on economic growth, which means that the process by which FDI brings economic growth varies from country to country.

2.5. The endogeneity problem

When analyzing how FDI affects economic growth in host countries, the problem of endogeneity must be considered. Endogeneity arises in this context because a reverse causality exists, if host countries are chosen in anticipation of future economic growth. This means that FDI does not

promote economic growth in the host country, but rather that FDI is being directed to countries where economic growth is currently occurring or where economic growth is expected to occur. The following papers consider countermeasures to the problem of endogeneity: Alfaro et al. (2004) used instrumental variables regression, Li and Liu (2005) used a three-stage least squares method, and De Mello (1999) used fixed effect instrument variable estimation.

3. The model

Two models are used in the present study. The independent variable in Equation (1) is FDI and other variables. By using Equation (1), the effect of FDI on economic growth can be estimated. To the independent variable in Equation (1), Equation (2) adds variables that describe financial market development and the interaction between FDI and the financial markets. This makes it possible to determine not only the impact of financial market development on economic growth but also whether financial market development increases or decreases the positive effect of FDI on economic growth.

$$GROWTH_i = \beta_0 + \beta_1 Log(Initial\ GDP_i) + \beta_2\ FDI_i + \beta_3\ CONTROLS_i + v_i \cdots(1)$$

$$GROWTH_i = \beta'_0 + \beta'_1\ FDI_i + \beta'_2\ (FDI_i \times FINANCE_i) + \beta'_3 FINANCE_i + \beta'_4 CONTROLS_i + v_i \cdots(2)$$

4. Data

Two datasets are used in the present analyses. The first dataset comprises panel data for 60 countries for the period 1980 to 2014, and the second dataset comprises panel data for 32 countries for the period 2001 to 2014 (Table 7). All values are real values and the data was obtained from the World Bank. Table 1 summarizes the variables used in the analyses and their data sources, and Table 2 provides descriptive statistics for each variable.

Data are collected for the following six variables representing financial market development: SCAPT, market capitalization of listed domestic companies; SVALT, the total value of stocks traded; PRIVCR, domestic credit to private sector; LLY, liquid liabilities (M3); BANKCR, domestic credit provided by the financial sector; and BTOT, depositors with commercial banks. The data for BTOT is logarithmic. SCAPT and SVALT are included in both datasets, whereas the other variables are included only in the 32-country dataset.

Processed data used in the analyses include the data for Log(initial GDP) and trade volume. Log(initial GDP) is the logarithm of the initial value of GDP and is used as a dummy variable. Trade volume is calculated as imports plus exports as a share of GDP.

The following four dummy variables are also used in the analysis: Sub-Saharan Africa dummy, SCANDINAVIAN, FRENCH, and Creditor Rights. The Sub-Saharan Africa dummy variable is a dummy variable that takes 1 for Sub-Saharan Africa region and 0 for all other regions. SCANDINAVIAN and FRENCH are legal origin dummy variables. SCANDINAVIAN is a dummy variable that takes 1 when adopting Scandinavian civil law and 0 otherwise; the four countries corresponding to 1 are Sweden, Denmark, Norway, and Finland. FRENCH is a dummy variable that takes 1 when adopting French civil law and 0 otherwise; the 24 countries corresponding to 1 are Argentina, Belgium, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, France, Guatemala, Guyana, Italy, Jamaica, Mexico, Netherlands, Panama, Paraguay, Peru, Portugal, South Africa, Spain, Trinidad and Tobago, Uruguay, and Venezuela.

Creditor Rights is used by adopting the classification of La Porta et al. (1997, 1998). This dummy variable is an index that classifies creditor rights into four classes. In the countries classified as 1, the minimum dividend for applying for the reorganization of a company or the consent of the creditors is regulated; the nine countries corresponding to 1 are Argentina, Australia, Brazil, Canada, Denmark, Germany, Guyana, Italy, and Spain. In countries classified as 2, once the reorganization petition is approved, the secured creditor can gain possession of their securities; the 10 countries corresponding to 2 are Belgium, Chile, Finland, Japan, Kenya, Pakistan, Papua New Guinea, Trinidad and Tobago, United Kingdom, and Venezuela. In countries classified as 3, in the distribution of procedures that result in the disposition of assets of a bankrupt firm, secured creditors will receive assets first; the eight countries corresponding to 3 are Austria, Ecuador, Greece, Malaysia, Panama, Thailand, Turkey, and United States. In countries classified as 4, the debtor does not retain management of a property until a resolution of reorganization is made; the 11 countries corresponding to 4 are Egypt, El Salvador, Iran, Ireland, Jamaica, Malawi, Mexico, Paraguay, Sri Lanka, Sweden, and Zimbabwe. The five countries corresponding to 0 are Colombia, Ghana, New Zealand, Singapore, and South Africa.

Table 1. Data

Data	Description of variable, data source
Growth	GDP per capita growth (annual %), World Bank
FDI	Foreign direct investment, net inflows (% of GDP), World Bank
Population growth	Population growth (annual %), World Bank
Government consumption	General government final consumption expenditure (% of GDP), World Bank
Inflation	Inflation, GDP deflator (annual %), World Bank
GDP	GDP per capita (constant 2005 US$), World Bank
Exports	Exports of goods and services (% of GDP), World Bank
Imports	Imports of goods and services (% of GDP), World Bank
SCAPT	Market capitalization of listed domestic companies (% of GDP), World Bank
SVALT	Stocks traded, total value (% of GDP), World Bank
PRIVCR	Domestic credit to private sector (% of GDP), World Bank
LLY	Liquid liabilities (M3) (% of GDP), World Bank
BANKCR	Domestic credit provided by financial sector (% of GDP), World Bank
BTOT	Depositors with commercial banks (per 1,000 adults), World Bank
Processed data	Description of variable
Log(initial GDP)	Logarithm of the initial value of GDP
Trade volume	Imports plus exports as a share of GDP
Sub-Saharan Africa dummy	Dummy variable with 1 for Sub-Saharan Africa region and 0 for other regions
SCANDINAVIAN	Dummy variable that takes 1 when adopting the Scandinavian civil law and 0 otherwise
FRENCH	Dummy variable that takes 1 when adopting the french civil law and 0 otherwise
Creditor Rights	Dummy variable ranging from 0 to 4 that aggregates different creditor rights

Table 2. Descriptive statistics

	Mean	Standard deviation	Minimum	Maximum
Dataset 1 : 60 Countries (1980-2014)				
Growth	0.02	0.04	-0.24	0.19
GDP	13639.22	14769.65	182.24	69094.74
FDI	0.03	0.07	-0.12	1.73
Population growth	0.01	0.01	-0.02	0.11
Government consumption	0.16	0.05	0.02	0.41
Sub-Saharan Africa dummy	0.08	0.28	0	1
Inflation	0.24	1.96	-0.28	62.61
Trade volume	0.74	0.54	0.06	4.40
SCAPT	2.87	37.43	0	1018.95
SVALT	0.32	0.52	0	9.63
SCANDINAVIAN	0.07	0.25	0	1
FRENCH	0.40	0.49	0	1
Creditor Rights	2.26	1.35	0	4
Dataset 2 : 32 Countries (2001-2014)				
Growth	0.02	0.03	-0.11	0.16
GDP	10682.76	13700.88	425.72	50695.08
FDI	0.03	0.03	-0.04	0.17
Population growth	0.01	0.01	-0.01	0.03
Government consumption	0.15	0.05	0.05	0.28
Sub-Saharan Africa dummy	0.09	0.29	0	1
Inflation	0.07	0.08	-0.28	0.81
Trade volume	0.75	0.38	0.20	2.10
SCAPT	0.67	0.53	0.01	2.77
SVALT	0.38	0.40	0	1.88
PRIVCR	0.64	0.50	0.09	2.02
LLY	0.63	0.54	0.14	2.28
BANKCR	0.86	0.66	0.11	3.74
BTOT	635.34	375.39	52.90	1431.52
SCANDINAVIAN	0.06	0.24	0	1
FRENCH	0.44	0.50	0	1
Creditor Rights	2.33	1.39	0	4

5. Empirical results

Table 3 shows the results of the ordinary least squares regression analysis made by using Equation (1). This analysis measures the effect of FDI on economic growth in the host country. Both datasets are used to provide estimates for two different time periods. In both analyses (Table 3, columns (1) and (2)), the coefficient for FDI is positive and statistically significant, indicating that an increase in FDI is associated with an increase in economic growth in the host country.

Table 4 shows the results of ordinary least squares regression analysis made by using Equation (2) in which variables expressing financial market development are added to Equation (1). This analysis measures the impact of FDI and financial market development on economic growth in the host country. In addition to the six variables regarding financial market development, a variable for the interaction between FDI and financial markets is added, which allows us to examine how financial market development supports economic growth through FDI. In the results of the analysis, the coefficients for FDI were significant and positive for most variables. Therefore, as in the previous ordinary least squares regression analysis (Table 3), FDI has a positive effect on economic growth in the host country. Among the coefficients for Financial markets, only the coefficients for SCAPT and SVALT are significant; however, the coefficients for many of the other interactions are positive. Together, these results indicate that economic growth increases as the financial markets develop. Next, an interaction term is added to examine the impact of financial market development on the effect of FDI on economic growth in the host country. In the results of the analysis, only the coefficients for SCAPT are significant, although they are also negative. This suggests that as the

financial market develops, the positive effect of FDI on economic growth decreases. In other words, the development of the financial market does not boost the effect of FDI on economic growth. Considering this result in more detail, in column (3), the signs for the coefficients for FDI, Financial markets, and the interaction term are positive, negative, and negative, respectively; therefore, financial market development has a negative effect on economic growth. In the case of column (5), the signs for the coefficients for FDI, Financial markets, and the interaction term are positive, positive, and negative, respectively; therefore, FDI and financial market development both have a positive effect on economic growth. However, the negative sign for the coefficient for the interaction term suggests that as financial market development progresses, the positive impact on economic growth by FDI decreases.

Table 5 shows the results obtained from the fixed effect regression model analysis. Note that different data are used in the ordinary least squares regression analysis (Table 4) and this fixed effect regression model analysis. In this analysis, Log(GDP) is added, and Log(initial GDP) and Sub-Saharan Africa dummy variable are removed. The reason for using a fixed effect regression model is that this estimation contains a reverse causal problem where if the host country is chosen based on anticipated future economic growth, a reverse causality exists that results in the creation of endogenous bias. By using a fixed effect regression model it is possible to remove endogenous bias, and omitted variable bias generally does not occur in this type of analysis. In the present analysis (Table 5), the coefficient for FDI is significant and positive for most of the estimates, which is consistent with the previous two analyses (Tables 3 and 4). Also, of the coefficients for Financial markets development, only that for SCAPT is significant, and the signs in columns (11) and (13) are different. In addition, the coefficients for FDI, Financial markets, and the interaction term only have significant values in column (11). The signs of the coefficients for FDI, Financial markets, and the interaction term are positive, negative, and negative, respectively, which is the same as in column (3).

Table 6 shows the results of the instrumental variables regression analysis. A major advantage for using instrumental variables regression is that it deals with the reverse causal problem. In an instrumental variables regression, selection of the appropriate instrumental variables is important. The appropriate instrumental variables are correlated with the independent variable and are not affected by the dependent variable. In the present analysis, two variables are used; one is a dummy variable created from the origin of a country's legal rules and the other is a dummy variable created by classifying creditor rights into four categories. By using the instrument variables regression, the statistical significances of the three coefficients of FDI, Financial market, and the interaction term are improved greatly. Looking at columns (20), (22), and (23), the signs for the coefficients for FDI, Financial markets, and the interaction term are positive, positive, and negative in all three columns. In other words, FDI and financial market development both have a positive effect on economic growth, but financial market development does not boost the effect of FDI on economic growth.

Together, the results of the three analyses show that FDI and financial market development have a positive impact on economic growth in the host country. However, since the interaction between FDI and financial market variables is negative, financial market development does not increase the effect of FDI on economic growth. This is likely because as the financial markets develop, the economy is able to grow, making it possible to raise funds from the domestic market, which reduces the importance of FDI. For this reason, the influence of FDI on economic growth in the host country is reduced. Another likely factor is that part of the domestic investment is crowded out; in other words, as the financial market develops, overseas funds flow into the host country and investment expands, resulting in increased government expenditure and rising interest rates. However, this shrinks private investment and negatively affects the effect of FDI.

Table 3. Effect of FDI on economic growth (ordinary least squares regression analysis)

	(1)	(2)
Period	1980-2014	2001-2014
Observations	2025	431
Log(initial GDP)	-0.0016*	-0.0004
	(0.0009)	(0.0015)
FDI	0.0328**	0.2652**
	(0.0140)	(0.0516)
Population growth	-0.5551**	-0.5908**
	(0.1428)	(0.2436)
Government consumption	-0.1285**	-0.2050**
	(0.0253)	(0.0366)
Sub-Saharan Africa dummy	-0.0077*	0.0130**
	(0.0044)	(0.0051)
Inflation	-0.0022**	-0.0183
	(0.0006)	(0.0340)
Trade volume	0.0081**	0.0049
	(0.0018)	(0.0033)
R^2	0.08	0.16

Notes: Dependent variable: average annual real per capita growth rate.
Data are presented as coefficients with standard deviations in parentheses.
Coefficients are statistically significant at the *10% or **5% significance level.

Table 4. Effect of financial market development and FDI on economic growth (ordinary least squares regression analysis)

	(3)SCAPT	(4)SVALT	(5)SCAPT	(6)SVALT	(7)PRIVCR	(8)LLY	(9)BANKCR	(10)BTOT
Period	1980-2014	1980-2014	2001-2014	2001-2014	2001-2014	2001-2014	2001-2014	2001-2014
Observations	1193	1124	302	263	424	123	424	123
Log(initial GDP)	-0.0027**	-0.0030**	-0.0015	-0.0026	-0.0013	-0.0074**	-0.0003	0.0085
	(0.0009)	(0.0010)	(0.0017)	(0.0022)	(0.0021)	(0.0030)	(0.0018)	(0.0054)
FDI	0.0143*	0.0115*	0.4097**	0.3533**	0.3786**	0.0124	0.3762**	-1.3094
	(0.0075)	(0.0073)	(0.0824)	(0.1105)	(0.1136)	(0.2005)	(0.1109)	(1.7586)
FDI×Financial markets	-0.0021*	0.0008	-0.2211**	-0.2037	-0.1356	0.3357	-0.1324	0.2580
	(0.0013)	(0.0087)	(0.1062)	(0.1785)	(0.1176)	(0.3345)	(0.0959)	(0.2718)
Financial markets	-0.0001**	0.0052**	0.0093**	0.0183**	0.0072	-0.0058	0.0018	-0.0079
	(0.0001)	(0.0019)	(0.0044)	(0.0088)	(0.0062)	(0.0092)	(0.0040)	(0.0094)
Population growth	-0.2088	-0.3190**	-0.4635*	-0.5242	-0.4223	-1.8697**	-0.4817*	-0.7469
	(0.1453)	(0.1588)	(0.2421)	(0.3718)	(0.2822)	(0.5522)	(0.2836)	(0.4747)
Government consumption	-0.1053**	-0.1046**	-0.1865**	-0.1796**	-0.2066**	-0.1708**	-0.1992**	-0.3431**
	(0.0260)	(0.0273)	(0.0411)	(0.0480)	(0.0365)	(0.0782)	(0.0351)	(0.1027)
Sub-Saharan Africa dummy	-0.0089**	-0.0099**	0.0028	-0.0015	0.0102*	0.0103	0.0125**	0.0386
	(0.0036)	(0.0042)	(0.0056)	(0.0070)	(0.0059)	(0.0080)	(0.0055)	(0.0253)
Inflation	-0.0040**	-0.0038**	0.0136	0.0397	-0.0143	0.0298*	-0.0206	-0.0024
	(0.0003)	(0.0003)	(0.0121)	(0.0340)	(0.0347)	(0.0168)	(0.0348)	(0.0534)
Trade volume	0.0054**	0.0037**	0.0021	0.0017	0.0037	-0.0193**	0.0052	0.0007
	(0.0018)	(0.0021)	(0.0034)	(0.0040)	(0.0037)	(0.0089)	(0.0034)	(0.0092)
R^2	0.10	0.03	0.02	0.19	0.16	0.19	0.16	0.15

Notes: Dependent variable: average annual real per capita growth rate.
Data are presented as coefficients with standard deviations in parentheses.
Coefficients are statistically significant at the *10% or **5% significance level.

Table 5. Effect of financial market development and FDI on economic growth
(fixed effect regression model)

	(11)SCAPT	(12)SVALT	(13)SCAPT	(14)SVALT	(15)PRIVCR	(16)LLY	(17)BANKCR	(18)BTOT
Period	1980-2014	1980-2014	2001-2014	2001-2014	2001-2014	2001-2014	2001-2014	2001-2014
Observations	1193	1124	302	263	424	123	424	123
Log(GDP)	-0.0099	-0.0150	0.0185	0.0226	0.0463*	0.0625**	0.0418*	0.1002**
	(0.0091)	(0.0093)	(0.0129)	(0.0300)	(0.0242)	(0.0274)	(0.0214)	(0.0271)
FDI	0.0327**	0.0204**	0.4494**	0.4582**	0.5032**	-0.1278	0.5355**	-1.7715
	(0.0133)	(0.0093)	(0.1339)	(0.1727)	(0.1137)	(0.2399)	(0.1136)	(1.7604)
FDI×Financial markets	-0.0030**	0.0024	-0.2082	-0.4287*	-0.3708**	-0.0149	-0.3402**	0.3997
	(0.0011)	(0.0128)	(0.1518)	(0.2244)	(0.1150)	(0.4999)	(0.0963)	(0.3175)
Financial markets	-0.0001**	0.0043	0.0181**	0.0099	-0.0260	0.0227	-0.0217	-0.0448
	(0.0001)	(0.0037)	(0.0069)	(0.0076)	(0.0203)	(0.0216)	(0.0143)	(0.0265)
Population growth	-0.4229	-0.5846**	-1.3594	-2.3175**	-2.3363**	-1.9624	-2.2432**	3.3437
	(0.2714)	(0.2906)	(1.0067)	(1.1025)	(0.8631)	(1.6378)	(0.9004)	(2.8548)
Government consumption	-0.3875**	-0.4451**	-0.4162**	-0.8261**	-0.5563**	-1.0030**	-0.5194**	-0.2338
	(0.1315)	(0.1459)	(0.1892)	(0.1953)	(0.1917)	(0.1868)	(0.1960)	(0.3010)
Inflation	-0.0049**	-0.0050**	0.0194	0.0143	-0.0384	0.0355**	-0.0351	-0.0139
	(0.0005)	(0.0006)	(0.0127)	(0.0223)	(0.0307)	(0.0148)	(0.0300)	(0.0430)
Trade volume	0.0030	0.0071	0.0124	0.0349	0.0453**	0.0730**	0.0475**	0.0904**
	(0.0103)	(0.0144)	(0.0107)	(0.0219)	(0.0161)	(0.0216)	(0.0170)	(0.0373)
R^2	0.09	0.10	0.23	0.21	0.21	0.25	0.21	0.19

Notes: Dependent variable: average annual real per capita growth rate.

Standard deviations are given in parentheses under the coefficients.

Individual coefficients are statistically significant at the *10% or **5% significance level.

Table 6. Effect of financial market development and FDI on economic growth
(instrumental variables regression)

	(19)SCAPT	(20)SVALT	(21)SCAPT	(22)SVALT	(23)PRIVCR	(24)LLY	(25)BANKCR	(26)BTOT
Period	1980-2014	1980-2014	2001-2014	2001-2014	2001-2014	2001-2014	2001-2014	2001-2014
Observations	1004	979	302	263	424	96	424	123
Log(initial GDP)	-0.0035**	-0.0069**	0.0042	-0.0093**	-0.0073**	-0.0111**	-0.0044*	0.0098
	(0.0011)	(0.0017)	(0.0029)	(0.0037)	(0.0034)	(0.0054)	(0.0025)	(0.0071)
FDI	0.0678*	0.1170**	-0.2376**	0.7956**	0.8135**	0.1939	0.7520**	-2.2300
	(0.0407)	(0.0529)	(0.2594)	(0.2278)	(0.2436)	(0.2441)	(0.2034)	(2.8900)
FDI×Financial markets	-0.0446	-0.1528**	0.8665**	-1.2810**	-0.6235**	0.1846	-0.4615**	0.4040
	(0.0441)	(0.0590)	(0.4361)	(0.5019)	(0.2634)	(0.3758)	(0.1760)	(0.4457)
Financial markets	0.0013	0.0387**	-0.0513	0.0769**	0.0450**	0.0103	0.0261**	-0.0136
	(0.0013)	(0.0131)	(0.0238)	(0.0267)	(0.0179)	(0.0258)	(0.0109)	(0.0184)
Population growth	-0.4083**	-0.0938	-1.0393**	0.4144	0.2977	-0.7092	0.2494	-0.8800
	(0.1710)	(0.1764)	(0.3241)	(0.5580)	(0.4202)	(2.3439)	(0.3899)	(0.5648)
Government consumption	-0.0743**	-0.0612*	-0.1918**	-0.1469**	-0.2243**	0.0006	-0.2187**	-0.3457**
	(0.0326)	(0.0358)	(0.0477)	(0.0600)	(0.0396)	(0.0914)	(0.0376)	(0.1037)
Sub-Saharan Africa dummy	-0.0112**	-0.0191**	0.0386**	-0.0222*	-0.0075	-0.0040	-0.0013	0.0460
	(0.0041)	(0.0048)	(0.0150)	(0.0120)	(0.0090)	(0.0129)	(0.0072)	(0.0330)
Inflation	-0.0035**	-0.0032**	-0.0194	0.0504	0.0182	0.1733	0.0057	-0.0037
	(0.0003)	(0.0004)	(0.0247)	(0.0338)	(0.0338)	(0.1127)	(0.0338)	(0.0533)
Trade volume	0.0075**	-0.0005	0.0149**	-0.0033	-0.0034	-0.0089	0.0041	-0.0018
	(0.0026)	(0.0032)	(0.0061)	(0.0052)	(0.0054)	(0.0135)	(0.0038)	(0.0096)

Notes: Dependent variable: average annual real per capita growth rate.

Standard deviations are given in parentheses under the coefficients.

Individual coefficients are statistically significant at the *10% or **5% significance level.

Instrumental variables for each column are as follows: Column (19) is SCANDINAVIAN and Creditor Rights; columns (20) is FRENCH and Creditor Rights; columns (21), (23), (25), and (26) are SCANDINAVIAN and FRENCH; column (22) is FRENCH; column (24) is SCANDINAVIAN, FRENCH, and Creditor Rights.

6. Comparison with previous studies

Alfaro et al. (2004) examined the impact of financial market development and FDI on economic growth in the host country and concluded that FDI has a positive effect on economic growth in the host country. However, the financial market development has a negative effect on the economic growth of the host country; the interaction between FDI and financial markets is positive. This means that financial market development alone does not contribute to economic growth in the host country, but that financial market development has the effect of increasing the positive effect of FDI. In the present analyses, the signs of the coefficients for FDI, Financial markets, and the interaction term are positive, positive, and negative, respectively. Both FDI and financial market development have positive effects on economic growth, but financial market development does not increase the effect of FDI on economic growth. As the development of financial markets progresses, the positive impact FDI has on economic growth diminishes.

To determine why the results of the present study and those of Alfaro et al. differ, we must consider the characteristics of the data used. The World Bank classifies countries according to income level into four categories: high income, upper-middle income, lower-middle income, and low income. When classifying the data used in the present study to this classification, 50.0% of the countries are high income and 3.3% are low income. In contrast, in the data used in the study by Alfaro et al., 41.7% of the countries are high income and 12.5% are low income. Thus, compared with the present study, the data used by Alfaro et al. includes a higher proportion of low-income countries than the data used in the present study.

Berthelemy and Varoudakis (1996) examined the threshold effect on financial system development by using a standard economic growth model to which a variable describing financial market development was added. They found that further development of the financial system has a positive effect on economic growth in countries that already have a highly developed financial system. However, in countries with an underdeveloped financial system, further development of the financial system will have a negative effect on economic growth. Fung (2009) used a model that incorporated the interaction of financial system development and economic growth to examine data for low-income countries and found that low-income countries that are underdeveloped but have good financial systems are able to develop into middle-income countries in the future. However, low-income countries with unstable financial systems will became "poverty trap" states.

The data used by Alfaro et al. contains a relatively high percentage of low-income countries compared with the data used in the present study, that is, it includes a large proportion of countries where the financial system is incomplete. Therefore, it is possible that their results reflect more the situation in low-income countries. In other words, even if the financial markets develop due to improvement of the financial system, it may not necessarily have a positive effect on the economic growth of that country. However, low-income countries are characterized by a chronic financial asset shortage, and FDI plays a major role in resolving this situation. Therefore, financial market development likely has a negative impact on economic growth, and the interaction between FDI and the financial markets is positive.

In contrast, the data used in the present study contains a higher percentage of high-income countries than the data used by Alfaro et al., suggesting that the present results reflect the situation in high-income countries. The financial system in high-income countries is already highly developed, and further development of the financial system will have a positive influence on economic growth. That is, high-income countries with well-developed financial markets can obtain any necessary financial assets from their financial markets without relying on FDI; therefore, FDI is less important

in high-income countries than in low-income countries. As a result, the signs of the coefficients obtained for FDI and the variables representing financial market development are positive, and the interaction between FDI and Financial markets is negative. That is, both an increase in FDI and financial market development have a positive effect on economic growth in the host country; however, financial market development does not increase the positive effect of FDI on economic growth, and with financial market development, the positive effect of FDI on economic growth diminishes.

7. Conclusion

In developing countries where funds and human resources are limited, it is important to decide the content of policies and the order in which to enact them. Therefore, clarifying whether financial market development increases the effect of FDI on economic growth will be useful for informing policy decisions.

In the present study, we examined how FDI and financial market development influence economic growth in the host country by conducting ordinary least squares, fixed effects model, and instrumental variables regression analyses. Fixed effects model and instrumental variables regressions were used to address the reverse causal problem inherent in this type of estimation.

Among the estimation results, the results from the instrumental variables regression are the most significant. Among the six variables indicating development of financial markets, the total value of traded stocks and domestic credit to the private sector are significant values. The results show that financial market development and FDI both have a positive effect on economic growth in the host country; however, the results also show that financial market development does not increase the positive effect of FDI on economic growth in the host country.

There are two important differences between the results of the present study and the results of Alfaro et al. (2004). One concerns whether financial market development has a positive influence on economic growth in the host country and the other concerns whether financial market development increases the positive effect of FDI on economic growth. Alfaro et al. showed that financial market development alone does not contribute to economic growth in the host country, but that financial market development does increase the positive effect of FDI on economic growth in the host country. In the present study, both FDI and the variables describing financial market development have a positive effect on economic growth, but financial market development does not increase the positive effect of FDI on economic growth. The reason for these different results is possibly the underlying characteristics of the data, that is, the data used in the study by Alfaro et al. contains a greater proportion of low-income countries than the data used in the present study.

Further studies are needed to clarify the conclusion of the present study. If the impact of financial market development on economic growth differs between high-income and low-income countries, it will be necessary to make estimations using separate datasets for high-income and low-income countries. Furthermore, if the supplementing effect of financial market development on the positive effect of FDI on economic growth in the host country varies based on the degree of financial market development, it may be necessary to divide the degree of financial market development into several stages and produce separate estimations for each stage. These are future research subjects for this series of studies.

Table 7. Countries included in the two datasets

Dataset 1 : 60 Countries (1980-2014)

Argentina, Australia, Austria, Bangladesh, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, Cyprus, Denmark, Ecuador, Egypt, El Salvador, Finland, France, Germany, Ghana, Greece, Guatemala, Guyana, India, Indonesia, Iran, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Korea, Malawi, Malaysia, Malta, Mexico, Netherlands, New Zealand, Norway, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Portugal, Singapore, South Africa, Spain, Sri Lanka, Sweden, Thailand, Trinidad and Tobago, Turkey, United Kingdom, United States, Uruguay, Venezuela, Zimbabwe.

Dataset 2 : 32 Countries (2001-2014)

Australia, Bangladesh, Brazil, Canada, Chile, Colombia, Costa Rica, Denmark, Egypt, Ghana, Guatemala, Guyana, Indonesia, Israel, Jamaica, Japan, Kenya, Korea, Malaysia, Mexico, Pakistan, Panama, Papua New Guinea, Paraguay, Philippines, South Africa, Sweden, Thailand, Trinidad and Tobago, Turkey, Uruguay, Venezuela.

Acknowledgments

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Editor's Note:
Alternative Perspectives for Global History of Coffee and Tea

Miki Sugiura

The global history of coffee and tea are becoming popular subjects, and new studies are published annually. Although coffee and tea have long been regarded as global beverages, most global histories of them were written from the perspective of the European reception of tea and coffee in the seventeenth to eighteenth centuries. (Tsunoyama, 1982) From this view, the histories of these two beverages were often written together, though the focus of the studies was on how the two beverages differentiated each other. . How newly imported tea and coffee competed with each other, and segmented their markets, was one of the leading aspects explored in these early, pre-1980s studies.

However, since the 1990s, more studies have been written on the global history of coffee and tea separately. There are two reasons for this. First, the geographical scope of these studies was broadened since the 1990s. The major production and reception areas, and the history of small production areas and, later, the reception of tea and coffee in various locations were explored (Mair and Hohe, 2012). Second, the supply chain approach of the 2000s, represented by Clarence-Smith and Steven Topik's contributions, promoted writing histories of tea and coffee separately. We now have an independent understanding of the global supply mechanism and market operation of these beverages (Clarence-Smith and Topik, 2006 ; Pendergrast, 2010). Third, concurrently, rich studies on the reception and domestication processes of these beverages developed. The reception of tea and coffee is no longer understood as a common process with various patterns that were received as semi-luxuries of the middle and upper classes of society. For example, Rappaport showed how the promotion of the working class in the US and other locations shaped the consumption of tea, among others (Rappaport 2017).

Recently, there has been a growing tendency that the global histories of tea and coffee are more unified. It would be more precise to state that both are equally regarded as global commodities disseminating and transcending power. The Oxford handbook of the history of consumption, as well as Pomeranz and Topik's global trade history, grouped coffee, tea, sugar, and drugs together (Trentmann, 2012; Pomeranz and Topik, 2005). Coffee and tea are assumed to follow a common development: they are both regarded as plantation plants that were disseminated at a relatively late time, namely in the nineteenth to twentieth centuries. After the initial global market was formed, standardized and affordable kinds of tea and coffee, represented by robusta beans, led to their international success. Concurrently, various specialty brands were promoted. Historical reconstructions were provided on how each crop location's specificity and specialty developed a systematic appreciation system connected with local terroir.

Moreover, more attention has been given to what coffee and tea create as cultural goods. The appreciation and consumption of specialty teas and coffees are connected with the formation of culture within a particular community. Discussions on *third place*, glocalization and third wave consumption are intertwiningly connected (Oldenburg 2013; Thompson and Arsel 2004) It is without

question that both coffee and tea have the power to create space, social contexts, and communities. Thus, research on cafés and teahouses took increasingly common theoretical frameworks. In other words, these studies discuss what coffee and tea create, rather than what they are.

We welcome this tendency, connecting two histories with the potential for intellectual exchange with one another. However, these re-unification tendencies have not solved several interrelationship problems that were inherent in the global histories of tea and coffee. First, the connectivity between tea and coffee have not been fully investigated. As noted, studies incorporated aspects of competition and substitution in marketing and consuming these beverages from an early stage. Supply chain approach research that followed these studies extended this approach to production areas. Production areas that later joined coffee or tea production are often assumed to have decided which crop to harvest. If both tea and coffee are planted in the same location, the two productions are not discussed connectedly, separating one as traditional, local production, and the other as marketed, global production.

Second, the chronologies of tea and coffee studies are not connected, and nor are target areas conclusive. Strong theoretical frameworks, such as a supply chain approach or a third place approach led us to think that there is a standardized development process. The later developments of the areas that once flourished as production areas, or areas with no substantial amount of production, are not considered when global history of tea or coffee was written. Countries which do not function as production or consumption center, but which function both as consumption and production areas in smaller scales, such as Japan with its coffee, are not necessarily included in the narrative of the global history of coffee. In general, as tea and coffee are granted later plantation products that are disseminated, the nineteenth to twentieth centuries development are currently the primary focus of the integrated global history of coffee and tea. Additionally, the present state of the narrative is rather a a patchwork of globalizations of different areas; for example, how could early seventh to sixteenth-century globalization of coffee in the Arabian Peninsula be related to the later development? How can we integrate the process of Russia becoming land of tea in to the narrative? The global history of cotton or slaves could achieve more connectivity by basing their geographical framework on oceans, even if they are mainly limited to the Indian or Atlantic oceans. In contrast, the global connectivity of coffee or tea is seldom discussed under such maritime relations.

This volume is an attempt to overcome these problems of connectivity in the global histories of coffee and tea. To do so, we focus on the areas where these issues are particularly relevant: eastern Eurasia, particularly East Asia. The main aim of this volume is, therefore, to position East Asia within these global histories of coffee and tea. However, we aim to provide a more conclusive narrative for the global histories of coffee and tea, and , the first part of this volume highlights those histories which have not been paid much previous attention.

The first two articles in this volume focus on two highly important areas for coffee and tea that are not often emphasized or could be said to be largely ignored in the global history of coffee and tea: The Middle East and Russia. No one will doubt the importance of the Middle East as the origin of coffee consumption. Although the early phase of Yemeni coffee production was taken for granted as the source of dissemination, late nineteenth-century coffee production and consumption there was largely ignored. The first paper by Keiko Ota clarifies how the Yemeni shaped their production and consumption, in detailed reaction to the global market. The second paper, by Takako Morinaga, focuses on Russia. Russia was, as this paper illustrates, the cross-over of various tea cultures: Chinese Tea, Indian Tea, and European Tea. Morinaga provides historical narratives for these complicated encounters and proves how and why Russia became a land of tea.

The second part of this volume focuses on East Asia; however, the focus of the authors here is global, or on the innovative expansion of existing research. The third paper, by Mariko Iijima, explores connectivity at multiple levels. It is an important paper that investigates Japanese coffee

production in the global context. First, the paper establishes the connectivity of immigration networks. Second, in reading the paper, readers will be aware of the oceanic connections necessary to realize coffee production. Third, the paper outlines the political, and imperial trajectories.

The volume explored how areas within East Asia were interrelated. Mariko Iijima's fourth paper, as well as the fifth paper by Sumei Wang, clarifies the relationship between Taiwan and Japan in building their coffee and tea culture respectively. The paper sheds light on the social context of how coffee and tea drinking cultures have formed in Taiwan.

As stated, one of our aims in this volume is to go further in considering coffee and tea production and consumption as connected. One cannot neglect the fact that the main part of East Asia belongs to what Umetō called the "civilization zone of tea." Coffee production never substituted tea production in East Asia. Nevertheless, specialty coffee production is developing, particularly in Taiwan and Southern China. The fifth paper in this volume, by Ching Lin Pang and Mo Li on the case of Yunnan Province, shows how this process is developing in detail. The paper is particularly inspiring as it shows how coffee creates new social contexts of community.

As noted, coffee and tea are treated together as community-creating products. Thus, various contexts of often niche-communities are revealed. The final paper by Keiko Yamaki and Eric Baffelli shows how detailed contexts have been built among customers and workers through role-playing in maids cafés in Akihabara in Tokyo, from their early phase of formation in the late 1990s. Today, maids cafés are becoming tourist sites for representing anime culture in Akihabara. This investigation is particularly interesting because it reveals how roles and relations are formed at the early stage. This paper, together with the other papers in this volume, will give ample evidence that global histories of coffee and tea go beyond frameworks of domesticating the foreign. Central to this focus, we believe, are various global and glocalized networks and the active consumers therein.

This volume is the outcome of three conferences and workshops. The first conference, in 2009, was held at Hong Kong University. The second conference was held at the University of Tokyo in 2015, and we had a smaller workshop at Hosei University in 2016. We would like to particularly express our sincere gratitude to the co-organizers and hosts of these conferences, especially Professor Dixon Wang at Hong Kong University, and Professor Haneda Masashi at the University of Tokyo. We would also like to thank all participants at these conferences. There are too many names to list here but, without the help of stimulating comments at these conferences, this volume would be impossible. Finally, as editor, I would like to thank the authors for their insights, support, and patience in making this volume.

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Coffee as a Global Beverage before 1700

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Abstract

Coffee first appeared in world history in the middle of the fifteenth century, making its debut in the Middle East and diffusing to Europe during the seventeenth century. However, before colonial coffee appeared on the world market in the eighteenth century, coffee was produced in a very restricted area—Ethiopia and Yemen—and therefore, the amount of coffee on the world market was initially limited. In this article, I will discuss why coffee came to be drunk globally despite its limited production by examining the production, trade, and consumption of coffee prior to the eighteenth century.

My conclusion is that the reason coffee became a "global beverage" before 1700 was because of the prior existence of a global trading network created by Indian Ocean traders. The network had long carried spices from east to west, and its existence facilitated the coffee trade and consequent culture prior to the eighteenth century, when the production of coffee expanded to other areas. The fact that coffee had already become a global beverage before 1700 led to the proliferation of a coffee drinking culture after colonial coffee appeared on the world market in the eighteenth century.

Introduction

Coffee first appeared in world history in the middle of the fifteenth century, making its debut in the Middle East and diffusing to Europe during the seventeenth century. However, before colonial coffee appeared on the world market in the eighteenth century, coffee was produced in a very restricted area—Ethiopia and Yemen—and therefore the amount of coffee on the world market was initially limited.

There are many studies dealing with coffee. They include the encyclopedic researches by W. H. Ukers and C. van Arendonk [Ukers 2007; van Arendonk 1954–2004]. There are also historical and cultural explorations, such as É. Geoffroy, who examines the origin of the coffee drinking habit [Geoffroy 2001], and M. Tuchscherer and A. K. Rafeq, who discuss the diffusion of coffee in the Middle East [Tuchscherer 2001, 2003; Rafeq 2001]. A. Raymond and N. Hanna study the merchants who engaged in the coffee trade [Raymond 2001; Hanna 1998, 2001], and R. S. Hattox analyzes the discussions of Islamic scholars (ʿulamāʾ) over the validity of coffee drinking [Hattox 1985]. From an archeological viewpoint, M. Kawatoko analyzes the style of coffee-drinking based on his excavations in the Sinai Peninsula [Kawatoko 2001]. As to coffee's role in the world economy, C. G. Brouwer, H. Becker, and N. Um examine the trade that took place at Mocha, the most famous port city for the coffee trade in the western coastal area of Yemen [Brouwer 1988, 1997, 2001; Becker 1979; Um 2009]. W. G. Clarence-Smith and S. Topik approach this issue from the viewpoint of globalization [Clarence-Smith and Topik 2003].

However, none of these studies has answered the question why coffee came to be drunk globally within such a short period despite the fact that its production area was limited and therefore its

export quantity small. Regarding the diffusion of coffee into Europe, S. W. Mintz claims that colonial food items such as sugar and coffee diffused as quickly as they did because they were "popular" luxuries [Mintz 1993], and B. Blondé asserts that tea and coffee diffused in Europe because their novelty as "hot drinks" essentially transformed European culture [Blondé 2009]. These discussions, however, address the diffusion of coffee after the introduction of colonial coffee in the eighteenth century, when the quantity available and lower prices were sufficient to explain its burgeoning prevalence.

In this article, I will consider various aspects of coffee's history before the eighteenth century, such as production, trade, and consumption, in order to answer the question why coffee came to be drunk globally before 1700. Although its production area was limited to Ethiopia and Yemen, merchant ships went there from Egypt, Oman, Iran, India, and Europe. The style of consumption of coffee varied from place to place, but the global proliferation of the coffee drinking habit occurred over a short period of around two hundred years. For my analysis, I use historical Arabic sources such as ʿUmdat al-Ṣafwa fī Ḥill al-Qahwa, an article about coffee written by ʿAbd al-Qādir al-Jazīrī (fl. 965/1558) [al-Jazīrī 1973], Bahjat al-Zaman fī Ḥawādith al-Yaman (published under the title Yawmīyat Ṣanʿāʾ fī al-Qarn al-Ḥādī ʿAshar), a chronicle of Yemen written by Yaḥyā b. al-Ḥusayn (1035/1625–1100/1688) [Yaḥyā b. al-Ḥusayn 1996], and Sīrat al-Ḥabasha, a travelogue written by a Yemenite ambassador to Ethiopia, al-Ḥasan b. Aḥmad al-Ḥaymī (fl. 1067/1656) [Donzel 1986]. I also use a journal written by Pieter van den Broecke (1585–1640), a Dutch merchant in the service of the Dutch East India Company (Dutch Verenigde Oostindische Compagnie, hereafter VOC) [Beckingham 1951; van den Broecke 1989]. Some travelogues written by Europeans such as Carsten Niebuhr (1733–1815), a German geographer who visited Yemen during 1762–1763 as a member of the Royal Danish Arabia Expedition, and John Lewis Burckhardt (1784–1817), who was born in Lausanne and visited Jidda in 1814, were also informative for my research; although they were written after 1700, they provide significant information relating to coffee cultivation and its trade that enables us to surmise certain conditions that must have been in place before 1700 [Niebuhr 1994; Burckhardt 2006]. The local powerholder, the Zaydi imam, expelled the Ottoman military force from Yemen in 1636, ousting it from the city of Mocha, and ruled the whole land of Yemen until the nineteenth century. In addition, the VOC was established in 1602, and began trading in the Indian Ocean and the Arabian Peninsula. I will examine the diffusion and evolution of coffee during this transitory stage of world history.

1. Diffusion of Coffee in the World

Coffea arabica, which is one of the original coffee trees and the most popular globally, is of Ethiopian origin, and the custom of coffee drinking was brought to Yemen at some unknown date. According to Hattox, the historical sources that exist concerning when the Yemenite people started to drink coffee suggest that the custom began in the first half of the fifteenth century. The Islamic mystics (ṣūfī), especially of the Shādhilīya Order, are said to have been the first coffee drinkers; they consumed it during their nightly religious exercises for its stimulant properties [Hattox 1985: 22–26]. Coffee is generally described as qahwa in the historical sources. The moral acceptability of drinking coffee was seriously disputed among Islamic scholars because they thought coffee had the same intoxicating effect as alcohol.[1]

The custom of coffee drinking, however, soon spread throughout the Arabian Peninsula and, in the last decade of the fifteenth century, reached Mecca, and also Rayy in Iran. ʿAbd al-Qādir al-Jazīrī, author of ʿUmdat al-Ṣafwa fī Ḥill al-Qahwa, cites the words of Fakhr al-Dīn al-Makkī:

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[1] For example, ʿAbd al-Qādir al-Jazīrī (fl, 965/1558) discusses the legality of drinking coffee in his article ʿUmdat al-Ṣafwa fī Ḥill al-Qahwa.

[The custom of drinking] *qishr* prevailed to Rayy, Mecca, and other places until the (h. 8)20s, but *qahwa* did not prevail until the last years of the ninth century (h.). [al-Jazīrī 1973: vol.1, 146-147].

Qishr is generally a drink made from the husk (hull, *qishr*) of coffee beans, and *qahwa* is made from their kernel (*bunn*, *ḥabb al-bunn*) [Hattox 1985: 20].[2] At any rate, we can say that some kind of coffee-based drink prevailed to Mecca, Rayy, and other cities by the fifteenth century. Then, in the first decade of the sixteenth century, it made its way to Cairo. Al-Jazīrī cites the words of Shiḥāb al-Dīn (b. ʿAbd al-Ghaffār):

In the first decade of this century (the tenth century h.), the people from Yemen and people from *al-ḥaramayn al-sharīfayn* (the two sacred cities, Mecca and Medina), who were living in the Yemenite dormitory of the Mosque (of al-Azhar), were drinking it. [al-Jazīrī 1973: 147][3]

The habit of drinking coffee soon prevailed in Cairo, and it reached Damascus and Aleppo around 1540. It then spread to Istanbul, and in 1554–1555, the first two coffee houses began operating there; their number had risen to 500 by the end of the sixteenth century. The Ottoman sultan sometimes issued decrees closing the coffee houses because they were considered places where ruffians gathered and had a bad effect on public morality. During the latter part of the reign of Suleiman I (r. 1520–1566), an effort was made to restrict coffee consumption to the affluent, by imposing a tax [Tuchscherer 2003].

The first coffee house in England opened in Oxford in 1650. London soon followed suit. In France, coffee houses appeared in Marseille around 1671, and in Paris after that. The coffee-drinking culture soon made its way to other European cities such as Amsterdam, Vienna, Nuremberg, Hamburg, and Leipzig [Ukers 2007: 20–100]. Coffee thus diffused throughout Europe in only half a century, from the middle of the seventeenth century, even though the production of coffee was restricted to Ethiopia and Yemen.

Figure 1. Diffusion of Coffee in the World

[2] More specifically, the drink made from the husk (hull, *qishr*) of coffee beans is called *qishr*, or *qahwa al-qishrīya*, and the drink which is made from the kernel (*bunn*, *ḥabb al-bunn*) is called *qahwa*, *or qahwa al-bunnīya*. However, the drink made from both the kernel and the husk (they are roasted together) is also sometimes called *qahwa*. In Yemen, *qishr* has been more popular than *qahwa*. See Section *4.2.* below.

[3] He adds that Islamic mystics (*faqīr*) drank coffee when they were performing Islamic devotional exercises (*dhikr*).

2. Production

The coffee plant can only be cultivated under mild weather conditions where there is no possibility of frost, and where the rainfall is approximately 1,800 mm annually [Ukers 2007: 134]. The mountainous areas centering on Manākha, located in the western part of Yemen and 1,100–2,200 meters above sea level, are the most suitable for coffee cultivation.
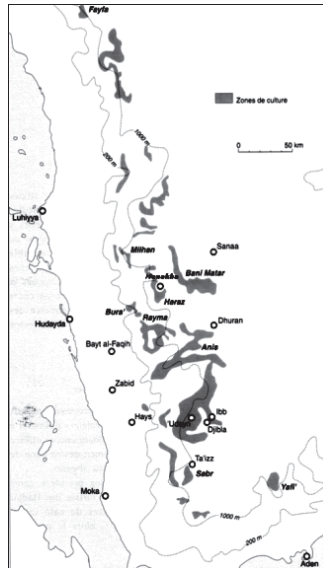

Figure 2. Areas of Coffee Cultivation in Yemen (Source: Becker 1979)

It is not known when coffee cultivation started in Yemen. Since, however, coffee had come to be drunk in many places in the Middle East by the mid sixteenth century, coffee cultivation must have started before then. Few historical sources describe how coffee plants were cultivated or give accurate records about how much coffee was produced in Yemen during the time under discussion. Arabic historical sources such as chronicles are not prolific with such details because their focus was describing the ruling dynasties. There are, however, some travelogues that give us information about coffee cultivation at the time. For example, Carsten Niebuhr's aforementioned travelogue gives us a vivid description of the cultivation of the coffee plant in the mountainous area of Yemen:

> The tree which affords the coffee is well known in Europe; so that I need not here describe it particularly. The coffee-trees were all in flower at Bulgosa, and exhaled an exquisitely agreeable perfume. They are planted upon terraces, in the form of an amphitheatre. Most of them are only watered by the rains that fall; but some, indeed, from large reservoirs upon the heights; in which spring water is collected, in order to be sprinkled upon the terraces; where the trees grow so thick together, that the rays of the sun can hardly enter among their branches. We were told that those trees, thus artificially watered, yielded ripe fruit twice in the year: but the fruit becomes not fully ripe the second time: And the coffee of the second crop is always inferior in quality to that of the first. [Niebuhr 1994: 291].

Figure 3. A Coffee Plantation in Yemen (Photo taken by the author in 2010)

Though Niebuhr's visit to Yemen was in the eighteenth century, his account tells us that there was a kind of irrigation system in place. He also reports that the local people there were more accustomed to European people than anywhere else in Yemen, but were a little suspicious of the members of his expedition because they did not seem to be European merchants wanting to trade in the area [Niebuhr 1994: 294–295]. This testifies to the presence of European merchants in the interior of Yemen to purchase coffee. However, usually the coffee beans cultivated there were bought by middlemen, such as Arab or Indian merchants, then taken to Bayt al-Faqīh, a market trading in the coffee produced in the highlands, from which it was exported by both land and sea.

3. Trade

3.1. Trade Routes

After being cultivated and harvested in the mountains of Yemen, the coffee beans were taken to Bayt al-Faqīh. Niebuhr reports that it was in a favorable location for trade, because it was located half a day's journey from the coffee cultivation area, and a few days' journey to port cities such as al-Luḥayya, al-Ḥudayda, and Mocha. He also said that merchants from Egypt, Syria, Iran, Ethiopia, India, Europe, and so on were attracted by the trade and came there [Niebuhr 1994: 272–273]. Coffee beans were purchased by such long-distance traders and exported from Yemen by two main routes.

Figure 4. Bayt al-Faqīh (Photo taken by the author in 2010)

One was the inland route leading to Mecca, Medina, Damascus, Aleppo, and Istanbul. This was the traditional trade route, used in ancient times for transporting frankincense and later for the spice trade. Caravans transported the cargo; risks along this route were few because it was less affected by adverse weather conditions. The other primary route was through seaports located in the western coastal area of the Arabian Peninsula. They included Jidda, al-Ḥudayda, al-Luḥayya, and the most important, Mocha (al-Mukhā). In that period, Mocha was not only a trading port but also a military port and port for pilgrimage. In 1647, the Yemenite ambassador, al-Ḥaymī, travelled to the African seaport Bayrūr from Ṣanʿāʾ by way of Mocha, and reported that there were many naval ships there, in fear of the Ottoman army, which was stationed at Sawākin and Maṣṣawaʿ, seaports along the African east coast [Donzel 1986: 103]. In the chronicle of Yemen, there are also descriptions of the pilgrimage of Sultan Uzbek from Kashgar to Mecca; he landed at Mocha with 500 soldiers and servants in 1669 [Yaḥyā b. al-Ḥusayn 1996: 183–184; Um 2009: 56]. From these descriptions, we know that Mocha played an important role in this era, not only commercially but also politically.
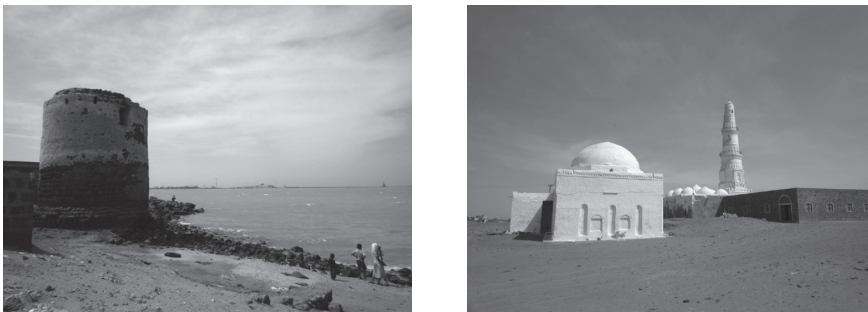
Figure 5. The Port of Mocha and the Shrine of a Sufi Saint
(Photo taken by the author in 2010)

In the middle of the seventeenth century, the Zaydi imam, Imam Mutawakkil (r. 1054/1644–1087/1676) ruled all the lands of Yemen. At the time, Yemen's most important resources of revenue were land tax (*kharāj*), poll tax (*jizya*), and taxes collected at seaports. The details surrounding its tax system are not clear, due to a lack of financial sources, but the tax collected from trade must have been large. There are many extant descriptions about the trade carried out in Yemen's seaports, as well as information on caravans from the seaports to inland cities such as Ṣanʿāʾ, Taʿizz, and others. The caravans were often plundered because they transported the tax monies collected at the seaports, in addition to the merchandise traded there. For example, the caravan that carried the tax monies collected at al-Shiḥr, another of Yemen's major port cities, was plundered in 1080/1669–1670 [Yaḥyā b. al-Ḥusayn 1996: 187].

3.2. Traders

The coffee trade attracted merchants from many places. They came to Yemen to buy coffee beans and other merchandise. Hanna examines the trading activity of an Egyptian merchant, Ismāʿīl Abū Taqīya (d. 1624), and says that the Egyptian economy experienced a resurgence from the latter half of the sixteenth century until the first half of the seventeenth, after a serious economic decline in the late Mamluk period. The commodities that supported its revival were agricultural products such as wheat, rice, coffee, and sugar, and textile products such as flax fabrics. Merchants like Abū Taqīya utilized the network constructed by the former *kārimī* merchants and carried many products, including coffee, to cities in the Ottoman Empire and Europe. Abū Taqīya was given the title *shāh*

bandar al-tujjār, which means "the leader of the merchants," because of his commercial success [Hanna 1998].

Merchants who participated in the Indian Ocean trade often had trading bases in several large cities, among which were Cairo, Jidda, Mocha, Aden, and Muscat. They varied in ethnic background —Arab, Indian, Persian, and so on—but they did not belong to a certain country in any sense, and conducted commercial activities for their own profit. Yaḥyā b. al-Ḥusayn describes an event that occurred in 1089/1678:

> In the sea, he (Sulṭān b. Sayf I; ruler of Yaʿrubids in Oman, r. 1059/1649–1091/1680) spread his power over the coastal area of Yemen and plundered the property of Muslims. This situation continued for a few years, and as a result, merchants who had their commercial bases in al-Hasa, ʿAjam, Hind, and other cities suffered huge damage, and the coffee supply route was cut. Because of this situation, no merchants departed from their port cities to Yemen. [Yaḥyā b. al-Ḥusayn 1996: 340]

He also describes how Sulṭān b. Sayf I cut the trading route between Basra, India, and Yemen. From this description, we can guess that there was a huge commercial network in the Indian Ocean, and through this network, the coffee trade was conducted by merchants who came from Arabic regions, Iran, India, and so on. As Niebuhr reports, European merchants tried to enter this network because of its significant profits. They even tried to buy the coffee beans directly from the producers without going through the middlemen and merchants who traditionally engaged in Indian Ocean trade, but their efforts were in vain. As Brouwer discusses in his study, the VOC tried to enter this commercial net-work in the middle of the seventeenth century, and actually made a certain amount of progress, but the results were not sufficient to sustain a long-term position within the existing network. The VOC could not win in a price war with the traditional merchants who had constructed the Indian Ocean commercial network [Brouwer 1988, 2001]. Thus, they decided to grow coffee themselves, leading to the successful cultivation of coffee in Sri Lanka after 1690, and in Java in 1699 [Ukers 2007: 39]. This was the beginning of colonial coffee, which eventually assumed a significant role in the world market.

4. The Adaptation of Coffee

4.1. Consumers

There was a difference in consumer between the Middle East and Europe. As mentioned in Section 1 above, the habit of drinking coffee was originally linked to the Islamic mystics. However, as many ordinary people participated in their nightly religious exercises, the habit was soon disseminated among the general population, but coffee was still basically consumed in religious contexts until the beginning of the sixteenth century. Al-Jazīrī reports an incident that occurred in Mecca in 1511, in which the people who gathered at the Sacred Mosque after Friday prayer drank coffee, sharing a large bowl of it, sitting in a circle, and this lead to a controversy among Islamic scholars over the moral validity of drinking coffee [al-Jazīrī 1973: vol.1,158–160; Hattox 1985: 30–38]. When the coffee drinking custom reached Cairo, it is said that the first people to adopt it were Yemenite students who were studying at al-Azhar. However, after that time, people began to drink coffee outside of religious contexts, and a coffee house (*maqhā*) opened in Cairo. After that, the consumption of coffee became popular in Damascus, Aleppo, and Istanbul. In Istanbul, a coffee house opened in the mid sixteenth century, only about forty years after the controversy over the validity of drinking coffee in Mecca. By the end of the sixteenth century, about 500 coffee houses were operating in

Istanbul, serving as public meeting spaces. After that, coffee made its way to Europe, but it was initially a drink for upper and middle classes because of its high price and limited availability. There is an anecdote that when Pope Clement VIII (r. 1592–1605) drank coffee for the first time, he was amazed by its taste, and he "baptized" it to make it "a drink of Christians" although the opponents of coffee drinking claimed that it was "a drink of Satan". [Ukers 2007: 22] From this anecdote, we can guess that as the popularity of coffee in the Middle East was growing, the first Europeans to become acquainted with it were the upper classes. When it became popular among the middle classes, coffee houses opened in many European cities. Mints claims, "At first, all three new beverages (coffee, tea, chocolate) were drunk only by the wealthy and powerful, slowly becoming desired by the poor, and later preferred by them to other nonalcoholic drinks" [Mintz 1985: 110]. It must have taken some time for coffee to prevail among ordinary people in Europe, however, compared to the relatively rapid dissemination that took place in the Middle East.[4]

4.2. Style of Consumption

In the Middle East, people enjoyed coffee mainly as a drink, but the style of consumption varied from place to place. For example, coffee was made from roasted coffee beans in most places in the Middle East; this means people usually roasted only the kernel (*bunn, ḥabb al-bunn*) of the beans, or sometimes roasted the kernel together with the husk (*hull, qishr*).[5] That kind of coffee was called *qahwa al-bunnīya*. In Yemen, however, people also made coffee only from roasted husks, making a kind of coffee beverage, *qahwa al-qishrīya*. Niebuhr often refers to this kind of coffee beverage in his report [Niebuhr 1994: 254, 266, 267]. After the custom of coffee drinking became more widespread, people began to brew a coffee drink from the roasted kernel only and this gradually became the global standard.[6] In addition to drinking coffee, some people ate coffee fruit as a kind of food in some places. Kâtip Çelebi (1609–1657) reported that certain *shaykh*s who lived in the mountainous area of Yemen with their associated Islamic mystics ate crushed coffee fruit which they called *qalb wabūn* [Chelebi 1957: 60]. In Ethiopia, the Galla (Oromo) tribe utilized coffee; they ate the crushed coffee beans mixed with fat as a food ration. In the equatorial provinces of South Sudan and in Uganda, the natives ate the raw berries of coffee, or first cooked them in boiling water, dried them in the sun, and then ate them [Ukers 2007: 537]. The use of coffee thus varied from place to place.

People in the Middle East did not drink coffee with sugar until the nineteenth century, and this was one of the major differences between the Middle East and Europe. Europeans drank coffee with sugar after the eighteenth century. In 1798, at the time of the French campaign in Egypt, the Egyptians laughed at the French soldiers for drinking their coffee with sugar [Grehan 2007: 137]. In the 1870s, "coffee without sugar" appeared on menus in Damascus, which suggests that it eventually became popular to drink coffee with sugar in the Middle East as well [Rafeq 2001: 127–142].

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[4] There are a number of reasons why coffee prevailed in the Middle East more rapidly than in Europe. First, the Middle East is nearer to the place of production, so prices must have been more reasonable for ordinary people there than in Europe. Second, alcoholic beverages were prohibited by Islamic law, and so coffee acted as an intoxicating drink. As to the issue of gender, it is interesting that coffee was a beverage only for men both in the Middle East and Europe. Coffee houses in the Middle East were a male preserve, and in Europe, the coffee drinking was regarded as a habit unfavorable for women, as seen in *Schweigt stille, plaudert nicht* (known as *Coffee Cantata*) by J. S. Bach.

[5] See note 2. The taste of *qahwa al-qishrīya* is completely different from *qahwa al-bunnīya*. It tastes, so to speak, like "tea with a coffee fragrance."

[6] People usually made coffee by boiling a powder of coffee beans with water, as with Turkish coffee today. Other ways of making coffee started in Europe. The idea of making coffee by infusion appeared in France in 1711 [Ukers 2007: 626].

Figure 6. A Coffee Beans Shop in Yemen (Photo taken by the author in 2010. Left : Roasted Husks [*qishr*], Right: Roasted Kernels [*bunn*])

5. Mocha Coffee after the Appearance of Colonial Coffee

After colonial coffee appeared on the world market in the 1700s, European merchants such as the VOC and French merchants brought huge amounts of colonial coffee produced in their possessions in South Asia, Southeast Asia, and the American continent to Europe and the Middle East, especially to the Ottoman Empire. However, coffee produced in Yemen was still attractive and trading activities were lively and brisk then. John Lewis Burckhardt, who visited Jidda in 1814 reported:

> The commerce of Djidda may be divided into two principal branches—the coffee trade, and the Indian trade; with both of which that of Egypt is connected. Ships laden with coffee arrive from Yemen all the year round, without being restricted to any particular season. During the voyage, they sail constantly near the coast, and are thus enabled to take advantage of the land breezes during the season when northerly winds prevail, and render the voyage difficult in mid-channel. They dispose of their cargoes for dollars,[7] which are almost the only article that the merchants of Yemen take in return. The coffee trade is liable to great fluctuations, and may be considered a species of lottery, in which those only embark who have large capitals at their command, and who can bear occasionally great losses. The price of coffee at Djidda, being regulated by the advices from Cairo, varies almost with the arrival of every ship from Suez. The price at the latter place depending upon the demand for Mocha coffee in Turkey, is thus equally fluctuating. When I arrived at Djiddda, coffee-beans were at thirty-five dollars a hundred-weight; three weeks after they fell to twenty-four dollars, in consequence of the peace between England and America, and the expectation that West-India coffee would be again imported in large quantities at Smyrna and Constantinople. From the hazardous nature of this trade, there are many merchants who will not engage in it, except as agents; others send the coffee on their own account to Cairo, where the chief part of the trade is in the hands of the Hedjaz merchants residing there. Within the last six years, the coffee trade between Arabia and the Mediterranean has suffered greatly by the importance of West-India coffee into the ports of Turkey. These were formerly supplied exclusively with Mocha coffee; the use of which has been almost entirely superseded in European Turkey, Asia Minor, and Syria, by that of the West Indies. The Pasha of Egypt, however, has hitherto strictly prohibited the importation of West-India coffee into his

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[7] There is a possibility that "dollars" here referred to the Maria Theresa thaler which circulated in the Red Sea trade until the twentieth century [Tuchscherer 2003: 53]. I will discuss this point on another occasion.

dominions. [Burckhardt 2006: 10]

We gather, from Burckhardt's description of the coffee trade, that even in the nineteenth century there was a need for Mocha coffee even after the appearance of colonial coffee produced in the European possessions, but the price changed according to the supply of West Indian coffee to Turkey. The Muhammad Ali dynasty prohibited imports of West Indian coffee in order to protect the Mocha coffee trade, as well as the profits that could be obtained from the Yemen coffee trade.

European merchants remained attracted by the quality and taste of coffee produced in Yemen. The Dutch and French merchants reduced their purchases of the coffee produced in Yemen, but the British East India Company remained the major European customer throughout the eighteenth century. After the British reduced their purchases around 1800, American ships appeared at the ports of Yemen to buy coffee [Tuchscherer 2003: 56].

Conclusion

S. Topik and W. G. Clarence-Smith mention in their work, *The Global Coffee Economy in Africa, Asia, and Latin America, 1500–1900*, that coffee is a "palpable and long-standing manifestation of globalization." However, their work mainly focused on the period after 1700, when the production of colonial coffee started. Coffee had already become a "global beverage" in the sense that it was drunk globally, especially in the Middle East, Iran, India, and Europe before 1700. Of course, the desirable taste of coffee, its caffeinating and addictive properties, and its psychotropic possibilities may have contributed to its rapid dissemination prior to the appearance of the large colonial coffee market. The stipulation that alcoholic beverages were nominally prohibited in the Middle East must have accelerated the prevalence of coffee in that region. In Europe, the fact that coffee was at first a luxury item for the upper- and middle-classes may have stimulated a longing for it among ordinary people. However, as shown from the above-mentioned arguments, the most important reason for coffee's rapid propagation is that there was already a global trading network that facilitated the diffusion of the coffee drinking culture. When we talk about Indian Ocean trade, studies so far have focused on the goods that were important for European society, such as frankincense, spices, and coffee. But the Indian Ocean trade had existed from ancient times, facilitating the movement of many commodities, including daily necessities like foodstuffs, timber, and fabrics. It also spread knowledge, religions, and culture. This network linked different regions by trade, and supported the distribution of new items and culture, such as coffee, around the world. Since coffee had already become a global beverage before 1700, colonial coffee was circulated rapidly and easily after that time.

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Tea Drinking Culture in Russia

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Abstract

This paper clarifies the multi-faceted adoption process of tea in Russia from the seventeenth till nineteenth century. Socio-cultural history of tea had not been well-studied field in the Soviet historiography, but in the recent years, some of historians work on this theme because of the diversification of subjects in the Russian historiography. The paper provides an overview of early encounters of tea in Russia in the sixteenth and seventeenth century, comparing with other beverages that were drunk at that time. The paper sheds light on the two supply routes of tea to Russia, one from Mongolia and China, and the other from Europe. Drinking of brick tea did not become a custom in the 18th century, but tea consumption had bloomed since 19th century, rapidly increasing the import of tea. The main part of the paper clarifies how Russian- Chines trade at Khakhta had been interrelated to the consumption of tea in Russia. Finally, the paper shows how the Russian tea culture formation followed a different path from that of the tea culture of Europe.

1. Introduction

In contemporary Russia, drinking tea is universally recognized as a widely adopted aspect of traditional culture. In the inefficient labor environment of the Soviet era, the phrase "*chai pop'em*" (let's drink tea) signaled the beginning of a long break; this phrase permeated all corners of society—from homes to cafeterias—as a signifier that time and space were being intimately shared. Even from the perspective of foreigners, a happy family sitting around a table with a large samovar characterized Russian culture. However, is this kind of culture really traditional to Russia? When did the custom of drinking tea first take hold? Data from previous studies showed that it took just over 200 years before tea became a favorite indulgence in Russia; tea passed through a number of stages in each social class, slowly becoming inextricably entwined with all of them.

In modern Russia, many people study sociocultural history, but few took up such topics during the Soviet era; for example, there is little Soviet-era research on Russian merchants. This is because in the socialist Soviet Union it was improper to study bourgeoisie history, and little importance was given to the study of entrepreneurs and their ilk. However, with the collapse of the Soviet Union and subsequent democratization, sociocultural historical studies—which had previously received limited treatment—now commanded attention. Experienced researchers began publishing research results on new topics, writing on the contents of a range of archived historical materials. B.N. Mironov's *Social History of Imperial Russia* (1999) is one such general informational text that sheds light on the formation and transition of social classes in Imperial Russia.[1]

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[1] B.N. Mironov, *Sotsial'naia istoriia Rossii, T.1-2*, SPb., 1999.

Historical studies on tea in Russia first began to appear in the Imperial Era. Most of these studies included discussions of the tea trade since tea was the most profitable product traded with China during the Qing Dynasty. A.P. Subbotin (1852–1906) conducted extensive and systematic study of the tea trade in the Imperial Era, publishing the following books: *Materials in the Russian Economy and Commercial Transportation in Eastern Russia and Siberia: An Economic Study of the Problems of Connecting Russia and Siberia by Rail* in 1885, and *Tea and the Tea Trade in Russia and Abroad: Tea Production and Demand* in 1892. These publications not only presented statistical data, but also delved into Russia's international relations with the Qing Empire, Inner Asia, England, and other European countries. Although these books are known to contain a number of errors, the research documented in them has many implications, even today.[2] Several primary historical materials, such as the accounts of Russian tea merchants, were also published during the Imperial Era in Russia, providing many sources that can be used for research today. However, studies on the Russian tea trade stagnated during the Soviet era. This is due not only to the ideological reasons mentioned above, but also to an interruption in Subbotin's data and a shift in attention from the history of the tea trade to the history of diplomacy and international relations between Russian and the Qing Empire.

The historian Vil'iam Pokhlebkin (1923–2000) renewed scholarly interest in tea from the perspective of ethnic cuisine in the Soviet Union. Pokhlebkin was an expert in the history of international relations, from antiquity to the modern era, between Russia and Scandinavia and was a member of the Academy of Sciences. He also published nearly 50 studies on ethnic cuisine and food in the Soviet ethnic republics and abroad, including a 1968 work on the history of tea.[3] However, Pokhlebkin's interest lay primarily in ethnic cuisine and cultures, so even his work on tea consisted primarily of recipes. Although not much was written on historical relations in his work on tea, a general review of the recipes he included gives us concrete insights into how tea came to be drunk in Russia. His studies became the authority for cookbooks during the Soviet era; no other history scholars dealt with the topic. Even topographical studies and histories of international relations written during the Soviet era that incidentally touch upon tea do not treat tea itself as a major theme. In contrast, R.E.F. Smith and D. Christian, American scholars on Russia, published a history of food and drink in Russia that adopts a social and economic viewpoint.[4]

However, recent studies on tea in Russia are demonstrating a wider breadth, tackling social history, the history of daily life, and the history of urban Moscow. *Moscow Tea Merchants, Their Families, Ancestors, and Descendants: The 1700s to 1990s*, published by I.A. Sokolov as a handbook in 2009, reviews how tea circulated in the Russian Empire from the perspective of merchants.[5] His 2010 doctoral candidate (*kandidat*) dissertation, *Tea and the Tea Trade in the Russian Empire in the Early Nineteenth and Twentieth Centuries,* goes one step further, analyzing how tea was socially received.[6] In addition to these, *Tea and Vodka in Russian Advertising in the Nineteenth and Early Twentieth Centuries*, published in 2008 as a collection of studies by sociocultural historians including

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[2] A.P. Subbotin, *Materialy dlia Ekonomicheskogo izucheniia Rossii. Torgovye soobshcheniia Vostochnoi Rossii i Sibiri. Nauchno-ekonomicheskoe issledovanie v sviazi s voprosom o rel'sovom soedinenii Rossii s Sibir'iu*, SPb., 1885; A.P. Subbotin, *Chai i chainaia torgovlia v Rossii i drugikh gosudarstvakh. Proizvodstvo, potrevlenie chaia*, SPb., 1892.

[3] V.V. Pokhlebkin, *Chai, ego tipy, svoistva, upotrebrenie,* M.: Leg., 1981; V.V. Pokhlebkin, *Chai i vodka v istorii Rossii,* Krasnoiarsk, 1995; M. Numano, K. Numano. *Sekai no syokubunka 19. Rosia*, Nobunkyou. 2006, pp. 285-287.

[4] R.E.F. Smith and David Christian, *Bread and salt. A social and economic history of food and drink in Russia*, Cambridge University Press, Cambridge, 1984.

[5] I.A. Sokolov, *Chaetorgovtsy Moskvy, Chleny ikh semei, nekotorye predki i otdel'nye potomki: 1700-e—1990-e gody*, M., 2008.

[6] I.A. Sokolov, *Chai i chainaia torgovlia v Rossiiskoi imperii v XIX-nachale XX vekov, Dissertatsia na soiskanie uchenoi stepeni kandidata istoricheskikh nauk.* M., 2010.

Sokolov,[7] shows that in Russia today studies on the history of tea culture are alive and well. Although this paper relies heavily on these other recent studies, it discusses the differences and commonalities in how tea culture in Russia is perceived in European countries such as Holland and England and considers the history of trade in Kyakhta, a Siberian city on the border with China (present-day Mongolia).

2. Before tea arrived

Just what did Russians drink before tea arrived from Asia? Since long ago, the drinks of choice of the Russian people have been *sbiten'* (or *zbiten'*), *kvas*, and *med* (*medovukha*). *Sbiten'* is a warm drink made by boiling alcohol, vinegar, syrup, and spices.[8] Although various ingredients go into *sbiten'*, herbs are typically included. With its low alcohol content, it has apparently been enjoyed since around the start of the 15th century. It was initially sold at markets but made its way into homes in the 17th century, where it was known as a folk prophylactic for scurvy.[9] The adoption of tea in Russia is closely tied to *sbiten'*. *Sbiten'* sellers were still operating until the 19th century in Russia, but their numbers waned as tea grew in popularity, until the sellers disappeared altogether. In short, the adoption of tea by the Russian people is also a history of *sbiten's* demise.

Loved by Russians since before even *sbiten'* is *kvas*. *Kvas* is a sour and refreshing carbonated drink made from wheat varieties (e.g., rye and barley), honey, and apples.[10] Although its taste cannot be adequately described, one might liken it to cola. *Kvas* is a common drink in places such as farms and it can be produced with not only wheat but also bread. Unlike *sbiten'*, *kvas* is fermented, so although it does contain some alcohol, the percentage is low enough that children can still enjoy it. On top of that, *okroshka*, a popular chilled Russian soup served in summer, is made primarily from *kvas*, cucumber, and herbs. A number of other Russian soups are also made with *kvas*, and it is therefore a drink that has symbolized Slavic culture since well before the influence of European culinary culture.

Now as much as ever, "Russian beverages" evoke a strong image of vodka, but spirits—including vodka and beer—arrived on the scene in the 16th century. *Med* is a Russian alcoholic beverage dating even further back, generally described as "a hoppy beverage made from honey." The oldest record of *med* dates to the year 945, making it the oldest beverage that Russians have continued to drink. There are many variations in how it is produced, including adding berries to the standard honey.[11] In *Bread and Salt*, Smith and Christian point out that spirits came to Russia around 1515 from Western Europe.[12] Even after this, however, spirits were still not commonplace, garnering government interest as a taxable item only when they began being sold in the 17th century.

Looked at in this way, we see that honey is used in all popular Russian traditional drinks: *sbiten'*, *kvas*, and *med*. This is because Russians have been beekeeping since ancient times; in fact, beeswax was a principal export of Russia through the Middle Ages. These days, one rarely sees *sbiten'* even in Russian cafeterias and cafes. It has been completely abandoned in Russian culinary culture. The inclusion of tea—and even vodka—as part of Russian "traditional culinary culture" is surprisingly recent.

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[7] V.A. Kornilov, N.M. Petrukhnenko (red.), *Chai i vodka v russkoi reklame XIX-nachala XX vekov*, M., 2008.

[8] *Slovar' russkogo iazyka. XI~XVII vv. T.23*, M., 1996, p.74.

[9] M. Nimano, K. Numano, *op. cit.*, p. 123.

[10] *Slovar' russkogo iazyka. XI~XVII vv. T. 7*, M., 1980, pp.103-104.

[11] *Slovar' russkogo iazyka. XI~XVII vv. T. 9*, M., 1982, pp.53-54.

[12] R.E.F. Smith and David Christian, *Bread and salt*, 2008, pp.100-101.

3. The appearance of tea in Russia

It is said that Russian Cossacks first encountered tea in the 16th century. However, it was not until 1638 that Russians brought actual tea into Russia, with this event being the result of internal strife between Mongolian feudal lords that broke out right around the time of China's dynastic change from the Ming to the Qing Empire. In 1631, Altyn Khan (III) of Khalkha offered to swear allegiance to Russia to protect himself from the advance of rival Ligdan Khan of Chahar. In 1635–1636, Russia dispatched an envoy to make Altyn Khan sign a written oath swearing his allegiance, but Altyn Khan would not agree to do so. In 1638, Vasilii Starkov was sent to obtain his signature; however, Altyn Khan, still reluctant to sign the oath, rebuffed Starkov, complaining that Tsar Mikhail Fedorovich was not complying with his request, and threatened Starkov and his company. In return for gifts sent by Tsar Mikhail, Altyn Khan presented him with 200 packets of Chinese-made tea, which Starkov was not happy with and was almost forced against his will to take it. Altyn Khan prevailed, however, arguing that 200 packets of tea were equivalent to 100 lengths of zibeline. This is known to be the first tea brought to Russia. Ultimately, Altyn Khan did not sign the oath of allegiance. Tsar Mikhail banished the emissary of Khan sent to Russia with Starkov without giving an audience and broke off relations between the two countries. Because Russians did not realize the value or usefulness of the tea that had been brought all the way back to Russia, it is unclear what happened to the gift that ultimately led to a breakdown in negotiations.[13]

Smith and Christian surmise that it was not Starkov who first brought back tea but, in fact, Vasilii Tyumenets, who was sent to visit Altyn Khan in 1616.[14] Their conjecture relies on the information of Kh. Trusevich, who mentioned that Tyumenets was the first of the Russians to drink tea with Altyn Khan.[15] In either case, Fyodor Baikov, sent from Russia to Bejing in 1654, brought back a little tea, and the Perfil'ev delegation sold off all the tea that was gifted to them in 1658 in Beijing.[16] Subbotin, the Russian economic historian, claims that after Starkov was compelled to bring tea back to Russia in 1638, all the tea that came to Russia was consumed by Moscow's imperial court and the Russian upper class.[17] However, it does not appear that Russia of the 1650s recognized tea's potency or its value as a product, or that there would be much demand for it.

Clear testimony that tea was drunk in Russia is found in the record of the Englishman Samuel Collins, who served as a physician to Tsar Alexei Mikhailovich. According to Collins, tea (teah or tey) and anise were brought from Siberia in 1671 and merchants said that they added sugar to these as a special remedy for lung disease.[18]

From the description of Collins, we learn that tea was consumed in Russia at that time as a medicine. This phenomenon also occurred in Holland when tea first appeared there. Johann Filipp Kilburger, who visited Moscow as an attendant in Sweden's Oxenstierna delegation in 1673–1674, affirmed that tea was sold in Moscow markets at 30 kopecks per funt (about 409.5 g).[19] It is said that the Dutch and Portuguese transported this tea via the northern port city of Arkhangelsk. In Moscow

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[13] Yoshida Kinichi, *Rosia no tohosinshyutsu to neruchinsuku jouyaku*. Toyobunko. 1984. pp. 21-25.

[14] R.E.F. Smith and David Christian, *op. cit.*, p. 228.

[15] Kh. Trusevich, *Posol'skie i Torgovye snosheniya Rossii s Kitaem.* M., 1882, pp.4-5.

[16] R.E.F. Smith and David Christian, *op. cit.*, pp. 228-229.

[17] A.P. Subbotin, *Chai i chainaia torgovlia v Rossii i drugikh gosudarstvakh. Proizvodstvo, potrevlenie chaia*. SPb., 1892, pp.189-190.

[18] S. Collins, *The Present State of Russia*, London, 1671, pp.75-76; R.E.F. Smith and David Christian. *op. cit.*, p. 229.

[19] M.P. Fedorov, *Sopernichestvo torgovykh interesov na Vostoke*, SPb., 1903, p.85; E.P. Silin, *Kyakhta v XVIII veke*, Irkutsk, 1946, p.145.

in the 1640s, merchants disgruntled by the intervention of English merchants in the Russian domestic market caused a riot in the city, prompting Tsar Alexei Mikhailovich to use the Puritan Revolution as a pretext for revoking the privilege of England's Moscow Company to operate in the Moscow markets. As a result, Russian trade came to be monopolized by Dutch merchants. Due to their trade in Asia, the Dutch and Portuguese during this period had the custom of drinking tea. From this, it can be deduced that tea brought to Moscow was imported through the Dutch East India Company, which included not only that the tea brought via Batavia but also tea brought in from Indian colonies by Portuguese traders. From other evidence, it is known that Russians put sugar in their tea and used it as a stomach medicine.[20] Russia in the late 17th century was coming to adopt tea as a medicine, as was the practice in Europe.

However, due to the Treaty of Nerchinsk, even as caravans began to be dispatched from Russia to Beijing, tea was not an essential traded commodity. After Kyakhta was established as a center of free trade[21] between Russia and China in 1727, tea began filtering into Russia by way of state-run companies in Beijing and Kyakhta, but the main imports from China were still cotton and silk fabrics. Between 1680 and 1720, as tea consumption rose in Europe, Russians finally began to regard tea as a commodity.

4. Asian and European tea drinking

As discussed above, although Russians found out about tea by way of Mongolia, it was by way of Europe that the custom of drinking tea began to take hold. Why did Russians adopt tea via Europe rather than adopt the custom of drinking tea directly from Asia? One reason is that Russians saw the Asian way of preparing tea using brick tea, in which salt and butter are added and the mixture is boiled into a soup. The Scottish physician John Bell (a foreigner in the service of Pyotr I), who accompanied a caravan from Russia to Beijing in 1719–1721, stayed for a time with the Buryat Mongols. They served him tea made by boiling bohea tea with meal and butter in a cauldron, which Bell claimed was not bad. Although he took an interest in the tea itself, Bell wrote that it could have been better if it were made in a more hygienic way. He took some tea home as a souvenir with the aim of getting European women to serve it.[22]

The Asian (in this case, Mongolian) way of drinking tea, however, was hardly adopted by the Russian public at all. First, the brick tea itself did not suit Russian tastes; they viewed the tea drunk by indigenous Siberians as a novelty and dismissed it as simply a custom of different ethnic groups. In 1792, Aleksandr Nikolaevich Radishchev (1749–1802), exiled to Ilimsk, a city near the eastern Siberian capital of Irkutsk, sent a letter to his former boss, Aleksandr Romanovich Vorontsov, laying out his opinions on trade in Kyakhta, which had been shut down in 1785 on the orders of the Qing government. Sent to Siberia by Ekaterina II for criticizing the serfdom system in *Journey from St. Petersburg to Moscow* (1790), Radishchev was originally a finance official working at Kommerts-kollegia (Collegium of Commerce) and the St. Petersburg customs office, so he was well versed in economic issues. Although he did not have an opportunity to visit Kyakhta directly because he was in exile, he apparently did have the chance to look over customs documents from the time when

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[20] E.P. Silin, *Kyakhta v XVIII veke, Iz istorii russko-kitaiskoi torgovli,* Irkutsk, pp.145-146.

[21] Of course, Kyakhta trade was not 'free trade' in the modern sense and there were several restrictions in trading. Here, 'free trade' means trade between private merchants, which differed from tributary trade in Beijing. Both the Russian and Qing governments were concerned about the outflow of silver from their empires and they prohibited the exchange of commodities for money in Kyakhta. In actuality, Russian and Chinese merchants often paid money for commodities illegally, or exchanged silverware for goods, and so on.

[22] John Bell, *A Journey from St. Petersburg to Pekin, 1719-22*, Edinburgh University, 1965, p. 86; E.P. Silin, *op. cit*., p.166.

trade was active in Kyakhta. He noted the following in his letter:

> There is no need to speak on the fact that wherever there is tea, there is demand for it. While everyone in Russia has this custom to the extent that everybody knows about it, I for one will not stop stressing this as long as bringing in tea means trading with Poland. The list of the border customs house shows that a significant volume of tea is being taken out of the country, and you know how "correct" the previous list is. In terms of value and volume (if my list is reliable), more brick tea is consumed than all luxury goods: it can be found in Russia, is sold throughout Siberia, and there is great demand for it, particularly in Irkutsk Province from Buryats and Russians living in Zabaikal'e. They cannot live without tea, and they will not drink tea brought in from Poland.[23]

In 1792, trade in Kyakhta had been halted since 1785, so Radischev wrote this letter to argue that Russian losses would be small even if trade with China were not reopened. Brick tea consumed by Siberian residents and Buryats in Zabaikal'e was regarded as something consumed by ethnic groups and did not affect Russian consumption, which suggests the possibility that leaf tea was being brought into Russia by way of Poland. Radischev continues his letter below.

> …as shown above, the major products going from China to Russia are cotton textiles, namely kitaika or daba, tea, silk cloth, raw silk, and twine. There is demand for kitaika and tea not only in Siberia but in Russia as well, while silk is consumed almost exclusively at manufacturing plants in Moscow. Almost all daba and fanza is consumed in Siberia, while some zoli and other silk products are consumed in Russia and the rest in Siberia.
>
> Similarly, the price of tea rises when there is no trading in Kyakhta, so some people have to give up this custom and drink coffee instead of tea. However, rather than change this custom, people unable to drink anything else drink tea brought in from England, Holland, and Denmark, consequently paying double or quadruple the price, consequently increasing the amount of tea coming in from all ports, especially St. Petersburg. The poor, who mimic the rich by drinking tea during celebrations and banquets and have begun to succumb to the slow epidemic, consume veronika (any plant of the genus Veronica) and thyme leaves if they live in Russia, substituting the so-called herb lugovoi chai if they live in Siberia. However, Buryats in Zabaikal'e and Russians, used to consuming it from when they were young, squander their money on brick tea brought in from China, the volume of which exceeded demand in all of Russia, which utterly agitates trading in Kyakhta to a complete stop and invites tranquility on the many families in poverty…
>
> In this way, the Zabaikal'e people drank up all the tea until they had used up all their assets. They have transformed their sheep, cows, horses, and their grains to simple things; their fields remain unfurrowed and their harvests unreaped. Then, when all possibility of getting hold of tea disappears, they consume herbs instead. In my opinion, these take nothing away from the utility of tea. The reason is because the ingestion of herbs by Siberian people does not harm them and is in fact nutritious and good for their health. Tea and herbs are more like secondary nutrients than primary nutrients.[24]

In his letter, Radischev emphasizes that although consumption of brick tea was high in

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[23] A.N. Radishchev, Pis'mo o kitaiskom torge. (1792), *Polnoe sobranie sochnenii. A.N. Radishchev, T.II*, M., 1907, p. 61.
[24] A.N. Radishchev, *op.cit.*, pp.87-88.

Zabaikal'e, where Russians too had begun to drink it, during the period when trading at Kyakhta had been ceased they had come to consume other herbs as a replacement beverage. Buryats did not just purchase tea from Russians engaged in trading at Kyakhta, they participated in the Kyakhta market themselves, purchasing tea directly from the Chinese. However, we need to take into consideration that this letter was written at a time when the composition of imported items in the Kyakhta market was undergoing a major shift. Furthermore, we cannot take Radischev's opinion on faith; he was critical of the English-style free market approach and wrote from that perspective. Even if we consider that trends in the consumption of tea by indigenous people and Russians differed, this is because the increase in tea consumption by Russians coincides perfectly with the discontinuation of trading in Kyakhta.

5. Tea consumption takes hold

5.1. *Tea consumption spreads to the nobility and the wealthy class*

Ostensibly, Russians violated the principles of tariff-free trade, and so the Kyakhta trade was actually a fundamental factor in the worsening of diplomatic relations with the Qing Empire over security concerns in the border region, stopping trading a total of 10 times. The initial halt was comparatively short (just a few days), but the shutdowns of 1762–68, 1778–80, and 1785–92 extended over long periods of time. Although Radischev did not pay it much attention, Buryats were not exactly unable to obtain brick tea: they were smuggling it even when the market was shut down. Our interest, however, is tea consumption among the general Russian public.

According to Trusevich's data, tea accounted for 10.7% of the total value of all commodities imported into Russia through the Kyakhta market in 1751, 3.4% in 1759–61, and 15.6% in 1775–77 and 1780–81. Although small, brick tea for consumption by Buryats and other indigenous peoples tended to surpass other varieties of tea.[25] Figure 1 shows the volume of tea imported through Kyakhta.
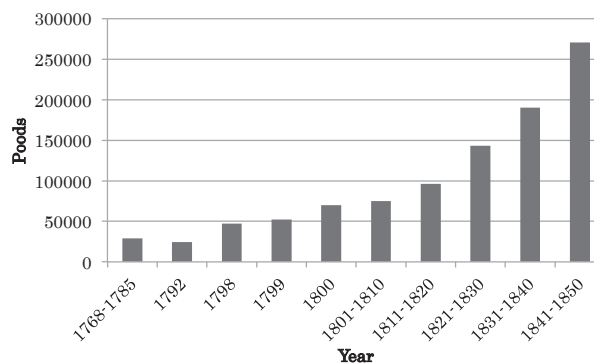

Figure 1. Weight of tea imported to Russia through Kyakhta

Source: A. Korsak, *Istoriko-statisticheskoe obozrenie torgovykh snoshenii Rossii s Kitaem,* Kazan', 1857, p. 293. (Pood is a Russian unit of mass. 1 pood is 16.38 kg)

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[25] Kh. Trusevich, *op.cit*., pp. 270-272.

    Furthermore, we get a different image from statistics on the value of tea imported into Russia between 1749 and 1792. Specifically, Sokolov examines data given by I.M. Kulisher (1878–1933).

    From Sokolov's calculations, we can see that the value of tea imported into Russia did not grow much during the 1778–80 Kyakhta market shutdown compared with the period when it was active between 1758 and 1760. In contrast, the value of imported tea rose by several orders of magnitude during the market shutdown of 1790–92.[26] As attested to by Radischev, instead of obtaining tea via Kyakhta, it was imported by sea during this period from ports in western Russian. According to Chulkov, who published all commerce-related data in Russia from that time in the latter part of the 18th century, the main import sources included England, Amsterdam, and German cities such as Lubeck and Hamburg.[27] American economic historian Arcadius Kahan (1920-1982) shows data on the main beverages imported to St. Petersburg from 1768 to 1788, but we can see only beer, ale, wine and coffee in this data.[28] Beer and ale are imported from Baltic cities, wine is imported from France or Portugal, and coffee might be imported from various countries through Amsterdam or other Baltic ports. Kahan also notes, "Although there were some substitutes for black tea for the population of European Russia, there were no substitutes for "brick tea" in the Far East and Siberia, or for green tea in other parts of Asiatic Russia."[29] At least, the demand for brick tea was only in Asiatic Russia in the 18th century. But from 1792, after the reopening of trade in Kyakhta, demand for general types of leaf tea increased gradually.

    We can see in Figure 2 that tea makes up an overwhelmingly high percentage of total imports since 1812, especially when compared with imports to Kyakhta since the 19th century.
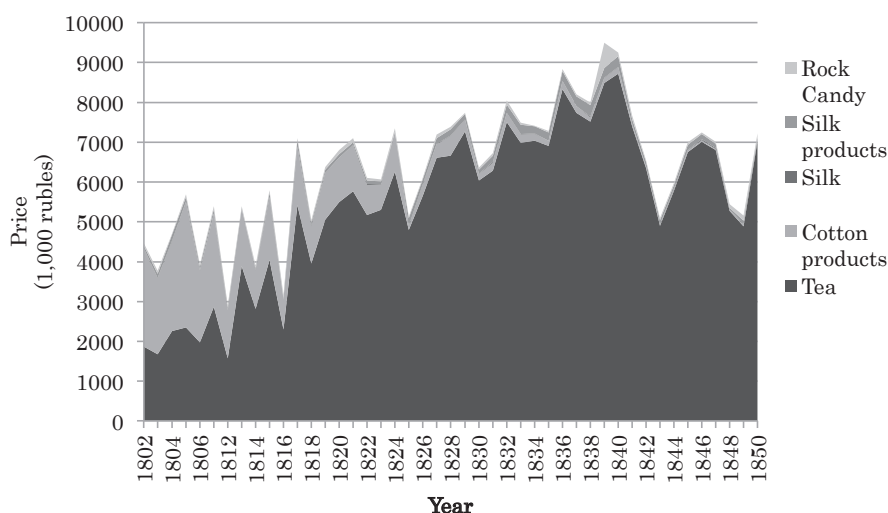

Figure 2. Main commodities of Russian imports from China

Souce: *Trudy statisticheskogo otdeleniia departamenta tamozhennykh sborov. Statistichekiia svedenii o torgovle Rossii s Kitaem*, SPb., 1909, pp.8–9.

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[26] I. A. Sokolov, *Chai i chainaia torgovliia v Rossii: 1790-1919gg.*, M., 2012, p. 30. (based on the data: I.M. Kulisher, Sost. I.V. Kuriaev, *Istoriia russkoi torgovli i promyshlennosti,* Cheliabinsk, 2003, pp. 261-262; N. Semenov, *Izuchenie istoricheskikh svedenii o rossiiskoi vneshnei torgovle i promyshlennosti*. T. 3, 1859, pp.73–74)

[27] M.D. Chulkov, *Istoricheskoe opisanie Rossiiskoi kommertsii. T.VI*, ii, 242; R.E.F. Smith and David Christian, *op. cit*., p.233.

[28] A.Kahan, *The Plow, the Hammer and the Knout. An Economic History of 18th-Century Russia*, The University of Chicago Press, Chicago and London, 1985, pp. 194-195.

[29] A.Kahan, *op. cit*., p. 196.

This demand for tea began among the Russian aristocracy and then spread to wealthy merchants. The trend of drinking tea as a show of wealth grew in popularity, prompting the manufacture of samovars as discussed below. One book on the history of Moscow explains that the sales base of tea during the 18th and 19th centuries was in Moscow and other cities that held large markets periodically. Nevertheless, even in the beginning of the 19th century, tea was still an expensive luxury good, often stored on noble estates in a lockbox in the proprietress's bedroom.[30] By the end of the 1700s, tea, offering a precious and indulgent pastime, was usually served with teaware produced specifically in the European style. People would add a lump of sugar, as they did in England (powdered sugar was avoided as it clouds the tea), or add rum.[31] Thus, the custom of drinking tea in Russia took hold along with the adoption of a European-style tea culture and the importation of tea by sea from European countries. The drinking of tea spread downward from the nobility and the wealthy, and ultimately shifted the Kyakhta trade to primarily tea after 1792.

Although imports of brick tea grew along with the rise in volume of tea imported from Kyakhta after 1792, brick tea was imported by Siberian merchants, including merchants from Irkutsk. The reason for this is that customs duties on brick tea were cheaper than on bohea, a loose-leaf tea.[32] Moscow merchants initially led the way on importing bohea, but bohea imports by Irkutsk merchants began to grow from around 1819–20, prompting a sudden rise in bohea trade volume by 1829. The taste for tea spread widely among the merchant class. A major characteristic of tea drinking culture in Russia is that there were no public spaces for drinking such as coffeehouses in Europe. Tea was almost exclusively drunk in homes and taverns (called *traktir or kabak*). Taverns were systematized in the 17th century so that the government could regulate alcohol sales, and tea became a regular feature at taverns. Merchants drank tea with business associates during negotiations so much that the act of drinking tea in taverns became an extension of work. In the first half of the 19th century, the main consumers of tea were merchants and the aristocracy.

French writer Marquis de Custine (1790–1857), who wrote on his travels in Russia in 1839, notes the following about the irony of Russian tea drinking: "Russians, even the poorest, have a tea set and copper samovar at home, drinking tea with their family morning and night."[33] Compared with Europe, where the act of drinking tea was associated with sociability and sophistication in one's public life, the custom of poor Russian commoners drinking tea at home around a samovar seemed a miserable image to Custine. In the 19th century, however, it was this growth in the active tea-drinking population to even the poor that supported the expansion of tea consumption in Russia.

P. Kiszke Zgierskii published a book on commerce in the city of St. Petersburg in 1831. The image below (Photo 1) shows an advertisement for the silverware and goldware shop of the merchant Kudryashev, which highlights the type of tea set commonly sold in Russia during this period.[34] The main item for sale at this shop was tea services, drawn on the left side. They were just like European tea sets and were likely a Saxonian or British in origin, as Saxonian tea sets were also transported to Kyakhta and sold to Chinese merchants.

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[30] E.A. Tonchu (Avtor proekta), T.A. Fedoseeva (Avtor sost.), *Vypei chaiku. Zabudesh tosku*, M., 2006, p.12.

[31] E.A. Tonchu, T.A. Fedoseeva, *op.cit*., pp.16-17.

[32] A. Korsak, *Istoriko-statisticheskoe obozrenie torgovykh snoshenii Rossii s Kitaem*, pp.295-297.

[33] A. de. Coustin, V. Mil'chinoi (Per.s fr. pod red.), *Rossiia v 1839 godu. T.I*, M., 1996. p. 317; I.A. Sokolov, *op. cit*., p. 33.

[34] V. Kishkin-Zhgerskii, *Kommercheskii ukazatel' goroda St.-Peterburga, sostablennyi Vikentiem Kishkinym-Zhgerskim (P.Kiszke-Zgierskiego), raznykh uchenykh obschestv i inostranykh Akademii deistvitel'nym chlenom i kabalerom*, SPb., 1831, p.15.

Photo 1. Advertisement of silverware and goldware in the shop of the merchant Kudryashev

The next example (Photo 2) is an advertisement for tea, which is found in P. Kiszke-Zgierskii's book. This advertisement is for the Chinese tea shop of the merchant Belkov, which was located near Anichkov Palace on Nevskii Avenue.[35] The drawings of Chinese people are stereotypical images (with mistakes in costumes) that were commonly associated with tea in this period. It is very interesting that in this shop, black tea was much cheaper than other types of tea. For instance, the price of ordinary black tea was 4 rubles 50 kopecks for one funt (409.5 g), high-grade tea named "Tsvetochny" was priced from 10 to 18 rubles per funt, Chinese branded white tea (here we can see the mark of My-Yu-Min Dzi and others) was priced from 20 to 30 rubles per funt, and green tea was priced from 10 to 35 rubles per funt. In this period, tea imported from Canton by British and other European ships was prohibited and all tea sold in St. Petersburg "must" have been transported from Kyakhta through Moscow. The demand for "Tsvetochny" or Green tea was not large, but higher tariffs were imposed on these higher-grade types of tea than ordinary black tea. And in St. Petersburg, aristocrats and wealthy merchants could afford to buy these expensive tea varieties.

From the examples we have seen above, in the first part of the 19th century, tea was still an expensive and luxury beverage that wealthy people could allow themselves to buy. However, ordinary Russians were also interested in tea. This is demonstrated by the fact that Russian farmers began to have samovars in the first half of the 19th century.

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[35] V. Kishkin-Zhgerskii, *op.cit.*, p.14.

Photo 2. Advertisement for the Chinese tea shop of the merchant Belkov.

5.2. *Tea drinking and the samovar*

The establishment of tea drinking in Russia is closely related to the popularization of samovars. Samovars themselves are expensive metal products, so having one in each home was impossible in the 18th century. What we recognize as a modern samovar is a self-boiler in Russian. Samovars have a hollow tube on the inside for burning charcoal; this is surrounded by a chamber for boiling water. Although there is still controversy as to when samovars adopted their modern form, the manufacturing of teaware, such as the kettles that served as a prototype for the samovar, began in the Ural Mountains at the Demidov factory. The Demidov family of blacksmiths played a key role in the Ural steel industry through the Reforms of Pyotr and were also involved in manufacturing steel products. Copper teaware was first produced in the 1730s. However, these goods were not much different from the jugs and kettles found in Europe. Among these items, the first record of what is called a samovar comes from the document describing "a list of the number and sales prices of various names of copper tableware produced in 1745 and passed on to the noble Grigorii Akinf'evich Demidov." In another document the phrase "two bronze samovars with pipes" is written. Here, a "pipe" refers to the spout and at the time the document was written "samovar" referred to a kettle of universal shape.[36]

The type of kettle in which water is heated by charcoal in a brass base (see Photo 3) was called a *bul'otki*, and this type of kettle was already produced in Europe in the 17th century, and imitations were also made in Russia. However, the *bul'otki* is shaped quite differently from a samovar. Smith and Christian view a type of hot-water heater with a tap, which was produced in Europe in the early 1700s—not the *bul'otki*—as the predecessor of the samovar.[37]

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[36] L.V. Britenkova, N.V. Grigor'eva, S.P. Kalinichev (sost.), V.I. Grishetskii (red.), *Samovary Rossii*, M., 2009, p.118.

[37] R.E.F. Smith and David Christian, *op. cit.,* pp. 242-243.

Photo 3.Kettle by Paul de Lamerie, 1730. The Victoria & Albert Museum.

Source of photo: *Naturalistic Spoon, Rococo to Art Nouveau*, http://naturalisticspoon.com/Paul_De_Lamerie.html

Very similar to the European-style hot-water heater, the main section of the samovar manufactured in the Urals in the 1760s was spherical and equipped with a tap (see Photo 4).

Самовары. Завод Демидовых. Урал. 1760-е гг.

Photo 1.Samovars manufactured at the Demidov's Ural plant in the 1760s.

Source of photo: L.V. Britenkova, N.V. Grigor'eva, S.P. Kalinichev (sost.), and V.I. Grishetskii (red.), *Samovary Rossii*. M., 2009, p.122.

While it is thought that the unique shape of Russian samovars came about in the 1770s, some believe that this shape had been invented in Europe prior to that. The first samovar factory in Russia was not in the Urals but in the traditional gunmaking town of Tula; it opened in 1778.[38] In any case,

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[38] R.E.F. Smith and David Christian, *op. cit.,* p. 240.

it was rare to find this type of hot-water heater in the average household, as such samovars were found in the homes of only the nobility and the wealthy.

Photo 5.Samovar in the early 19th century, manufactured in Tula.

Source of photo: *Samovarnaya Masterskaya Alekseya Prozorovskogo*, http://www.kiev-samovar.com/samovar-vaza-tula-nachalo-xix-veka/

It was around the mid-19th century that this gradually started to change. Once the wealthy started drinking tea, they also started requesting it wherever they traveled. This sometimes presented a problem. For example, Yamskaia Sloboda, then a Russian post town where horses could be changed, did not exactly have taverns and inns everywhere, and it was some 18–25 verst (approximately 18–25 km) between relay stations. Tea lovers started carrying simple samovars for use while traveling.[39] The most frequent travelers at the time were noble landowners and members of the merchant class; these were the people out buying tea in different parts of Russia. The formation of a distribution network that reached all parts of the Russian Empire from the latter part of the 18th to the 19th century spurred merchants to take business trips. At the same time, the popularization of tea also involved farmers along the way. In the 1840s, Custine witnessed the widespread adoption of samovars by the peasant class, placing its initial adoption even earlier than the French invasion of Moscow in 1812.[40] Subbotin states that, in Russia, samovars spread even sooner than tea itself. In his trip to Russia in 1843, German economist Baron Haxthausen (1792–1866), who introduced rural communities in Russia to Europe through his writing, noted that tea was spreading along major roadways and was increasingly becoming the drink of choice for steadfast farmers.[41]

Although samovars had not necessarily reached farmers in frontier areas, it is interesting that samovars began to become intertwined with the lives of farmers from early in the 19th century. Many peasants had started to move to cities to become craftsmen following the Great Reforms, and upon arriving in Moscow they passed taverns and cafeterias that served tea just as they liked to drink it. The method of drinking tea preferred by Russian peasants is unrelated to the quality of the tea; it is, instead, the preference of peasants focused on being served strong tea and being treated with respect as a customer.[42] Through the increased production and improvement of samovars, farmers at the end of the 19th century came to drink tea every day, a pastime which blended into the landscape of daily

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[39] L.V. Britenkova, N.V. Grigor'eva, S.P. Kalinichev (sost.), V.I. Grishetskii (red.), *op. cit.,* pp. 38-39.

[40] I.A. Sokolov, *op. cit.,* pp. 34-35.

[41] A.P. Subbotin, *op. cit.,* p. 193.

[42] E.A. Tonchu, T.A. Fedoseeva, *op. cit., p. 22.*

life. According to Russian painters, who experienced a period of attention in the latter part of the 19th century, scenes with samovars were a major motif for conveying the country's folk identity and national culture.

5.3. *Koporskii chai−Cheap herbal tea substituted for real Chinese tea*

Kyakhta trade in the 18th century focused on the export of furs from Russia to China, but in the 19th century, it became primarily based on the import of tea from China to Russia. Moreover, the barter trade system in Kyakhta continued through 1853 and that economic situation encouraged the development of the Russian textile industry. However, various other factors also impeded the development of Kyakhta trade. The first factor was the smuggling of cheap Canton tea by sea routes, and the second was the wide spread of "counterfeit tea."

It is possible to produce counterfeit tea that is very similar to real tea by rolling and drying leaves of the Kiprei plant (Epilobium), an herb of European Russia. This herbal tea is known by various names, including "Koporskii chai" and "Ivan chai (Ivan tea)," and spread as a type of replacement tea in rural areas. Kiprei grows naturally in rural areas and is very easy to obtain. This fake tea problem began in the 1820s and is often mentioned in administrative documents. This fake tea spread due to the high price of tea that resulted from high tariffs and high transport cost on the land route through Siberia. Under the Regulation of 1800, the legal tariffs on tea were determined and then additional tariffs were imposed. In the case of leaf tea, a tariff of 47-75 kopecks per funt was imposed on green tea and 60 kopecks per funt on black tea. These tariffs continued until 1841. In contrast with leaf tea, imported brick tea was thought to be low-grade tea and a tariff of about 6 kopeck per funt was imposed.[43]

In the early period, European Russian merchants bought mainly green and black leaf tea, and Siberian merchants bought brick tea because of the difference in the level of tariffs. Significant capital was required to buy tea in Kyakhta and small-scale merchants could hardly participate in the tea trade. Because of these conditions, in 1826, the Russian government decided to return collected import taxes to merchants who reexported Chinese tea via Kyakhta to Leipzig, Hamburg and Amsterdam. Because of this system, Kyakhta tea could compete with Canton tea transported by British ships.[44]

As mentioned above, tea was too expensive for the lower classes in Imperial Russia. However, it is likely that the Russian lower class (farmers, poor city residents, and so on) actually preferred real tea to the cheaper herbal alternatives. In order to solve this question, I found the following information from materials in the Russian State Historical Archive in St. Petersburg.

A notification to the Department of Manufacturing and Trade in the Ministry of Finance on April 11, 1845, mentions the establishment of a committee to investigate the "corruption" of tea and the members of the committee were selected from the directors of the Russian American Company and representatives of Kyakhta merchants.[45] Both the Russian American Company and Kyakhta merchants were closely related to the interests of the tea trade and there was often smuggling and forgery of tea that hurt their businesses. Exposing this problem was a very urgent issue for them.

After this notification, a report from a St. Petersburg official to the Minister of Finance (F.P. Bronchenko) on May 23, 1845, mentions in detail that they found counterfeit tea, that farmers in rural areas produce them extensively, that the municipality continues to investigate in St. Petersburg, Tver', Moscow, and Vladimir provinces, and that people have been observed smuggling tea by both

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[43] N.K.Krit, *Materialy dlia obsuzhdeniya voprosov chainoi torgovli,* SPb., 1864, pp.2, 4.

[44] A.P. Subbotin, *Chai i chainaya torgovlya v Rossii i drugikh gosudarstvakh, Proizvodstvo, potreblenie Chaya*, SPb., 1892, p. 461.

[45] RGIA, F. 18, Op. 5, D. 695, L. 1, 8.

land and sea routes (that is, through Finland or the Baltic sea) due to the high price of tea.

A report from the Minister of Internal Affairs (L.A. Perovskii) to the Minister of Finance on May 29, 1845, mentions that counterfeit tea was found in five shops in Nizhnii Novgorod and points out that there is more clever forgery there than in other regions. Another report from the Minister of Internal Affairs to the Minister of Finance on June 20, 1845, notes that counterfeit tea was found in Kazan' and that it spread about 85 verst (85 km) from Kazan' along the trans-Siberian road, and surprisingly, a factory of counterfeit tea was found in a Tatar village[46]. They had not succeeded in discovering counterfeit tea factories in previous investigations. There is very little research on the history of tea among the Tatars, but in the Kyakhta custom records through 1829, there are names of wholesalers from Kazan' and we can acknowledge the proper relation between Tatars and tea.[47] From this widespread of production of counterfeit tea, not only by the Russian population but also by the Tatar population such as in Kazan', it is possible to estimate that demand (or desire) for tea has greatly increased. The series of reports above indicate that counterfeit tea production became a lucrative and large industry that catered to the modest household budgets of rural farmers. However, counterfeit tea production using kiprei is a more honest way to provide an alternative to real tea (assuming it is labeled as koporskii or ivan chai). In the worst cases, forgers dyed weak or used tea to disguise it as new tea, or mixed real tea with counterfeit tea in a way that was undetectable to buyers.

We should note that the counterfeit tea problem started around the 1820s. That is, more than 20 years passed until the establishment of an investigation committee in 1845. However, this investigation was very difficult, as it involved such things as investigating the smuggling of Cantonese tea. Further, it must be remembered that the Russian people began to drink tea not just as a medicinal remedy, but as an everyday beverage several times per day starting in the 1840s.[48] We can surmise that the spread of counterfeit tea resulted from both the increasing demand for tea and the desire of the Russian lower class for "real tea" but who were forced to buy cheap smuggled tea or alternate forms of tea.

On March 16, 1850, the Ministry of Finance submitted a measure to prevent counterfeit tea that was enacted. This measure strictly set the punishment for this crime, and entrusted its enforcement with city police and trade representatives appointed from the members of Russian American Company and Kyakhta merchants.[49] We suspect that this measure had some effect on counterfeit and smuggled tea, but the crisis of Kyakhta trade in 1853 made this problem even more urgent.

5.4. Permission to import tea by sea route and increasing tea consumption

The Taipin Rebellion (1851-64) in China seriously damaged Kyakhta trade. In 1853, the import of tea to Kyakhta decreased drastically, and then the ordering of Russian products stopped. This occurred because the rebel army restricted tea transport routes in China. The Russian government finally acknowledged the disastrous situation in Kyakhta on August 6, 1854, when it issued an imperial decree permitting the government to pay for one-third of the cost of a manufactured product or one-half of the cost of furs using silverware, and allowing the export of silver and gold to China via Kyakhta.[50]

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[46] RGIA, F. 18, Op. 5, D. 695, L. 27-ob., 31-ob., 33-ob.

[47] RGADA, F. 183, Op.1, D. 82A, L. 8-11.

[48] A.P. Subbotin, *op. cit.,* p. 192; I.A. Sokolov, A.A. Nazukina, *Chai i vodka v russkom bytu vtoroi poloviny XIX-nachala XX veka,* M., 2008, pp. 36-37.

[49] RGIA, F. 1152, Op. 4, D. 81, L. 2-88.

[50] RGIA, F. 1265, Op. 3, D. 107, L. 2.

In 1858, eight ports in China were opened on the basis of Tianjin Treaty and Russia obtained Primorye. By this political change in the Far East, sea trade became a reality for Russia. Because of this advance, restrictions on Kyakhta trade were eliminated and the Kyakhta customhouse was moved to Irkutsk. In the regulations issued on March 3 and April 1 of 1861, it was permitted to import tea by sea routes from western borders of Imperial Russia and all European ports.[51] However, in order to protect the interests of Kyakhta traders, high tariffs were imposed for tea transported by sea. In spite of such restrictions, permission to import by sea increased the amount of imported tea enormously. (See Figure 3). One reason for this increase is that smuggled tea emerged in official statistics as it entered the country through legal channels. However, it is hard to find correct records in this period. We must also take into account that official data in published books is just one limited measure of all trade that was occurring. However, the increase in tea imports in the 1870s definitely can be attributed to the opening of the port of Odessa for tea trade. Many Moscow merchants opened their agent offices in Odessa and tea trade there flourished. The supply of tea in Imperial Russia increased drastically and tea drinking customs began to spread to the lower stratum of the working class after the 1860s.[52]
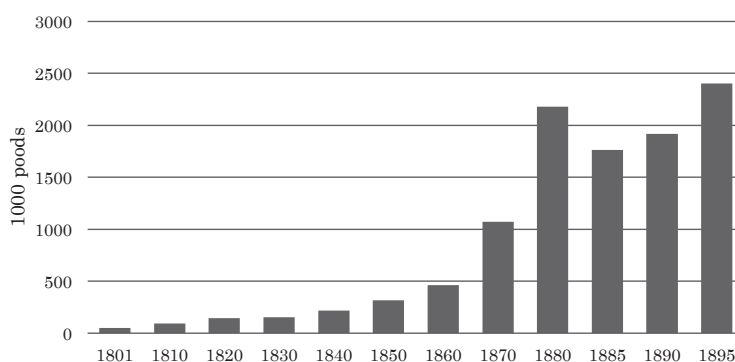

Figure 3. Import of tea to Imperial Russia

Source: S.T. Gulishambarov, *Vsemirnaya torgovlya v XIX v i uchastie v nei Rossii,* SPb., 1898, p.36.

The popularity of tea drinking among the Russian working class was already on the rise by the mid-19th century. The thriving Nizhny Novgorod Fair was a large tea trading center in the Russian Empire, second only to Moscow, and had an area called Chinatown (although Chinese merchants did not live there) designed and built by French architects in the early 1800s. People with the ability to discern between different types of tea were hired to work the fair. Nizhny Novgorod Fair's general information booklet, published in 1867, contained the following description:[53]

The tea business takes place not here [Siberian Wharf] but on a street block of stone. It is here only that people come to scope out and sample the tea. There, tea *faktury* are trusted. Each tea broker has a document written out with the weight, type and value of each box of tea entrusted to him from the tea's owner. In business terminology, this document is called a *faktury*.

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[51] *Kratkii ocherk vozniknoveniya, razvitiya i tepereshnyago sostoyania nashikh torgovykh s Kitaem snoshenii cherez Kyakhtu.* M., Izdanie kyakhtinskogo kupechestva, 1896, pp. 67-68.

[52] A.P. Subbotin, *op.cit.,* p. 193.

[53] N.N. Ovsiiannikov, *O torgovle Nizhegorodskoi iarmarke,* Nizhnii Novgorod, 1867, p.30-31.

Merchants buying tea use this *faktury* to select teas as they like. If one does not have a *faktury* with these details on pre-prepared boxes of tea, the buyer—for example, a merchant from Moscow—has to run around to find the teas that they want. Buyers know grades of tea, so they cannot be deceived when buying them. Other boxes of tea are completely unopened.

Many merchants hire a special salesclerk so as to know the value of the tea. A number of these have been in this business for 20 years or longer, accumulating a surprising level of proficiency. They are always surrounded by cups of tea and are equipped with the ability to distinguish the exact value of different grades of tea. This is the most important task because Kyakhta merchants themselves have been known to mistake their own grades of tea and set higher prices on less expensive teas. In addition, tea preferences in Moscow differ slightly from those in Siberia. Salesclerks who know grades of tea well can make 3,000–4,000 silver rubles per year…

In this way, tea arranged and purchased in Nizhny Novgorod was branded and distributed to stores in Moscow for retail sale. In addition, we cannot underestimate the fact that the main people who traded tea in Odessa were also Moscow merchants who mastered how to trade tea in Nizhny Novgorod Fair. As the distribution of tea became organized, it was in the 1870's that tea came to replace alcohol as the drink of choice among laborers.[54] By this time, tea drinking was recognized as a part of traditional Russian culture.

Picture 1. V.M. Vasnetsov, *Drinking tea in a Tavern* (1874)

In this picture, we can see a boy serving tea in a tavern. Workers drink tea from saucers.

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[54] R.E.F. Smith and David Christian, *op. cit.,* pp.236-237.

Conclusion

The popularization of tea in Russia followed a different course from that in Europe. Russia, connected to China by land, learned of tea from the Mongolians and Chinese. However, before adopting tea-drinking customs, Russians passed through another stage of adoption, which exposed them to tea drinking trends found mainly in Western Europe. Neither the Dutch nor the English adopted Asian-style tea culture, but rather adapted it by improving upon teaware and devising a different method of drinking tea, including the addition of milk and sugar. Russians, although they learned how Europeans drank tea, followed a different path from Europe in how tea drinking became a part of social life. This is because Russian tea drinking was not a custom associated with discussions and gatherings in public spaces, but rather was enjoyed with one's family or as a means for facilitating business by Russian merchants. Initially, Russians learned how to drink brick tea, but did not adopt it as a custom in the 18th century. However, demand for brick tea, which had previously been ignored by Russians as merely the preferred tea of indigenous Siberians, began to rise in the early 19th century and it gained in popularity until Russians themselves came to drink it.[55] In this way, Russians not only developed a taste for tea that was closely related to lifestyle, but also tea was transformed into an important product. Its trade was linked to diplomacy and economic relations with China, and this process fostered the partial adoption of Asian tea-drinking customs.

This paper suggests that it is possible to explain various previously neglected issues by reviewing the sociocultural historical aspects of Russian tea drinking and by examining the practices of tea merchants and the state of the tea trade in specific regions, such as at the Nizhny Novgorod Fair.

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[55] I.A. Sokolov, *op. cit.,* p. 34.

Coffee Production in the Asia-Pacific Region: The Establishment of a Japanese Diasporic Network in the Early 20th Century

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Abstract

This paper focuses on the Japanese migrants who were mainly involved in coffee production in Hawai'i (the US territory) and in Saipan and Taiwan (the Japanese territories) from the beginning of the 20th century to the 1930s. In developing the coffee industry in those Japanese insular territories, the Japanese people who had connections with Hawai'i through trade and migration played significant roles. Although coffee never achieved its status as a main cash crop in any part of the Japanese Empire, by the late 1920s, it was regarded as one of the commodities whose "domestic" production would prevent the outflow of Japanese yen. However, due to a lack of experience in coffee production, Saipan and Taiwan relied heavily on the Japanese coffee farmers in Kona, the Big Island of Hawai'i, who were engaged in its production from the late 19th century; therefore, this trans-pacific movement of people, agricultural commodity, and knowledge describes the importance of networks connecting Japanese diasporas in the insular territories of the US and Japanese empires.

Keywords: The Japanese Empire, Coffee production, Diasporic network, Japanese migrants, Hawai'i, Taiwan, Saipan

1. Introduction

Along with sugar and tea, coffee has been one of the most popular research topics for global historians in recent years. Due to its production areas being predominantly concentrated in the former European colonies, the history of coffee production and consumption tend to be explored from the perspectives and experiences of Western empires. Except for Java in the Dutch West Indies, the involvement of Asia and its people has been relatively overlooked and has received negligible attention in the global/world history of coffee. However, it is true that the Japanese Empire embarked on the *domestic* production of coffee in its tropical colony, Taiwan, from the early 20th century, when it experienced a rapid increase in coffee consumption resulting from the westernization of food culture.

Although coffee production in colonial Taiwan failed to achieve the status of a major cash crop in the Japanese Empire in the same way as sugar, rice, and pineapples, the trajectory of its planting and production is worth examining. Similar to other colonial agricultural products in Taiwan, coffee was not native to the island; therefore, the development of the coffee industry was not accomplished without such external factors as migrations of people, knowledge, skills, and capital. What characterizes the history of coffee planting in Taiwan is that one of the roots/routes can be traced

back to Hawai'i, which was annexed by the United States in 1898, and that one of those who had experienced immigrating there contributed to the establishment of coffee farms, later plantations, in Saipan and Taiwan, the insular territories of the Japanese Empire.

This fact suggests two new insights into global food history. First, in his examination of the history of sugar, Sydney Mintz (1985) describes the networks and systems established through worldwide circulation that helped promote Western imperialist expansion on a global scale. While much historical research on food has been used as a means to examine and prove the master-subordinate relationship between the metropole and its colonies, as represented by Mintz's work, the case study of the coffee triangle network between Hawai'i, Saipan, and Taiwan indicates the presence of diasporic connections, namely, interactions and exchanges between the places populated by Japanese overseas migrants. This diasporic interaction was initiated and maintained by Japanese migrants and traders who moved across the Asia-Pacific region serving as agents that helped bring coffee plants, capital, and skills to the destination areas. What is intriguing about this movement is it transcended the imperial and colonial borders that divided the northern part of the Asia-Pacific in the early 20th century. However, the projects of coffee production within the territories of the Japanese Empire were underpinned by ambitions and motives of Japan-based trans-Pacific businessmen and Japanese immigrants to Hawai'i. Accordingly, the movements and circulations of coffee-related matters took place beyond the imperial and colonial borders.[1]

The next insight is that oftentimes, in the field of coffee production history, Asians (Chinese and Japanese) have been described as coolies or contract laborers, substituting for African slaves after the abolition of the slave trade and systems in the mid-19th century. Due to the nature of the work they had to engage in, only a few Asians became coffee plantation owners in European colonies before WWII. In the book *The Global Coffee Economy in Africa, Asia, and Latin America 1500-1989*, editors William Clarence-Smith and Steven Topik (2005) introduce coffee smallholders in Asia in order to challenge the model of large-estate farming in Latin America, but it hardly discusses the experiences of Asians as owners of coffee farms. The history of coffee in Taiwan, on the contrary, demonstrates the fact that Japanese people have been actively involved in coffee production as developers, managers, and owners of coffee farms. Accordingly, this research highlights two elements that have been given little attention in previous work regarding global food history: the existence of the network supported by the Japanese diasporas in the coffee belts of the Asia-Pacific side and a focus on the leading role of the Japanese in the dissemination and development of coffee production in Asia.

Shifting attention from coffee production history to the colonial history of Taiwan, there has been a considerable accumulation of research on the topic in Japan and abroad. The island of Taiwan, after the conclusion of the Treaty of Shimonoseki in 1895, came under the control of the Empire. Blessed with abundant arable soil and tropical weather that were suitable for the cultivation of various agricultural products, Taiwan quickly established itself as one of the prominent sugar-producing areas in Asia. In addition to sugar, other commodities including rice, bananas, and canned pineapples were produced to satisfy the appetite of its colonial master. On the other hand, some products such as tea, camphor, and coal were exported widely to China, America, and Europe (Chen, 2014, 6-7). Those products have been interpreted as significant sources for supporting the economic foundation of Taiwan and thereby their importance has been primarily discussed in the context of the colonial economy and international trade. This case study instead attempts to demonstrate the

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[1] The following articles also look at the trans-pacific connection between the territories of the US and Japan in the early 20th century: Stephen, J. (1997). Hijacked by Utopia: American Nikkei in Manchuria. *Amerasia Journal*, Vol.23, No.3, pp.1-42 and Azuma, E. (2008). Pioneers of Overseas Japanese Development: Japanese American History and the Making of Expansionist Orthodoxy in Imperial Japan, *The Journal of Asian Studies*, Vol.64, No.4, pp.1187-1126.

influence of Japanese agricultural and business experiences abroad on the development of coffee farming in Saipan and Taiwan by tracing back its roots to Hawai'i.

This paper consists of three sections. The first section introduces the history of coffee consumption after the Meiji Restoration, which increased rapidly as a result of westernization of food in the urban areas. More importantly, starting from 1908, migration to Brazil, in which Japanese were predominantly involved in the coffee production, has strongly contributed to the rising popularity of the consumption. The next section examines the history of coffee production in Taiwan during the period from the early 1900s to the 1920s, when coffee was produced on an experimental and small-scale level. In setting the foundation for the coffee cultivation and production, Hawai'i played a key role in the commercial production of Taiwan coffee. Lastly, the process through which the diasporic network between Hawai'i, Saipan, and Taiwan was established and sustained by the Japanese people on the move is explored. In conclusion, how the notion of a diasporic network that encompassed the Asia-Pacific region in the period of modern empires provides a new insight to an understanding of global food history and Japanese migration history is discussed. Similar to many other agricultural commodities, coffee is not native to Taiwan and its production was enabled through influxes of people, plants, skills, and capital. Under the Japanese rule, coffee production in Taiwan failed to achieve the status of a major cash crop and therefore did not have an opportunity to participate in the global coffee market. Rather than focus on why its production failed, this article illuminates the various movements that crisscrossed the Pacific Ocean to make the domestic coffee production project of the Japanese Empire a reality.

2. The Popularization of Coffee Drinking Culture in Urban Japan

Sydney Mintz points out in his book *Sweetness and Power* that once sugar transformed from a luxury to a quotidian need, production and consumption became highly interdependent (1985, 35). This relationship also applied to coffee in the Japanese Empire, with the major difference being that those who produced and consumed coffee were closely connected as both groups were Japanese.

In 1889, a coffee shop, *Kohi Sakan*, was opened in Tokyo by Tei Eikei (Japanese name: Nishimura Tsurukichi), who is credited as the "first coffeehouse master" in the history of café culture in Japan. He was born in 1859 to a man called Tomosuke but later was adopted by Tei Einei, who worked for Japan's Foreign Ministry as a Taiwanese secretary. Upon his adoption, Nishimura Tsurukichi was given a new name, Tei Eikei. Since his childhood, Eikei was talented at languages and learned Chinese, French, and English. Around 1874, his foster father sent him to Yale University, the US, for better chances of success, but he had to return home due to his kidney-related illness without completing his studies. However, his life back in Japan was not stable and he changed his jobs frequently; after working as a teacher in Okayama for few years, he worked for the Ministry of Finance (Hoshida, 2003, 23).

In 1888, Eikei built a western-style house in Tokyo and made it a coffeehouse called *Kohi Sakan*. Inspired by coffeehouses in London, where he visited on his way home from the US, he decided to create a public space where students, youths, and ordinary people could share their knowledge and ideas over coffee (Hoshida, 2003, 28). At *Kohi Sakan*, foreign newspapers and books as well as billiard tables for social recreation were provided to attract young and aspirant cosmopolitans who became important figures in international fields such as Ishii Kikujiro (a diplomat who signed the Lanshing-Ishii Agreement in 1917), Iju-uin Hikokichi (a diplomat and Japanese Ambassador to China) (Hoshida, 2003, 33). Tei's idea behind his coffeehouse was to challenge the *Rokumeikan* (Deer Cry Pavilion), which was constructed through the initiative of Inoue Kaoru, then Minister of Foreign Affairs, to showcase Japanese civilization to western visitors. Tei criticized the

Rokumeikan in that it opened its doors exclusively to the people of high class and was filled with "superficially" western materials and events (Hoshida, 2003, 32; White, 2012, 10). Unfortunately, *Kohi Sakan* went bankrupt five years after its opening. Although his targeted customers were "ordinary" people, coffee served there was not necessarily cheap or reasonable; it cost 1 *sen* and 5 *ri*, and coffee with milk, 2 *sen*, while one bowl of soba noodles was 8 *ri*, nearly half the price of coffee (Hoshida, 2003, 28; White, 2012,10).

The popularization of coffee culture, however, was further accelerated by the opening of Café Paulista in 1913. It did not take long until Café Paulista was visited by people of various classes. Open from 9 am to 11 pm, the café offered a space for people to start their day, meet someone, and take a break (White, 2012, 45). Around 70,000 people visited the main shop in Tokyo each month, along with 52,000 in Osaka and 28,000 in Kobe (White, 2012, 46). As the name Café Paulista (which means "a native or inhabitant of the city of São Paulo") indicates, the development of Japan's coffee drinking culture is strongly tied to Brazil, or more precisely, the state of São Paulo. In fact, the founder of the coffee shop, Ryo Mizuno, was also known as a "father of immigration to Brazil." Mizuno himself visited Brazil in 1906 to observe the coffee plantations and, after a series of negotiations with the São Paulo state, concluded the introduction of Japanese contract laborers to work for the coffee plantations, the most thriving industry in Brazil. In 1908, 781 people including 650 families immigrated to São Paulo and they worked as contract workers on the coffee plantations. During the pre-war period, nearly 190,000 Japanese went to Brazil, which was the second-largest destination for the Japanese immigrants who sailed across the Pacific Ocean in search of work. Seven years after Japanese immigration to Brazil began, Café Paulista opened its first shop in Ginza, one of the most affluent areas in Tokyo. Mizuno used the coffee that was gifted to him by the São Paulo state government as a token of their gratitude for sending Japanese to work on Brazilian coffee plantations. The coffee was provided during the periods from 1913-1917 and 1919-1923, which allowed him to offer it at his cafés at a lower price than that served at other coffee shops (Iijima, 2011, 17).[2]

The project of the free coffee distribution was spearheaded by the São Paulo state government to establish a market for Brazilian coffee in Asia. In 1923, when the free distribution ended, the government set up a PR office in Tokyo to promote their coffee and they started to advertise Brazilian coffee actively to the general public. One of the PR methods to appeal to Japanese consumers was to highlight that the coffee was made by their countrymen living and working in Brazil. A.A. Assumpção, a representative of the PR office, referred to Brazilian coffee as a "gift" from the immigrants in his article in the *Osaka Mainichi Shinbun*, which was among several that focused on the lives of Japanese immigrants in Brazil in 1934 ("Kinben Yukan naru", 1934). This PR emphasized Japan's special connection with Brazil and planted a sense of affinity in consumers. In addition, Brazilian coffee advertisements were frequently published in popular women's magazines, including the one that was published in *Shufuno Tomo* in 1933, which described the hard work of Japanese immigrants.

> Approximately 200,000 Japanese immigrants working in Brazil are engaged in the production of world-renowned Brazilian coffee. In the morning and the evening, let's fully enjoy its taste while thinking of our fellows who are cultivating coffee farms in a faraway but friendly nation across the ocean. (Translated by the author)

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[2] Café Paulista offered a cup of coffee for 5 *sen*, which was one-third the price of the coffee sold at other cafes. Mariko Iijima, Senzen Nihonjin Kōhi-saibaisha no Gurobaru Hisutori [Global History of Japanese Coffee Farmers before WWII], *Imin Kenkyu*, Vol.7 (University of the Ryukyus, 2011), 17.

The import of coffee rapidly increased from 555,125 kg (925,200 kin) in 1923 to 5,678,960 kg (9,464,934 kin) in 1936, over the period when Assumpção actively promoted Brazilian coffee in Japan (Zen Nihon Kōhii Shōkō-kumiai Rengō-kai, 1980, 205-6). With the exception of a few years (1936-38), the largest source of Japanese coffee importers was Java, the Dutch West Indies,[3] but it cannot be denied that the relationship established by the state of São Paulo and Japanese immigrants played a significant role in the popularization of coffee in Japan.

Table 1. Coffee Imported to Japan: 1913-1943
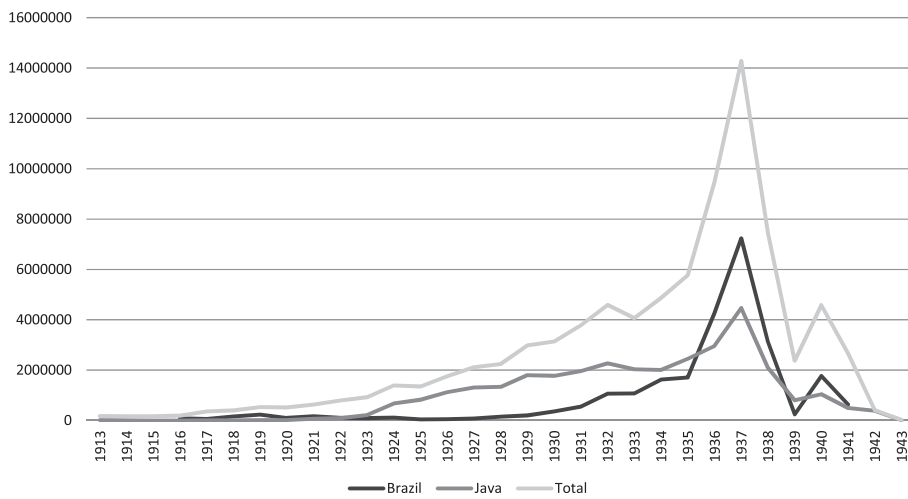
Reference:Zen Nihon Kōhii shōkō-kumiai Rengō-kai, 1980, 213.

3. The Early Stage of Coffee Production in Taiwan under Japanese Rule

The production of coffee in Taiwan is said to have started before the Japanese colonization of Taiwan in 1884 when an English trader brought coffee plants from Manila in the Philippines. Although its production was once successful, it did not blossom into an industry that sustained the island's economy (Taiwan Sōtoku-fu Shokusan-kyokufu, 1929, 12). In 1895, Taiwan was incorporated into Japan and this time, coffee was expected to be one of the cash crops that world sustain Taiwan's economic independence.

The coffee production in Taiwan under the Japanese rule can be divided into three major periods: the period of experimental planting at the agricultural stations under the maintenance of the colonial government from the late 19th century, the period of small-scale production by Japanese settlers from the 1910s to the 1930s, and the period of plantation-style production initiated and spearheaded by the mainland companies in the 1930s. During the first period of coffee production, in 1902, Tashiro Yasutada, a government botanist who was appointed as an engineer at the Bureau of Production at the Office of the Governor-General of Taiwan from 1895-1924, test-produced coffee at the Hengchun Tropical Plants Experimental Station and other branch stations in the southern part of Taiwan (Taiwan Sōtoku-fu Shokusan-kyoku, 1911, 211-3; 1915, 248). In addition

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[3] Along with China, the Dutch West Indies (Java) was one of the important areas from where Japan obtained foreign products since the early 17th century. Also, at the beginning of the 20th century, Java produced the second largest amount of coffee after Brazil. Considering its historical relations and amount of coffee production, it is plausible that Japan largely relied on coffee imported from Java. Zen Nihon Kōhii Shōkō-kumiai Rengō-kai, 1980, 213.

to the coffee trees originally brought by the Englishman, Tashiro obtained seedlings from Ogasawara Islands, Hawai'i, and Brazil, and experimented with three different species of coffee: Arabica, Liberica, and Canariensis. Due to its successful production, coffee harvested at the experimental station was displayed at the National Industrial Exhibition in 1907, followed by its presentation as domestically produced coffee to Emperor Taisho at his coronation ceremony in 1915 (Taiwan Sōtoku-fu Shokusan-kyokufu, 1929, 12-3). In the 1910s, various species of coffee continued to be test-produced at other stations in Taiwan, and it was proved that Arabica, the most consumed variety of coffee, had a promising future as a commercial agricultural product (Taiwan Sōtoku-fu Shokusan-kyokufu, 1929, 13).

As a next stage, coffee seedlings raised at the experimental stations were distributed to Japanese agricultural settlers who resided in the Japanese villages (*Toyota-mura, Hayashida-mura*, and *Yoshino-mura*) in Hualien, the eastern part of Taiwan, in the 1910s (Sato, 1938, 12). These so-called *imin-mura*, Japanese colonial villages, were established in the early 1910s and the settlers were required to cultivate the land from scratch and produced rice and sugar as main cash crops (Taiwan Sōtoku-fu Shokusan-kyokufu, 1929, 28-9). Coffee was one of the minor crops that helped diversify the agricultural product to avoid possible damage caused by heavy dependence on monocultural production. For example, in *Toyota-mura*, Arabica coffee seedlings were distributed through a village's advisory office for Japanese farmers from 1911-1915, the formative stage of the colonial villages. According to a 1929 report published by the Bureau of Production, coffee was cultivated on a total of 17.3 acres (seven *kōho*) of land by more than 15 households (Taiwan Sōtoku-fu Shokusan-kyokufu, 1929, 14).[4] Dividing those numbers by the entire number of households and the overall area of the village land in the same year[5] shows that eight percent of households cultivated coffee by using less than 10 percent of the total area of the village.

Coffee in Taiwan in the 1910s-1920s could not have developed without the transplants of the seedlings from Hawai'i. With other farmers, Yosokichi Funakoshi, who was supposedly the owner of the largest coffee farm (4.8 acres) in the village, imported coffee seedlings in 1917 (Inoue, 1950, 28). Before his settlement in the village and launch of coffee production in the village, Funakoshi himself had earlier observed coffee farms in the US and also had a younger brother residing in Hawai'i (Taiwan Sōtoku-fu Shokusan-kyokufu, 1929, 14, 154). Thus, Funakoshi utilized his family connection with Hawai'i to develop coffee farming in Taiwan. As a producer of his own coffee brand, Funakoshi assumed a leading role in coffee production in Hualien's Japanese villages (Taiwan Sōtoku-fu Shokusan-kyokufu, 1929, 154).

Hawai'i had already been reputed for its Kona coffee since the late 19th century, and by the 1910s, as many as 90 percent of the coffee farmers in the Kona coffee district were Japanese immigrants (Coulter, 1933, 110). Around 1927, Funakoshi sent the green coffee harvested in his coffee farm to his brother in Hawai'i and asked him to obtain an opinion on the quality of the coffee from a foreign expert; the result was "medium quality (Taiwan Sōtoku-fu Shokusan-kyokufu, 1929, 154)." At the same time, Funakoshi also contacted Bunji Shibata, founder of the *Kimura Shōten* (the present Key Coffee Company) in Tokyo, to request an evaluation of his coffee, which resulted in the same "medium quality" review.

Meanwhile, in 1928, the Agricultural Society of Hualien sent the coffee harvested in *Toyota* village to Café Paulista and received a report stating "[The coffee] looks similar to green coffee of Central America and Hawaii, but after its roasting, the aroma was more closer to the one of Brazil,

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[4] Sakurai Yoshijiro, an engineer for the colonial government in Taiwan, estimated that as many as 3,000 coffee trees could be planted in a one *kōho* plot of land.

[5] The statistics are on the Directory of the Hualien Office; as of 1929, *Toyota-mura* had 175 households with 708 *kō* of land (Karenkō-chō, 1929, 32).

although it was lower, and the quality was relatively good (Taiwan Sōtoku-fu Shokusan-kyoku, 1929, 154-5).” However, Café Paulista found it difficult to buy the unhulled coffee because coffee in that state required a process of removing parchment skin while foreign coffee was imported without parchments. In addition to extra processing, coffee after hulling decreased in quantity by 20% (Taiwan Sōtoku-fu Shokusan-kyoku, 1929, 155). As the assessment from coffee experts and companies suggests, selling the coffee made in *Toyota* village was not an easy task due to a lack of the outstanding quality and a small amount.

However, coffee in Hualien found its market in mainland Japan by 1928. Funakoshi shipped his coffee to Yokohama, one of the major ports for coffee imports along with Osaka and Kobe, and sold his coffee to the aforementioned Café Paulista in Tokyo (Hashimoto, 1930, 57). Since Shibata used to work for Café Paulista before he set up his own coffee company and was acquainted with Funakoshi through the evaluation of his coffee, coffee made in Hualien found the niche for its marketing despite the small production quantity (Taiwan Sōtoku-fu Shokusan-kyoku, 1929, 156).

Around the same time, Sakurai Yasujiro also sent a sampling of arabica coffee harvested in Shirin Horticultural Experimental Station near Taipei to Sato Tomizo at the Nippon Brazilian Trading Company in Kobe. Similar to Funakoshi's coffee, it was evaluated as “lower than (arabica) coffee produced in South America, Central America, Hawaii and Arabia” but it might compete against “Java Robusta.” Among the four kinds of coffee, Java Robusta, Brazil Santos, Hawaii Kona, and Arabica Moca, shipped in Kobe in 1928, Java Robusta was priced the lowest, 59 yen (Table 2), but coffee from Java accounted for nearly 60% of a total amount of coffee imported into Japan (see Table 1). After his assessment, Sato mentions that the coffee in Taiwan could prevent the import of Java coffee and “greatly contribute” to the Japanese economy (Taiwan Sōtoku-fu Shokusan-kyoku, 1929, 156).

Table 2. Price of Coffee imported into Kobe, Japan, in 1928

Coffee	Price (yen)	Price including taxes
Java Robusta	59.20	75.00
Brazil Santos No.4	72.00	88.00
Hawaii Kona No.1	78.50	94.50
Arabica Moca No.1	88.00	104.00

Source: Hashimoto, 1930, p.54

Sakurai's report on coffee ends with a promising future for the coffee industry in Taiwan. He envisioned the further development of coffee cultivation among settlers in the Japanese villages by being equipped with pulping machine, drying platforms, and roasters etc (Taiwan Sōtoku-fu Shokusan-kyoku, 1929, 158). By 1930, coffee harvested in Hualien was also sold as a local souvenir. However, the spread of rust disease in the area resulted in coffee trees being wiped out in the villages by 1933 (Taiwan Keizainenpō Kankō Kyokai, 1942, 398-9).

4. *Diasporic* Coffee Network and Coffee Production in Taiwan

4.1. *The Hawai'i-Saipan-Taiwan network*

Whilst the great majority of coffee production had, until this point, been carried out on either on an experimental or small-farming scale, the 1930s, as the last stage of coffee production, saw a drastic change in its production method and system. In 1930, the first coffee plantation was established by the Osaka Sumida Bussan Company on a plot of land of 980 acres (400 *chō*) leased from the Office

of the Governor-General. In the following year, the Tokyo-based Kimura Shōten opened a plantation in both East and West Taiwan (Taiwan Keizainenpō Kankō Kyokai, 1942, 399). Three major factors encouraged the commercial production of coffee by these mainland-based companies. The first, as described above, was the successful coffee production at experimental stations and Japanese villages. Secondly, from the early 1930s, the Office of the Governor-General promoted the diversification of agricultural crops. When the policy to curtail rice production in Taiwan was implemented in 1934, several tropical commodities including pineapples, bananas, tobacco, and coffee expanded quickly, the plots were cultivated, and the products were exported to mainland Japan (Saito, 1969, 120-1). Thirdly, since the Japanese government promoted the domestic production of agricultural commodities in the 1930s, coffee in Taiwan could satisfy not only the consumers' desire but also the national objective. Indeed, a sharp rise in coffee consumption in the metropole increased the dependency on imports from foreign countries such as the Dutch West Indies and Brazil (Table 1). To reduce the amount of coffee imported from foreign countries, Taiwan was counted on as the only coffee-producing colony of the Empire. The mass production of coffee was thus expected to provide the mainland companies with a business opportunity and also to further westernize the Japanese Empire by demonstrating its self-sufficiency in the production of coffee. By 1939, around 3,420 acres of land were cultivated, out of which 46.4% was in Hualien, and 31.4 % in Tainan district. Therefore, coffee production was concentrated on the eastern and southern parts of the island (Taiwan Keizai Nenpō Kankō-kai, 1942, 400).

In most cases, agricultural commodities introduced to colonialized areas were new to these areas. Therefore, their transplant and production required deliberate planning to fulfill the Empire's expectations and provide a stable footing for the colonial economy. Coffee in Taiwan was no exception and indeed, coffee plants and production skills were brought and introduced from multiple areas including Java, Brazil, Saipan, and Hawai'i with a prospect of successful commercial production. Due to Japanese migrants' involvement in introducing and developing the industry in Taiwan, Hawai'i became one of the most important of these routes and the diasporic migration of coffee is verifiable.

One of the figures who significantly contributed to the development of Taiwan's coffee production is Sumida Tadajiro, the founder of the Osaka Sumida Bussan Company. He had immigrated to Hawai'i in 1898 and established himself as a businessman before he started coffee farming in Taiwan. While in Hawai'i, he founded the Honolulu Sumida Trade Company in 1904 before setting up the Pacific Bank, and in 1908 started the first commercial production of *sake*, Japanese rice wine (Nihojin no Kaigai Hatten Shōkai, 1930). After these achievements in Hawai'i, he decided to return to Japan and founded his trade company in 1918. Primarily engaged in transporting Japanese products to overseas communities in the US, Hawai'i, and Saipan in Nan'yo, Sumida also promoted Kona coffee to trading companies in Tokyo ("Ganso Kohi Gyunyū").

On April 13, 1926, Sumida extended his business to coffee producing in Saipan, with this production expected to replace the import of foreign coffee (Zen Nihon Kōhii Shōkō-kumiai Rengō-kai, 1980, 177). He established the *Nan'yo Kohi Kabushiki Gaisha* (Nan'yo Coffee Company Limited) and became the President of the company at the request of several Japanese coffee farmers residing in Kona, including Ikeda Torahei, Matsumoto Eita, Yamagata Naotarō, and Nishioka Gisaburōu. In fact, the establishment of Nan'yo Coffee Company was carefully planned and schemed by the Japanese coffee famers in Kona. Four years before the setup of the company, Japanese coffee farmers in Kona started researching a suitable site for coffee production, and Nishioka Gisaburōu, who was in charge of fieldwork, reported that Saipan would be the ideal place. A group of Japanese coffee famers approached Japanese businessmen who had a connection with Hawai'i, including Sumida Tajiro, Motoshige Wasuke, and Deishi Sonosuke, and with their support, they organized a

company with a capital of 500,000 yen. Additionally, with the help of Wasuke Motoshige, a trader from Yamaguchi, they recruited several Japanese farmers to Saipan who were experienced in Kona coffee production (Zen Nihon Kōhii Shōkō-kumiai Rengō-kai,157). According to the company's business report, as of 1935, 14 out of 35 stockholders were Japanese residing in Kona and three were in Honolulu (Iijima, 2011, 15). Therefore, there existed a diaspora network of coffee production capital between Hawaiʻi, a US territory, and Saipan, a Japanese territory. This network was underpinned by the combination of two diasporic networks: one consisted of Japanese overseas migrants with coffee production experience and the other was established by Sumida, who was equipped with business insights from his experience trading in Hawaiʻi and Nan'yo.

The establishment of the Nan'yo Coffee Company was reported in the *Nippu Jiji*, one of the Japanese newspapers in Hawaiʻi, as a new "meaningful" company for three major reasons. The first reason is some of the Japanese coffee farmers accumulated excessive assets due to the rise in Kona coffee prices. For example, the farm price of coffee cherries soared per pound from $2 in 1922 to $3.65 in 1927 (Lund, 1937, 70). This was mainly caused by a drop in coffee production in Brazil caused by a frost attack in 1918, which led to a sudden and dramatic increase in Kona coffee value. Consequently, the Japanese farmers invested their savings into the renovations of their homes and the installation of wet-processing facilities (Kinro, 2003, 70). Considering the economic situation, the launch of the Nan'yo coffee company was a well-timed opportunity for the coffee farmers in Kona.

The other reason is that it was an innovative attempt in that the company was established and operated with the cooperation between Japan-based businessmen and Japanese immigrants in Hawaiʻi. Although coffee farms in Kona enjoyed a certain level of freedom regarding the management of their subleased coffee land unlike their counterparts who worked for sugar plantations, they were still under the control of two major white-owned companies—Captain Cook and American Factors (Kinro, 2003, 32). On the contrary, Nan'yo, which was mandated by the Japanese Empire, provided an opportunity for the Japanese immigrant investors to operate coffee plantations on their own. In fact, *Kaigai Hatten Annaisho* (1935), a guidebook promoted the "prosperous" settlement in Brazil and Nan'yo introduced coffee production in Nan'yo as the advancement of Japanese immigrants in Hawaiʻi into a Japanese territory and the founder coffee farmers were described as people who were aspiring producers of *domestic* coffee. By 1935, the company managed a coffee plantation of a total of 200 *chōho* (490 acres) in four areas in the Island of Saipan with a coffee processing factory[6] and was about to expand its production on Lota Island, in which they acquired another 200-*chōho* plot of land from the government (Mihira, 1935, 15). Although a coffee farm of some 500 acres was not so large compared to plantations in Brazil, from the perspective of Japanese coffee farmers in Hawaiʻi, it was enormous compared to Kona, where most of the coffee famers managed a 5-to-10 acres of coffee land under a lease from white-owned companies. Accordingly, the case of the Nan'yo Coffee Company implies Japanese coffee farmers sought out the places to utilize their coffee production experience and capital without the control of the US Empire (Asaumi, 1926, 2; Inoue, 1950, 39).

Following this successful plantation management in Saipan, Sumida decided to begin the operation of a coffee plantation on a larger scale in 1930. On December 11, 1930, he sailed out from the port of Moji, Japan, to Keelung in Taiwan with 16 of his staff, including coffee specialists. In an interview with the *Jiji-Shimpo*, a Japanese daily newspaper, Sumida recounted his project with excitement:

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[6] By 1935, Coffee produced by the Nan'yo Coffee Company was highly evaluated as "aromatic" coffee. (Mihira, 1935, 15).

I have leased 1,500 *chōho* (3,675 acres) of fertile land for coffee production in a suburb of *Karenkō-chō* (present-day Hualien) from the Office of the Governor-General. My company planted coffee seedlings, which were harvested from the 400-*chōho* plantation (owned by his company) in Saipan, Nan'yo, in rich soils on the outskirts of *Karenkō-chō* and the harvested coffee proved to be of far better quality than the coffee produced in Nan'yo. After a decade-long trial production proved a success, I have decided to launch a large-scale coffee plantation, this time by employing around 1,000 natives… I expect that the amount of coffee produced in Taiwan will surpass that produced in Nan'yo in a few years ("Taiwan no Kōhii Saibai"). (Translated by the author)

Along with Sumida's business ambition being directed to Taiwan, the knowledge and capital that he acquired from the Nan'yo Coffee Company was indispensable for the successful mass production of domestic coffee. Since this plantation style started in 1930, which was 45 years after the colonization of Taiwan, coffee production on open, flat lands was difficult for the reason that other residents or agricultural products already occupied these lands. Therefore, the mountain areas were considered ideal because vast and intact government-owned lands were easily acquired. However, these virgin lands necessitated substantial efforts and finance to cultivate and make them suitable for coffee plantation. In reality, Japan-based company owners, both Sumida and Shibata, had to buy both private and government-owned lands to establish coffee plantations (Taiwan Keizai Nenpō, 1941, 402, 409); in other words, large-scale production of Taiwan coffee was not achieved without the investments from the Japan-based companies.[7] (Taiwan Keizai Nenpō Kanko Kyokai, 1941, 402, 408).

In operating his coffee plantation, Sumida imported coffee plants from Hawai'i, which at the time had a low risk of rust disease (Zen nihon Kōhii Shōkō-kumiai kengō-kai, 1980, 185). Regarding coffee plantation management, there is a striking similarity between the Sumida coffee plantation in Taiwan and sugar plantations in Hawai'i due to the existence of "race" in the owner-labor relationship. Like the sugar plantations in Hawai'i, Sumida's coffee plantation introduced a hierarchy system, under which there was a field head-supervisor (one Japanese), field supervisors (one Japanese), assistant field supervisors (four Taiwanese), and around 260 field workers including women and children (Taiwan Keizai Nenpō Kanko Kyokai, 1941, 416, 422). Since it was extremely difficult to recruit laborers locally, the company employed Taiwanese recruiters to find laborers from the

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[7] There, four coffee plantations were operated by Japan-based companies as of 1941, out which all the coffee plantations were operated by Kimura Kōhi-ten except Sumida Bussan Gaisha Nōjō. (Taiwan Keizainenpō Kankō Kyokai, 1941, 405)

Table 3. Coffee Plantations Operated by Japan-based Companies (1941)

Plantation	Total Land*	Land Coffee Trees Planted*
Sumida Bussan Kabushiki- gaisha Nōjō	486.288	320.000
Kimura Kohi-ten Kagi Nōjō	301.000	117.00
Kimura Kohi-ten Taito Nōjō	564.500	148.00
Taiwan Coffee Kagushiki-gaisha Nōjō	861.600	56.00

*Kō: 2.45 acres
Source: Taiwan Keizai Nenpō Kankō Kyōkai (ed). (1941), *Taiwan Keizai Nenpō* (The Annual Report of Taiwan Economy), Kokusai Nihon Kyōkai, Tokyo, 405.

western part of Taiwan to settle in the plantation (Taiwan Keizai Nenpō Kanko Kyokai, 1941, 419).[8]

On the plantation, they normally had to work ten hours with a one-hour recess, and men were paid 1.25-1.45 *yen*, women, 89 *sen*, and children 30-70 *sen* per day. In Taiwan, the Japanese, as colonial settlers, secured higher positions than Taiwanese, who had to be under "strict supervision" while they worked on the plantations (Taiwan Keizai Nenpō Kanko Kyokai, 1941, 422-3).

Four years later, about 4,200 kilograms of coffee were shipped to Osaka (Zen nihon Kōhii Shōkō-kumiai Rengō-kai, 1980, 205). However, against Sumida's high expectation, the mass production of coffee was far from achieving self-sufficiency and from fulfilling the desires of the Japanese Empire. One of the reasons for the failure was a lack of laborers, whose numbers only reached 20 percent of the required labor force. Natural disasters and coffee diseases also played a role, the latter attacking young coffee plants (Zen nihon Kōhii Shōkō-kumiai Rengō-kai, 1980, 188).

4.2. Hawai'i-Dalian-Taiwan Connection

While the quality of the aforementioned Funakoshi's coffee was far from being excellent, it must have been satisfactory enough for Shibata to detect a tangible achievement, especially considering the fact that he launched his own coffee plantations later in 1931. Funakoshi's efforts helped to induce Japanese coffee companies to expand their business into Taiwan.

Having worked for Café Paulista established by Mizuno, Shibata decided to set up his coffee company, Kimura Shōten, right after the Great Kanto Earthquake (Kii-kohi Shashi Hensan Iinkai, 1993, 6, 8). Unlike Café Paulista, which was heavily dependent on the coffee offered by the São Paulo state government, he found it effective to apply the "American-style" of coffee business, which controlled every stage of the coffee enterprise from production to processing to wholesale, to his business scheme. In this sense, the expansion of the Japanese Empire worked in his favor, helping him to achieve his business goal; Taiwan was the ideal coffee production area and it was under Japanese rule. The coffee produced in Taiwan came to be known and sold as "domestically grown" coffee, which would reduce the amount of coffee imported from foreign countries.

In 1931, Shibata began cultivating the Taitō Coffee Plantation in Taiwan that had been sold off by the government. The process was not an easy task and a large sum of money was fed into the plantation through the Japanese diasporic network in Tokyo, Dalian, and Manchuria, where his company ran coffee shops. Dalian, for example, had its first coffee shop opened by Shibata in 1910. Since Dalian was a leased territory and the base for the South Manchuria Railway Company, it was a setting that enabled him to offer coffee to Japanese residents and Russian political refugees (Kii-kohi Shashi Hensan Iinkai, 1993, 23). Shibata grew coffee's popularity in previously untapped locales within the Japanese Empire and utilized this network to finance his coffee plantation in Taiwan.

In October 1936, Shibata spent two weeks in Kona, the Big Island of Hawai'i, to observe "genuine" coffee production and its operation system. His other intention was to recruit "experienced" coffee farmers in Kona because the very first harvest of his coffee farm in Taiwan was to start in the following year, and he put an advertisement in the *Nippu Jiji*, one of the major Japanese newspapers in Japan ("Taiwan no Kōhii Jigyō," 1936). It remains unknown whether anyone actually moved to Taiwan, though; however, it suggests that Shibata found Kona was an essential reference to the operation of his coffee plantations in Taiwan.

In his 1937 article, "Kōhii no Kona [Kona of Coffee]," which was published in the magazine

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[8] Four-thirds of the settlers were from Guangdong and the rest of them were Kwangtung, China. Many of them moved to other places after a couple of years working on the coffee plantations, which became a vexing issue for the company (Taiwan Keizai Nenpō Kanko Kyōkai, 1941, 422).

Coffee as a reflection of the 1936 trip above, he pointed out that although Japanese coffee producers dominated in the Kona coffee industry by comprising nearly 95 percent of the overall producers in Kona, they had failed to obtain a controlling power over coffee production and sales, which were exclusively operated by, Captain Cook Coffee Companies and American Factors (Shibata, 1937, 8). This comment indicates an awareness of his success as a plantation owner in Taiwan.

In Taiwan, Shibata employed both plantation-style and tenant-farmer systems in his coffee plantations. Both systems employed Indigenous people (Takasago Tribe), Taiwanese (called *Hontō-jin*), and Chinese immigrants from the west area of Taiwan as laborers (*Hontō-jin imin*) (Taiwan Keizai Nenpō Kanko Kyōkai, 1941, 414, 419). Compared with the thoroughly hierarchical plantation style of the Sumida coffee plantation, plantations operated by Shibata's Kimura Shōten were slightly relaxed in that Taiwanese (nine out of 16) and Indigenous people (one) were hired as field supervisors (Taiwan Keizai Nenpō Kanko Kyokai, 1941, 417). However, an element of "race" surely existed because none of the Japanese were employed as field laborers, and also there was a wage difference between Taiwanese and Indigenous people in the amount of 10 *sen* (Taiwan Keizai Nenpō Kanko Kyokai, 1941, 423).

By the mid-1930s, the coffee industry in Taiwan seemed to attain its sustainable production, but the outbreak of the Asia-Pacific War put an end to it.

Conclusion

Despite the short history and small scale of coffee production in Taiwan, its implications are noteworthy. First, the coffee production in Taiwan was far from being solely the work of the Japanese Empire. It was made possible by the people, plants, skills/knowledge, and capital that moved to various places, both inside and outside the Empire. As I mentioned at the beginning of this chapter, Japanese migration studies tend to divide flows of Japanese migrants according to a destination— whether it was a Japanese colony/territory or not. However, this dichotomy approach ignores the connections that were established beyond the imperial and colonial borders, such as those between Hawai'i, Saipan, and Taiwan. Incorporating coffee into the study of Japanese migration further complicates the understanding of these movements as one-directional flows of people and objects. Coffee made by Japanese immigrants in Brazil contributed to the popular consumption of coffee in Japan and their counterparts in Kona, Hawai'i was indispensable to the spread of coffee production in Japanese subtropical territories.

This coffee-related migrations were enabled by the "diaspora networks," through which Japan-based businessmen and coffee producers committed to a series of trans-border exchanges of skills, information, and human resources. This can likely be attributed to Japan's unique empire-building process, which included sending immigrants out to both inside and outside of its territory. Moreover, the diasporic network helped people like Sumida and Shibata to seek out business opportunities, from the periphery of one empire to the periphery of another. Indeed, the history of Japanese immigrants' coffee farming in Hawai'i functioned as one of the significant information sources for agricultural commodities cultivated in Taiwan.

Last but not least, it should be noted that this depiction of the diasporic network excludes the discussion of imperialism by placing both Japanese territories and non-territories on the same level. It cannot be denied that Japanese immigrants in Hawai'i (the subordinates) were under the control of European and American landowners and that Japanese settlers in Taiwan were the colonial masters. However, when considering a master-subordinate relationship from the perspective of

coffee land use, the Japanese in both locations were the "settlers" who appropriated the land of the native people. Therefore, this case study needs to be discussed in relation to race and ethnicity in the future.

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Acknowledgement

Domesticating the Foreign: Re-making Coffee in Taiwan

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Abstract

This article explores how coffee, as a foreign cultural import, is imagined, appreciated and localized in Taiwan. Until recently, coffee had been exotic to the Taiwanese consumers. The drink was brought to Taiwan by its former Japanese colonizer as a symbol of Western modernization. In the post-War Taiwan, coffee was considered a luxurious import and discouraged by the authority. It was Taiwan's close political and economic relations with the US during and 1950s – 70s that attributed coffee's common association with the 'American dream'. Since the 1990s, chained coffee shops started to provide coffee at reasonable prices and turned coffee houses into popular meeting places in the cities. The changing meanings of coffee should be understood in the context of Taiwan's political, economic and cultural transformation.

The worldwide circulation of Western, especially American, goods is often criticised on the grounds that they may eventually decrease the heterogeneity of other cultures. For example, Billig (1995) believes that globalization is actually 'Americanization'. Ritzer (1993, 1998) uses the term 'McDonaldization' to describe the global penetration of western value of standardization and rationalization. Tomlinson(1991) further refers the global expansion of western lifestyle as 'cultural imperialism'. All of them concern a capitalism driven, western material culture-dominating force that eliminates local differences.

By contrast, Miller's (1998) empirical work in Trinidad suggests that consumers are not as vulnerable as some theorists thought them to be. In Trinidad, Coca Cola is never taken as a foreign product but as a local necessity, even though it is often seen as a symbol of Corporate America. Coca-cola is a 'black' drink referring to the 'black' people - the Black African Trinidadians - in contrast with the traditional 'red' drink and the red people - the East Indian immigrants. The reading of Coca-cola as an ethnic symbol is not given by the global business but created within the local Trinidadian culture. The Trinidadians like sweetness. As Miller goes on to explain, efforts to make sweet drinks more in line with global trends by reducing the high sugar content might have succeeded in another cultural milieu, but in Trinidad such products did not catch on. In this case, global businesses cannot alter the Trinidadian's taste (Miller, 1998). Another example, American soap operas are usually seen as a form of foreign invasion. However, Miller (1992) argues that the way Trinidadians enjoy gossip, fashion and the contradiction between the American soap opera Dallas and the values and traditions of Trinidadians can, in a way, sharpen their national identity.

As Miller probes into the Trinidadians' daily practices, he indicates that the ways people consume foreign goods can reveal and further strengthen local culture and identities. Morley (2000)

also argues that national culture is understood to be both firmly rooted in what appears trivial and to be continually reproduced through the cultural practice of everyday life. At the level of emotional effect, the sense of national belonging is often inscribed in the taken-for-granted practices of everyday life: for example, the way stamps are bought in France as opposed to in Poland; the way a burger can be ordered in Amsterdam as opposed to in New York; or the many tiny details which make a Swedish supermarket or post office different from a Norwegian one. In other words, everyday practices in the same nation have led to some collective experiences on which a collective identity is founded.

Situated is the debates above, this paper explores the consumption of coffee in Taiwan. Until recently, coffee had been exotic to the Taiwanese consumers. The drink was brought to Taiwan by its former Japanese colonizer as a symbol of Western modernization. In the post-War Taiwan, coffee was considered a luxurious import and hence discouraged by the authority. It was Taiwan's close political and economic relations with the US during and 1950s – 70s that ascribed the consumption of coffee to the fantasies of the West, and especially American culture. From the 1990s, the chained coffee shops started to provide coffee at reasonable prices and turned coffee houses into popular meeting places in the cities. Coffee in Taiwan has long been associated with the West, but whether or not it stands for another example of globalisation and homogenization is a question worth more discussions.

Collective practices in consumption, such as consumers' common preferences and aversions, can be seen as a shared but often neglected expression of culture resulting from multiple influences in society. By investigating how coffee is remade in Taiwan, I attempt to find some answers to the following questions: What is it to have foreign imports? How are novel imports domesticated and appropriated by local people? How are interpretations and evaluations of these goods related to the historical context and to consumers' personal backgrounds? How is the fantasy/othering of goods connected to the image of the US?

The meanings of coffee

Originated in the Red Sea region, coffee had been a common drink in Yemen since the 15th century (Hattox, 1988). The drink later spread throughout the Ottoman Empire and quickly conquered the European's palates. By the 18th century, coffeehouses had become popular meeting places in European cities. The rise of the coffee-drinking habit in coffeehouses was seen as an indicator of the birth of a consumer society and the emergence of a 'public sphere' (Cowan, 2005). The culture of drinking coffee was introduced to Japan in the 19th century. The Meiji Restoration, which began in 1868, was a project to absorb Western civilization and accelerate Japan's industrialization. Drinking coffee was then regarded as a symbol of being modern and therefore swiftly became a fashionable habit of the urban elites.

In the 1880s, coffeehouses began to emerge in Tokyo and were frequented by the upper class only. By the 1910s, the consumption of coffee had spread to the middle class in various cities of Japan (Tai, 2003). After its victory over the Qing Empire in the First Sino-Japan War in 1895, Japan's power reached to Taiwan. Coffee and coffeehouses were seen by the Japanese colonial government as a demonstration of modernization. In a guidebook to Taipei's commerce published in 1928, there were already 28 coffeehouses listed (Shen, 2005). On March 6 1934, a report titled 'Daitoutai Noticeably Modernized – Thriving and Prosperous Café Street, the Birth of Theatres' on the *Taiwan Nichinichi shinpo* (i.e.Taiwan Daily News), a newspaper supported by the Governor-General's Office in Taiwan, wrote:

In recent years, with the accomplishment of road construction and street lighting facilities, and the inaugurations of department stores and retail shops, Taipei's *Daitoutei* had become a modern urban region. Situated in the central part of *Daitoutei, Taiheicho* Avenue appeared to be even more splendid and flourishing with the emergence of cafes, including Eruteru, The First, The World, Peacock. … (Evening edition, *Taiwan Nichinichi shinpo*, 06 March 1934)

The report above showed that coffeehouses, together with department stores, illuminations and road construction, were regarded as indicators of prosperity, urbanization and modernization by the colonial authority. Back in the colonial Taiwan, there were two kinds of coffee houses: 'cafés' and 'tea shops'. Cafés in Tokyo and Taipei in the 1930s were places where male customers were accompanied by hostesses – as such they were associated with sexual businesses (Chen, 2005), while tea shops were more like normal coffee houses today. Both Cafés and tea shops were places for the very rich classes. Chen (2005, p.29) cited the following extract from a lady's memoir: 'my eldest sister who married to the richest family in Keelung visited me every week when I was in high school. We always went to Mori tea shop first and then had sushi and saw films in cinemas.' Apart from selling drinks and snacks, these shops were often air-conditioned and decorated with lace curtains. Neon bulbs, light music from the radio, western-styled tables and chairs, pretty wallpapers, and green plants, these were basic elements for a tea shop in the 1930s. No doubt that these were most voguish leisure spaces in the city at the time.

Shortly after World War Two ended, the Chiang Kai-Shek led Nationalist Party (Kuo-Ming-Tung, hereafter the KMT) lost Mainland China to the Chinese Communists in the civil war and fled to Taiwan to be the island's long-time ruler. During 1948-1987, the KMT enforced martial law in its continuous war against China. The KMT determined making preparation for a war but was desperately in need of foreign reserves. Therefore, a thrift lifestyle was encouraged. Drinking coffee was associated with luxury lifestyles and discouraged by the authority. Importing coffee beans were banned in 1951(Taiwan Province Archives, 1969), together with perfume, tobacco, cocoa, poker cards, silk stockings, … etc. In 1952, the government issued guidelines for an economized war-time lifestyle. Among the many detailed instructions and penalties for everyday life given by the guidelines, a progressive business tax was imposed on coffee shops and new operations of the kind were restricted. A newspaper article revealed the mainstream discourse of that time:

Why do we need so many restaurants, coffeeshops and winehouses? ... Being so wasteful in various aspects, how could we mobilize all the resources to fight against the Communist and win the final victory? (United Daily News, 8 April 1952, p.1)

Although the ban on coffee imports was later eased in 1964, a very high tariff was imposed on imported coffee beans and coffee shops, which made coffee extremely expensive (see Table 1). In post-war Taiwan, there were two types of coffee shops. Those with Chinese names were mostly operated by the mainlanders from Shanghai. A writer wrote in the 1960s that these shops were like time machines - 'inside the shops it was like Shanghai in the 1940s. Elderly gentlemen sat there chatting with each other in Shanghai dialects' (Shen, 2005, p.86). Customers were mostly well-educated writers, journalists, politicians or business people.

Table 1. Tariff rate on imported coffee, Taiwan, since 1948

Year	Article	Tariff Rate(%)		
		Column 1	Column2	Column3
1948	Coffee Beans	50		
1955	Coffee Beans	100		
1956	Coffee Beans	100		
1959	Coffee : including Beans and Extract	80		
1965	Coffee : including Beans and Extract	60		
1970	(1) Coffee : Green and unprocessed	60		
	(2) Coffee : Roasted	60		
1971	(1) Coffee : Green and unprocessed	60		
	(2) Coffee : Roasted	78		
1972	(1) Coffee : Green and unprocessed	60		
	(2) Coffee : Roasted	78		
1973	(1) Coffee : Green and unprocessed	46		
	(2) Coffee : Roasted	55		
1977	(1) Coffee : Green and unprocessed	46		
	(2) Coffee : Roasted	55		
1978	(1) Coffee : Green and unprocessed	45		
	(2) Coffee : Roasted	55		
1979	(1) Coffee : Green and unprocessed	45		
	(2) Coffee : Roasted	55		
1980	(1) Coffee : Green and unprocessed	45	35	-
	(2) Coffee : Roasted	55	35	-
1987	(1) Coffee : Green and unprocessed	35	20	-
	(2) Coffee : Roasted	55	35	-
1988	(1) Coffee : Green and unprocessed	10	5	-
-	(2) Coffee : Roasted	15	10	-
1989	(1)Coffee, Not Roasted. Not Decaffeinated	10	5	-
	(2) Coffee Not Roasted. Decaffeinated	10	5	-
	(3) Coffee, Roasted. Not Decaffeinated	15	10	-
	(4) Coffee, Roasted. Decaffeinated	15	10	-
1992	(1)Coffee, Not Roasted. Not Decaffeinated	10	5	-
	(2) Coffee, Not Roasted. Decaffeinated	10	5	-
	(3) Coffee, Roasted. Not Decaffeinated	7.5	5	-
	(4) Coffee, Roasted. Decaffeinated	15	10	-
1998	(1)Coffee, Not Roasted. Not Decaffeinated	10	4.5	-
	(2) Coffee, Not Roasted. Decaffeinated	10	4.5	-
	(3) Coffee, Roasted. Not Decaffeinated	7.5	4.5	-
	(4) Coffee, Roasted. Decaffeinated	15	9	-
2002	(1)Coffee, Not Roasted. Not Decaffeinated	10	0	-
	(2) Coffee, Not Roasted. Decaffeinated	10	3	-
	(3) Coffee, Roasted. Not Decaffeinated	7.5	3	-
	(4) Coffee, Roasted. Decaffeinated	15	3	
2003	(1)Coffee, Not Roasted. Not Decaffeinated	10	0	-
	(2) Coffee, Not Roasted. Decaffeinated	10	2.4	-
	(3) Coffee, Roasted. Not Decaffeinated	7.5	2.4	-
	(4) Coffee, Roasted. Decaffeinated	15	2.4	-
2004	(1)Coffee, Not Roasted. Not Decaffeinated	0	0	10
	(2) Coffee, Not Roasted. Decaffeinated	1.8	0	10
	(3) Coffee, Roasted. Not Decaffeinated	1.8	0	7.5
	(4) Coffee, Roasted. Decaffeinated	1.8	0	15
2006	(1)Coffee, Not Roasted. Not Decaffeinated	0	0	10
	(2) Coffee, Not Roasted. Decaffeinated	0.6	0	10
	(3) Coffee, Roasted. Not Decaffeinated	0.6	0	7.5
	(4) Coffee, Roasted. Decaffeinated	0.6	0	15

2007-2017	(1)Coffee, Not Roasted. Not Decaffeinated	0	0	10
	(2) Coffee, Not Roasted. Decaffeinated	0	0	10
	(3) Coffee, Roasted. Not Decaffeinated	0	0	7.5
	(4) Coffee, Roasted. Decaffeinated	0	0	15

Notes: (1) During 1980- 2003, the rate was divided into two columns. Column 2 applied to goods imported from regions that have reciprocal treatment with Taiwan, while Column 1 applied to the rest regions. (2) From 2003 onwards, the rate has been further divided into three columns. Column 1 applies to goods imported from WTO members or from regions that have reciprocal treatment with Taiwan. Column 2 applies to the specified goods imported from the specified underdeveloped or developing regions, or from those which have signed Free Trade Agreement with Taiwan. Column 3 applies to the rest.

Sources:
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The other kind, with Japanese names, which were influenced by cafés in the colonial Taiwan, were seen as unsavoury places and the general impression was that only criminal types or 'underworld' people would frequent them. Here the ethnic stereotypes revealed: coffee houses run by the mainlanders, those who followed the KMT from Mainland China to Taiwan after the War, were crowded with upper class poets and artists, while those operated by the natives, those who experienced Japanese colonization, were associated with sex businesses and crime.

After the US became involved in the Vietnam War in 1965, Taiwan became a support station for the US force. Many American soldiers had their vacations in Taiwan and the places they most visited were bars, cinemas and coffee shops. From the 1960s onwards, coffee shops with Japanese names switched to American ones, such as Hollywood, Monroe, and Susie. In the 1970s, 'dark' coffee shops indicated those coffee stores that offered sexual deals. From 1974 to 1987, the government stopped releasing new permits to 'coffee shop' owners but the ban didn't work at all for shops that registered as restaurants still supplied and advertised 'coffee' (Shen, 2005). The negative impression of coffee shops didn't change until the late 1980s.

After the PRC took over Taiwan's place in the United Nations in 1971, the KMT's claim in representing China was seriously challenged and it was urged to loosen up restrictions. This pressure eventually contributed to the lifting of martial law in 1987. Since then, Taiwan has experienced a dramatic change: moving from a closed to open society. The tariffs on coffee imports remained at 50 – 80 percent levels during the 1970s and were then significantly and continuously reduced since 1988. In 1991, McDonald style coffee chain stores from Japan began to sell coffee at NT$35 per cup, a move that made coffee shops popular meeting places for ordinary people. Starbucks came to Taiwan in 1997; thereafter many chain coffee houses run by native businesses follow a semi-

Starbucks style - turning coffee shops into lounges, with sofas, music, and paintings on the walls. Soon after Starbucks became really popular, take-away coffee stalls emerged on busy streets.

After Taiwan joined the World Trade Organization in 2002, coffee's tariff was further deducted to zero to all members in the WTO. Since the late 1990s, the quantity of coffee import has rapidly surged (see Graph 1). Now coffee shops catering for different markets and designed for different purposes are available everywhere in Taiwan. People rarely notice that coffee shops once had a bad reputation; rather, coffee represents modern urban culture.

Graph1 Quantity of Coffee Imports in Taiwan since 1950 (Unit: Kilograms)
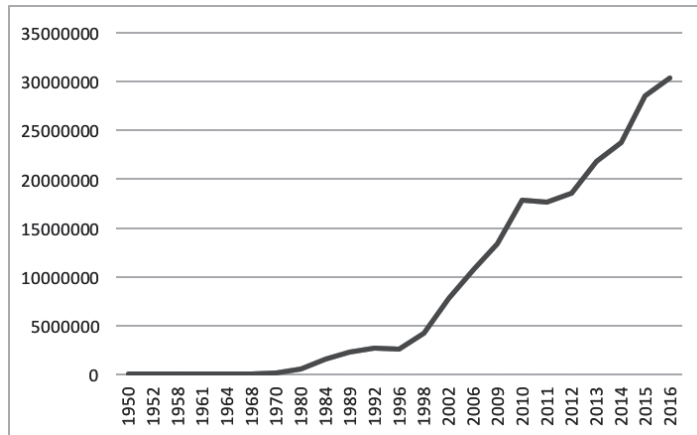
Sources:
1. T*he Trade of China (Taiwan Region)* (1949-1989), the Statistical Department, Inspectorate General of Customs, Taipei.
2. Monthly Statistics of Imports (1990~1999), Directorate General of Customs, Ministry of Finance, R.O.C.
3. Customs Administration, Ministry of Finance, R.O.C., (2000~2016), Trade Statistics Search. Retrieved from https://portal.sw.nat.gov.tw/APGA/GA01Statistical

Methodology

In addition to my long-time observation to Taiwan and an archival investigation of coffee's history in this region, I conducted focus group interviews to better understand how consumers in Taiwan perceive, drink and re-create coffee. Prior to the political and economic liberalization, Taiwan was described as an ethnically stratified society which was made up of an upper mainlander class, the *waishengren*, and a lower Taiwanese class, the *benshengren* (Gates, 1979, p, 388) - the former dominated the public sector and symbolized for a high culture from China, while the latter was inferior in their socioeconomic status and represented for a marginal segment. The *benshengren* were people of the native province, Taiwan, while the *waishengren* were originally from other provinces in Mainland China. The classification was adopted in the state's registry system and further formulated residents' ethnic identity. The ethnic boundaries had now become blurred but influences from the KMT's long-time rule still linger.

Another consideration was the generational differences. Before liberalization, people on the island lived for four decades in a state of war. Travelling abroad for tourism purposes was prohibited; the media were controlled by the government; daily consumption was supervised and regulated in order to ensure a proper war-time lifestyle. The end of martial law made all sorts of foreign

commodities available and freed people from their cages. Consumers in Taiwan embraced foreign influences without haste: not only Disney and Hello Kitty, but also Portuguesa snacks, Korean dramas, Thai food, and many others. It is often said on the media that the younger generation was a generation of consumption. Based on the contemplation above, I organised six focus groups in Taipei in 2006 to know how consumers of difference social backgrounds may appreciate coffee differently. Informants were divided according to their ethnic backgrounds and ages – the middle-aged generation who grew up under the enforcement of martial law and the youngsters who were born after 1987.

The places I met with my informants presented the various styles of coffeehouses in contemporary Taipei. Apart from two groups with the younger informants, which were held in a cafeteria on a university campus, the rest of the discussions were held in coffee houses in the city. I met three middle-aged *waishengren* women in a branch of Barista coffee, situated within 3 minutes' walk to a metro station. Barista coffee was run by a Taiwanese business but the decoration and service were similar to those of Starbucks. This place was chosen by one of the informants who lived in the neighborhood. She said the residence committee of her community often held meetings in that coffee shop. The second shop that I went to with two middle-aged *benshengren* men and one woman had run for 50 years. That was a typical mainlanders' coffee shop. Desserts provided there were not western sponges nor brownies, but Chinese snacks, such as peach crisps, almond cakes. The female member learned about this shop from magazines and chose the place. The third shop I went to with two middle-aged mainlander men was to our surprise. We thought it was a coffee shop from the outside - they had small tables and booths, but actually it provided traditional dishes with after meal coffee and tea. The last one, where I went with a group of female insurance saleswomen, was a composite shop that supplied coffee, tea, juice, set meals and buffet. This shop located near a metro station and was crowded by office workers during lunch time. Set meals were traditional food served in a western style - a small portion of every dish arranged in a plate, rather than many dishes on a big round table. The buffet included fresh salads, breads, corn soups, stir-fry vegetables, and more. These coffee shops chosen by informants partly reflected the fact that coffee houses have become popular meeting places for city residents. The styles and services provided by each shop also indicated various ways of domesticating coffee.

Fantasy, informality and classiness

Tea and coffee are two common soft drinks now consumed in many places around the world. Grigg's (2003) research on patterns of tea and coffee consumption suggests that the consumption of coffee and tea is related to income level. In Britain, coffee and tea have been associated with different lifestyles, for example, tea is now more commonly drunk at home by the old, coffee by the young and outgoing. In Taiwan, tea and coffee consumption also makes and marks distinctions between people.

Tea is deeply rooted in Taiwan and is often regarded as a valuable gift, with local and emotional affiliation. Renowned Taiwanese tea was locally grown and consumers knew the origins of their tea very well. As my informant Chang (44, male, *benshengren*) said: 'When people give me tea as a gift, I usually know where it is from, Nan-tou or Jia-yi'. The two ethnic groups typically drink different kinds of tea and in their own ways. The *waishengren* brought their favourite kinds of tea from China and drink it by putting loose tea in a glass of hot water. My informant Guang-Hua, a *waishengren*, said that tea in his family is something you drink alone, and it is not suitable for sharing. This is probably because of the *waishengren's* lack of kin in Taiwan. On the other hand, the *benshengren* way of drinking tea is more complicated and an indicator of sociability. Usually the host would put

a large spoonful of loose tea into a small pot and then add boiling water. The tea goes from a pot to a jug firstly and then is poured into the guests' tiny cups. The process of making tea is an art and the host family would provide the best tea in their collection to treat guests.

In contrast to tea that is local grown and bound to families and traditions in Taiwan, coffee came to Taiwan as an absolute novelty without existing associations or traditions. None of my informants, not even the youngsters, came from families that recognized coffee as a daily necessity as many westerners do. Many middle-aged informants' first experience of drinking coffee was at western-styled restaurants.

> My first experience of coffee? That might be when I was in high school. Sometimes my parents took us kids to western restaurants. My mother and sister, they loved the after-meal coffee and began to buy instant coffee. We didn't dine out very often so that was kind of rewards if we kids did well at school. .... I did not like steaks really, but I was extremely excited when thinking that we were going to have a western meal. (Liang, 42, *waishengren*)

While the *benshengren* and the *waishengren* have distinct traditions and styles of tea drinking, coffee, being new and neutral, signifies social status in another sense. Two decades ago, when Taiwanese society was opening up and experiencing changes in the 1980s, coffee was novel and its drinkers were considered to be members of a stylish group who had better tastes. My informant Guang-Hua (46, male, *waishengren*), a middle-aged colonel, treated visitors to coffee, rather than tea, when he worked on a naval warship in the 1980s, because 'it showed that you really valued the guests, while tea was something you drink by yourself'. Wei remembered that, in 1981 she earned NT$ 24 per hour as a part-time waitress in a coffee shop while the cheapest coffee in the store was NT$ 60 per cup. The wage was bad but being a waitress in a coffee shop was very cool. As she recalled:

> Coffee houses were not popular back then - unlike now, everyone can go to coffee shops, even children, everyone, and there are many different kinds of coffee. .... When I was young, coffee was a pronoun for "advance". Ordinary people wouldn't go to coffee shops but we did, because we were very fashionable. I think coffee represents foreign culture, especially the American culture.

Back in the 1950-60s, although few in Taiwan could afford to patronize coffeehouses, coffee was often reported by newspapers when feature writers attempted to portray lifestyles in so called 'advanced countries', particularly for Western Europe and the US. The image of coffee is probably influenced by the Taiwanese impression of the West, especially the US. After the Second World War, the KMT retained its alliance with the US and Taiwan became politically, economically and militarily dependent on the US. During that period, the KMT regime claimed itself as the 'Free China' and a member of the 'Free World', led by the US, against the Soviet Union led communist countries. Taiwan received $1.4 billion US Aid during 1951-1965(Chen MY, 2015) and in turn had been taken as a base of the American force in the Korean War and the Vietnam War. Even today, although there is no diplomatic tie between the US and Taiwan, the Americans play a key role in cross-strait balance: the US agrees to defend Taiwan if China starts a war, while Taiwan has to purchase a massive amount of weapons from the US.

The KMT authority advocated the values of modernization from the US. The US was described as Taiwan's strongest supporter, an ally in defence and a friendly country that provided economic aid. As the major supplier of economic and military aid and as the KMT's main ally in its continuing

war with China, the US was able to influence the direction of Taiwan's economy. Taiwan had to open doors to private enterprise and foreign capital, so that American corporates could take advantage of Taiwan's cheap labour. Since the early 1950s, the US has been the country to which most Taiwanese youth went for postgraduate education. In Taiwan, English has been called the 'American language'. For a very long period of time, Mandarin and American English represented high culture, while local dialects and culture were considered less valuable and discouraged.

Two of my *waishengren* informants were servicemen. Their conversations revealed that Taiwan's defence sector always had a close relationship with the US, especially with the navy which often ran training sessions on US warships. My informant Ding-Jiang said:

> The navy is more internationalized than the army. They are more westernized. That's why people say the navy looks more handsome, while the army is a bit stiff. Once I got the chance to attend a meeting with the navy. Meetings used to be very serious in the army. Everyone had to sit tight. I was impressed when the chair ordered coffee for everyone at present. We had coffee during the meeting and leaned back on our chairs. The feeling was very special. [Q: Which kind of coffee was that?] Instant coffee, maybe, I didn't know. It was not coffee itself, but the feeling that was important. With coffee you could feel more relaxed. We were more willing to talk that day. In the army, it seemed that you might easily get into trouble if saying something wrong.

Coffee here is equated with American culture. It was not the taste of coffee but the 'feeling' that mattered. 'American' is modern, relaxed, and more 'handsome'. The impression is not limited to the military sector. Taiwan in the 50s had a strict control over public speech. Even popular culture had to be related to 'anti-communism'. Wang Mei-Hsiang (2004) studied the 'World Today', a magazine in Chinese sponsored by the US, which intrigued the Taiwanese with its representation of Western cultural and sexual imagination and gave the youngsters a temporary escape from the Chinese orthodoxy constructed by the KMT regime. In the same way, American rock and roll appealed to many Taiwanese in the 60s.

The Taiwanese always envied the Americans who appeared to have time and money to enjoy their lives. This is why 'American time' means 'plenty of free time' in Taiwan. The image of the US in Taiwan has been associated with a modern, advanced, democratic world. The decoration and music in coffee houses also construct an atmosphere that associates coffee with love, romance, leisure, and exoticness. If tea means calm and peace, coffee refers to excitement and fun. Coffee gains its popularity in Taiwan not because it is tasty but for the image that it has brought. Going to coffee houses has become a fashionable activity for urban citizens. For example, Shu admitted that she has been very keen on exploring featured coffee houses: 'Many people, they may not like drinking coffee but, considering the living standard has come to this high, would want to see how other people do their businesses, decorate their own shops. At least I think so.'

Shu clearly associated coffee with a higher living standard and a better quality of life. In other words, coffee is about enjoying a better life, perhaps the life of the imagined American style, which many elderly and middle-aged people in Taiwan have struggled for years to achieve. As Taiwan constantly lives under the threat of war, many people have emigrated to the US. Prior to the 1980s, a good percentage of Taiwanese graduates went to study in the US and stayed there. When I conducted my interviews, many informants had worked in the US, studied in the US, and have relatives living in the US. Many Taiwanese have an American dream.

Coffee in Everyday Life

Nowadays coffee shops have become common meeting places in the city. They are usually situated in urban areas so that busy office workers can get a quick drink and leave. Coffee is also offered by widespread beverage stalls and convenience stores, and served together with other more traditional options like bubble tea and papaya milk. In less than two decades, coffee has again changed its meanings in Taiwan: from a luxurious import signified for a higher cultural heritage from the West, to a common drink available at every street corner. The popularity and changing features of coffee, to a certain extent, reflected Taiwan's booming eating-out culture and westernized daily menus since the 1990s.

People in Taiwan experienced a change from a closed society to opening up, also a transformation from an agricultural to an industrial lifestyle in the 1980s. As many married women grasped the opportunities to be full-employed, commercialized dishes that supplied by catering services gradually replaced home foods. During the focus group discussions, many informants mentioned that they do not usually eat at home – instead breakfast bars, cafeterias, and 24-hour convenience stores provide everything they need.

Research in the US and the UK shows a common trend in the increase of frequency and spending on eating out in the latest two decades (Beardsworth & Keil, 1997; Warde, 1997). Take-away meals and convenience foods have been largely incorporated into the everyday food practices in order to save time. Nevertheless, Alan Warde and Lydia Martens (2000) suggest that eating out is not necessarily an effective time-saving strategy but more a desire for extravagance, a leisure activity that is directly contrasted with the bustle of everyday life.

The development of Taiwan's eating-out culture is similar and more prevalent than those either in the UK or the US. On average each household in Taiwan spent 7.38% of their food and beverage budget on eating out in 1983 and the proportion increased to 30.69% by 2003 (Chuang, 2006). Although eating out certainly covers the perspective that Warde and Martens address, it is also a main form of everyday eating for most people. According to the survey conducted by the Global Vision magazine (Hsu, 2007), 70.2 percent of the adult population, aged older than 20, eat out at least one day a week. 19.3 percent of respondents (around 3.3 million people) eat out 7 days a week and 9.9% eat out every meal. Those who reported eating out everyday are mostly students and office workers, aged between twenty and thirty-five: 66.8 percent of them eat out for breakfast, 78.7 percent for lunch, and 51 percent for dinner. 'Time-saving and convenience' (56.2 percent) ranks as the top reason for eating out, while only 3.6 percent reported that they dine out for social meetings and gatherings. A more recent survey conducted by Health Promotion Administration, Ministry of Health and Welfare in Taiwan revealed that, in 2011, 66.7 percent of employed workers eat out more than five days a week (HPA, 2011).

Surveys also showed that changing eating habits in Taiwan is not mainly for pursuing more delicious food but has more to do with living for a more efficient life. Not only has eating out become a common lifestyle, the menus of daily meals have changed greatly from the previous generation. Bi-sia used to have rice gruel when she was a kid but gave her son milk and bread for breakfast, because 'they are easy to prepare'. Both my *waishengren* and *benshengren* middle-aged female members in the focus groups said that they seldom cook, and even if they sometimes do, they would 'make it simple' (Tsai) or 'rather cook a western meal to save trouble washing so many dishes'(Bi-sia), except for one member who cooked five dinners a week, because she had a regular working schedule as a civil servant and lived near her office.

When I worked in Taipei, in my fifteen-minute's walk from my residence to the nearest metro station, I would pass four chain breakfast bars, three convenience stores, two bakeries, and several

traditional vendors in the morning. A diverse range of tastes is catered for by 'Nice & Nice', a leading brand among breakfast bars: beverages usually include milk, soya milk, coffee, tea and juice; sandwich fillings could include ham, eggs, tuna, peanut butter, and fried shredded meat; oriental food like Chinese turnip cakes, egg pancakes, steamed buns, and sesame cakes are also available. Customers can grab a rich combination of breakfast for a fairly cheap price. Tsui (2001) commented that 'efficiency has a top priority in contemporary Taiwan society'.

Coffee has been incorporated into menus of most breakfast bars, beverage stalls and restaurants commonly include coffee. The popularity of coffee is not only for the attraction of the drink itself, nor the symbolic indulgence that it signified, but largely related to the space and services that coffee shops provide rightly fit into consumers' lifestyles. For the Taiwanese who are used to living in crowded communities, coffee shops are an extension of their living rooms. Before chain coffee shops emerged, the youngsters usually met up at ice-fruit bars, where juice, fresh fruits, ice products were supplied, or, in the 1980s, at McDonald's. But neither the ice-fruit bars nor McDonald's can compete with chain coffee stores since the latter are usually equipped with romantic lighting, cozy sofas and lovely music. Business appointments used to be held in restaurants where people can have meals while talking about deals. However, if things can be settled within the time it takes to drink a cup of coffee, why waste a meal? The compression of time and space helps explain the emergence of chain coffee shops.

It's about Time and Space

Several of my informants are insurance salespersons who often meet clients scattered in different parts of the city at chain coffee shops. For them the popularity of coffee shops is not for the drinks but for the convenience: 'There were no places for tea like coffee shops before. This style of shops was introduced from the West. This is very convenient for friends to chat or for us to talk with clients. I think this is why coffee gets popular' (Bi-Sia). They love the service that coffee shops provide because it practically fits into a busy schedule and frequent non-family meetings

Indeed, for many Taiwanese who go to coffee houses, it is the space that matters. For Guang-Hua, coffee shops are good places where he and his wife can take a break from the family. 'My wife and I sometimes go to coffee shops. Because when we stay in Taipei, we live at my parents' house. My wife would think that we need more space of our own. So we would go to coffee shops, accompanied with some desserts, quite nice'. Coffee houses provide private spaces and enable couples who live with extended families to have more quality time together. Many informants said they don't exactly like 'drinking' coffee, but they do love the space, the convenience, the atmosphere and individuality that coffee shops have brought them. Combining comfortable space and a simplified style of drinking tea, chain tea shops have recently emerged in urban areas. My experiences of holding interviews in different types of coffee shops have also showed that local businesses have actively adopted the western style service while providing traditional food.

The emergence of tea chains and composite stores indicated that consumers in Taiwan have domesticated coffee by incorporating the space and re-structuring it to fit their familiar tastes. When my informants talked about westernised menus and eating style, they did not look for the exotic taste of food, but focused on time-saving and convenience. The following dialogue between my saleswomen informants indicate that what attracts them is not the western menus with steak and potatoes, but the individualized dining style.

Huei: I like Chinese food but served in a western manner.
Q: like what we are doing now?

Huei: yes. Chinese food but divided into individual portions
Tsai: That's a popular practice, isn't it?
Bi-Sia: Meals are like that in hotels, restaurants, or wedding banquets.

This focus group was held in a composite shop where beverages, set meals and a buffet were provided. Set meals are small portions of traditional dishes with rice arranged on a plate, and each one eats only her own set rather than sharing many dishes on a big round table. The latter is traditional while the former is a new invention: a combination of desirable food and eating manners, in a form that is easy to sell to different size groups and to individuals. In the discussion, there was a slight dispute about whether what we were having should be called a 'western', 'Chinese' or 'simplified' meal but, in general, the members liked it. The shop, the meal and the conversations above show that eating habits in Taiwan have been largely westernized.

The generational differences regarding styles of eating are very obvious. Middle-aged informants, especially those with the *benshengren* origins, had few experiences of eating out when they were kids. A few *waishengren* informants recalled that eating out was mainly as a reward for good performance at school, once or twice at most, and the choices were limited. Nowadays, with various choices at affordable prices, the younger generation have richer experiences of eating out since they were little. Wei said her daughter likes 'pizza, pasta, or spaghetti'. In the group with the youngsters, I asked members to name some impressive dishes often made by their parents, several of them said 'apple sauce' and 'spaghetti'. You-Hua said his mother often 'steals' ideas from restaurants to make new dishes and he personally prefers western-style restaurants serving things, 'such as pasta and the like'. For them, western food has been part of their home food in everyday life.

Coffee, similar to other western foods in Taiwan, has become embedded with childhood memories for the younger generation. Focus group discussions with the youngsters who were born after 1987 indicated that the informants had drunk instant coffee since they were kids. Some of them mentioned how their mothers loved to brew coffee at home and had coffee at breakfast every morning. To the younger generation, coffee is not a novelty anymore - it has become normal. In the focus group discussions no one associated coffee with the foreign. My informant You-Hua loves coffee and is interested in all kinds of skills in brewing coffee. You-Hua is a 19-year-old medical school student but has already traveled to the US, France, and the UK. There is no need for him to imagine the West via coffee. The passion toward coffee is no longer for its exoticness but for pure pleasure.

Concluding remarks

In this paper, I have given cases to reveal how coffee is localizing, or, in other words, consumers in Taiwan are domesticating coffee, from the 1920s to the 2010s. Coffee was introduced to Taiwan by its former Japanese colonizer to promote western modernity and was later classified as an extravagance in post-war Taiwan. The styles of coffee shops were once a marker of ethnic boundary between the *waishengren* and the *benshengren*, but the distinction was soon replaced by a common imagination of the US - a modern, leisured and quality style of life. The American dream that the Taiwanese people commonly had was built on the close tie between Taiwan and the US since the 1950s. Nevertheless, the significance of the coffee case in Taiwan is not limited to the symbolic fantasy that it carries.

Coffee drinking is one of the food practices that can be implicated in making and reproducing distinctions between 'us' and 'them'. It is worth noting that different practices may play different roles in terms of boundary making. While practices deeply rooted in tradition often replicate and signify ethnic

distinction, newly introduced practices can bridge between existing divisions and create new ones. The roles of practices and corresponding lines of ethnic and other kinds of division are constantly shifting. While the *waishegren* and the *benshengren* drink different kinds of tea, they show little difference in coffee consumption, though coffee divides the elder and the younger generations, and urban and country residents.

As demonstrated, the widespread popularity of coffee houses in Taiwan should be attributed to the services that they provide. Coffee shops have become extensions of living rooms and popular meeting places for urban citizens largely because the services fit into people's lifestyles. Today consumers in Taiwan have various ways of remaking coffee. Tea chain and composite shops adopt the décor, music, individualized set meals that are accompanied with coffee but provide foods of traditional tastes. Breakfast bars and beverage stalls incorporate coffee into their menus, supplied with noodles and dumplings. Canned and iced coffee are available on the shelves of convenience stores, among various choices of soft drinks such as canned tea, juice, soda and flavoured water. These have together re-shaped the landscape of cities and broaden the scope of eateries.

The world today has been characterised by many as a globalized world where people and products frequently cross national boundaries and thus time and space are highly compressed. Globalization has brought diverse cultures together and made constant encounter with 'others' possible through travel, consumption and other activities. My article has shown that embracing foreign culture does not necessarily make groups cultural victims of a western invasion. As we saw with coffee in Taiwan, it can be an eager rather than a reluctant adoption and adaptation. The diverse ranges of coffee in Taiwan indicate that consumers have not just domesticated coffee by re-imagining it, but actively re-invented it according to their own tastes and needs.

The story of remaking coffee in Taiwan reminds us of the following: a globalized world is not necessarily a homogenizing world and local cultures do not vanish in waves of globalization. People appropriate and domesticate foreign imports to fit their needs. In doing so, they constantly enrich and change the meanings of the foreign and reshape their own traditions.

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Mapping Chinese Coffee Culture in the Land of Tea. The Case of Yunnan Province

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Abstract

In this article we aim to map the rapidly emerging coffee culture in the province of Yunnan, renowned as the land of tea in China. We first look into the historical development of coffee production of Yunnan province, taking up 99% of the total coffee production in China. Yunnan coffee culture is the oldest in China since the introduction of coffee by a French missionary at the beginning of the 20th century. Most of the beans are of the Arabica species that is much sought after in specialty coffee houses. Not only in terms of production but also coffee consumption is rising in line in Yunnan's capital Kunming. We conceive coffee culture shaped and driven by a web of interconnected actors, constituting an increasingly intricate global/regional network. Coffee culture in the 21st[st] century China has paved the way for the emergence and proliferation of new coffee experts operating in the vast area between coffee farmers and coffee consumers of the global coffee chain. These new jobs include barista's, coffee consultants, coffee entrepreneurs, coffee auctioneers, coffee machine makers, etc. In addition coffee expertise and related coffee business have shown a high level of fluidity and flexibility in China. The young generation of coffee entrepreneurs display a personal interest in the consumption of coffee and are opening coffee shops on their estate. Although for some coffee culture was present while growing up the majority of entrepreneurs start from scratch not having any connection with coffee whatsoever. They develop from consumer to prosumer to coffee expert. In other words production and consumption become entangled in the burgeoning coffee market in China. Our findings are based on an extensive literature study of both Chinese and English sources and recurrent ethnographic fieldwork in Kunming, Dali, Pu'er and Menglian since 2013.

Introduction

China is indisputably and iconically represented as the land of tea. Not only is the tea plant indigenous to China but the tea in its many manifestations as cultural heritage, luxury beverage and quotidian drink is deeply entrenched in the cultural DNA of Chinese society (Ahmed et al. 2010; Cheng, S. et al. 2012; Huang & Hall 2007; Leung 2007; Xiao 2007). Within Chinese tea culture Simao city that has adopted the name of the famed tea leaf Pu'er is particularly renowned for its century old tea culture. However the prominent tea culture does not impede the development of a rapidly emerging coffee culture in China. China has joined other global Asian societies in developing a taste for coffee. Coffee -as a commodity and beverage- and the culture around it constitute such a rich, thick and multilayered topic that lends itself to manifold of studies in terms of global commodity, taste, connoisseurship, representation, main driver for city renewal, etc. (Elliott 2011; Manzo 2010; Nelson & Venkatraman 2008; Pendergrast 1999; Roseberry 2005; Tucker 2011; Yang, Hu et al. 2012). In

this article we limit ourselves to mapping the current dynamics of this development in China and Yunnan (Huang 2009) in particular by probing into the motives and practices of the newly emerged coffee experts, the main drivers behind the most recent trends and trending of coffee(houses) and consumers in coffeehouses. Our findings are based on literature study and repeated fieldwork in Kunming, Pu'er and Menglian, complemented by continuous netnography with key coffee actors. We conceive coffee culture as an intricate web of interconnected actors, giving rise to an increasingly interconnected global/regional network. Coffee culture in the 21st century has generated a range of highly coffee experts operating in the vast area between coffee farmers and coffee consumers of the global coffee chain. These new jobs include barista's, coffee consultants, coffee entrepreneurs, coffee auctioneers, coffee machine makers, etc. The new generation of coffee producers running coffee estates does not only aim to improve the quality of the coffee bean but they see huge potential in the consumption of coffee and coffee houses. Seduced by the coffee taste and culture at the persona level they open coffee shops and invent new forms of coffee-related events on their estate or elsewhere. Independent coffeehouse owners also cross professional boundaries by entering into roasting business, coffee education of all sorts, to growing coffee from local seeds. Last but not least coffee consumers do not only like to linger in coffee shops. Some are becoming prosumer, aiming to join the coffee trade in a further stage of their life. In present day China production and consumption of coffee (shops) are rapidly shaping and transforming coffee culture in China.

Historical Overview of Coffee Industry

China's coffee history has colonial roots. It can be traced back to the end of the 19th century when Mengzi became a treaty port in 1889 in the aftermath of the Sino-French war. This marks a new era for the province of Yunnan, which hitherto has been a hinterland due to its location in the Southwestern part of China, bordering Myanmar, Vietnam and Thailand. With Mengzi as treaty port Yunnan has become a bridgehead connecting Indochina with other parts of China. Although the treaty port has been less documented, especially in the English language literature than the emblematic treaty port of Shanghai, Mengzi, too has undergone a 'gallic remake', manifested in train stations, trams, department stores and of course also coffee houses, representing the typical accroutements of a 19th century French modern city (Huang 2009).

From the production perspective it was the French missionary Alfred Liétard (Tian Deneng in Chinese), who brought the first coffee sapling from Vietnam to Zhukula, a small village in Binchuan district in Yunnan Province in 1902. The crop was cultivated by the Wa and Lahu ethnic minorities (Balinieri 2015; Chen 2017). Since the production was small-scale; primarily serving the missionaries in their daily consumption and villagers on special occasions such as coffee drinking in wedding ceremonies, it remained a local practice and thus largely unnoticed by the Chinese in other parts of China and the rest of the world (Lu 2014).

Systematic coffee production in Yunnan started to off only after the installation of the People Republic of China in 1949. More than 5,000 coffee trees have been planted in 1950. At first Tipica and Bourbon constituted the predominant beans, followed by other types: Catimor; Mexico Caturra and to a lesser degree Robusta since the 1960s. Soviet experts, who were brought in to assist in China's modernization played a significant role in the development of coffee production. Recognizing the potential of coffee production in Yunnan they have been instrumental in the expansion of the coffee production and in diversifying the beans for export to the USSR (Balinieri 2015; Li, Yang, Li & Wang, 2007). During fieldwork we learned that in 1952 official agricultural technologists brought coffee from Dehong to the Lujiang valley in Baoshan. This marked the start of a thriving coffee industry in Lujiang valley. All these beans were exported to the Soviet Union.

In the first decade of the Reform period from 1988-1989 the local government experimented with coffee production. In 1992 UNDP assisted Chinese government in developing coffee industry and establishing Yunnan Coffee Processing Plant Company, at present still the largest coffee roasting and processing company in China. The UNDP supplied the company with advanced roasting and processing machines. The yielded coffee beans were exported to United States, Japan, Singapore and beyond.[1] At the same time Guangdong, Guangxi and Hainan also developed coffee industry. The rapid development of the coffee industry in Yunnan is caused by a sustained support from the government, transnational companies and emergent domestic players. The provincial government of Yunnan has given assistance in expanding the planting area. Agricultural departments provided technology support to local farmers in order to improve productivity. Moreover it encouraged local actors to set up local coffee companies in Yunnan and introduce Yunnan coffee to the world. The most important domestic companies are Hougu（后谷）; Zhukula（朱苦拉）and Yunlu（云潞. It also encouraged Yunnan coffee actors to participate in global exhibitions to improve the reputation of Yunnan Coffee (Lu Hu, 2014). Last but not least transnational companies like Nestlé and Starbucks have also noticed the potential of the Yunnan coffee industry and set up cooperation invigorating the coffee industry in size and in quality. The main coffee regions in Yunnan province are: Pu'er, Baoshan, Dehong and Lincang (Liu & Zhang 2011).
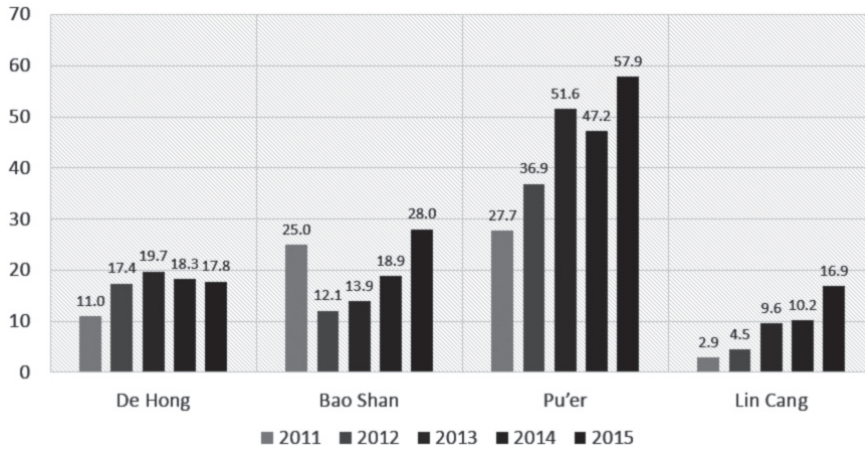
**Main coffee regions in Yunnan**

Source: Authors' compilation

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[1] The background materials came from the introduction website of Yunnan kafei chang (Yunnan Coffee Processing Plant): http://www.yncoffee.cn/.

Production in the Main Coffee Regions 2011-2015 (in thousand tons)

Source: The Annual Statistics Report of Yunnan 2011-2015.

Annual growth rate of coffee and tea of Yunnan
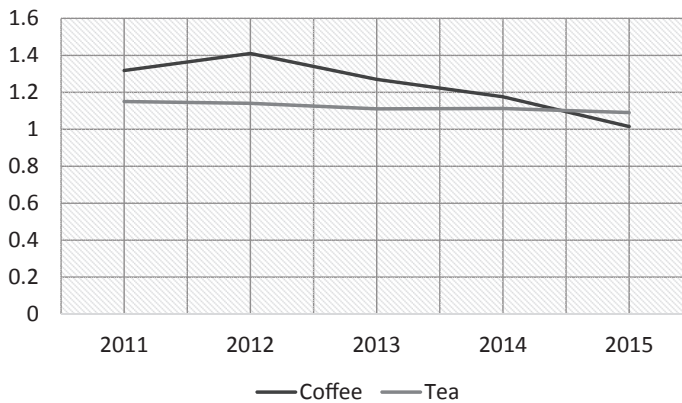
Source: The Annual Statistics Report of Yunnan 2011-2015.

Even though tea stands firmly as one of the most important cash crop in Yunnan the annual growth rate of coffee is dynamic and rapidly expanding. Tea is a traditional everyday-life beverage universally drunk by Chinese, while the consumption of the new beverage of coffee is more dynamic and subject to growth and setback. To illustrate the growth of rate of coffee is higher than tea from 2011 to 2014. The rapid development of the coffee industry has the support of the local and provincial government (Lou & Yu 2014.). At the micro level there is a saying that 'tea is in the heart of the farmers, but coffee is in their purse' (De Smet in Meyer 2014). Coffee is more profitable for farmers than tea.

Coffee Making in Yunnan

We conceive coffee making in Yunnan as including coffee planting, roasting coffee beans and making coffee drinks. Since the 21st century Yunnan has employed more than thousands of people

working in the coffee industry. Making coffee has surpassed making tea in terms of popularity and 'coolness'.

TNCs and Coffee Plantations

Among all the TNCs Nestlé has been the first to enter China. In 1997 it created a 20-hectares experimental farm in Mensong (Xishuangbana) as it was looking for a source of beans for its Nescafé plant in Dongguan (Guangdong). In 2002 Nestlé opened its Center in Pu'er City and started to reach out to villagers. They presented coffee saplings and cultivars to ethnic communities (like the Dai, the Lahu and others) and offered free training and soil analysis. The seeds were provided to the farmers without profit (Meyer 2014). Since its entry it has provided training and technical assistance to almost 9500 farmers in Yunnan (fieldnotes 2014). The Global Nescafé Plan, introduced in 2012 strives for sustainable growth and the improvement of farming practices by implementing the 4C (Common Code for Coffee Communities) certification. In 2013 Nestlé signed a Memorandum of Understanding (MoU) with the government of Pu'er city to cooperate and improve local coffee-growing culture. During our fieldwork in the summer of 2014 we visited Nandaohe village, where the farmers work in both coffee and tea plantations. They have benefitted greatly from the cooperation with Nestlé.

Starbucks is a latecomer as it entered China in 2009 when it signed a Memorandum of Understanding with the Yunnan Academy of Agricultural Science (YAAS) and Pu'er government (Barlow 2013). This MoU has among other things led to the opening of a Starbucks Farmer Support Center to promote Pu'er as a high-quality Arabica growing region. Starbucks also introduced the CAFE (Coffee and Farmer Equity) practices to improve the quality of the bean, increase the yield per hectare and reduce production costs per hectare (Gibson 2013). In 2012 Starbucks entered in a joint-venture with the Aini Group. The Aini Group although registered as American company is founded and run by Liu Minghui, a Chinese with Yunnan roots. He was involved in the coffee business since 1990s. As early as 1993 he ran a coffeehouse in Kunming. After he moved to the States he registered there Aini coffee company in 1997, specializing in coffee processing and roasting business. His dream was to launch Yunnan coffee on the American market. However he did not succeed in this endeavor. Since he did not make any profit for a whole year, he decided to return to Yunnan, where he entered in coffee plantation. He registered Aini agricultural company of Yunnan locally and rented 5000 mu fields for planting coffee, while at the same time, he developed animal husbandry. Since the joint-venture with Starbucks most coffee beans of Aini coffee Yunnan are sold to Starbucks, while in return Starbucks sources free coffee saplings to Aini coffee farmers. The joint-venture has improved the quality of the coffee management system and increased the quality and reputation of Yunnan coffee. In 2013 Aini coffee Yunnan announced that they will invest 6 billion yuan to establish a coffee manor in Pu'er, which includes a coffee processing factory, a lab for coffee genes, coffee cultural museum and other tourism constructions. During our fieldwork in the summer of 2014 we visited the coffee plantations of Aini Garden, while we also had a beef hotpot meal in their highly popular Aini restaurant. We were told that they achieved a cup score of 81.5/100, which qualifies as a specialty coffee according to world class standards. At present the total coffee production amounts to 150,000 tons, of which one-fifth or 30,000 tons coffee beans are processed in Yunnan. Yunnan has currently two nationally labeled coffee companies and ten provincially labeled coffee companies. The export of Yunnan coffee production amounts to 63,000 tons, an increase of 79.3% in comparison with the previous year. Despite the steady growth of coffee production, coffee plantations are insignificant when comparing with tea production. Tea production remains one of the most important cash crops of Yunnan province.

Rise of the 'Resource-Rich' Coffee Entrepreneurs

Yunnan has the oldest coffee history in China. Some local coffee companies in Pu'er and Baoshan have more than three decades of experience of growing coffee on their lands. Usually local companies do preliminary processing of coffee beans and export or sell their green beans to Nestlé or Starbucks. However some young coffee entrepreneurs aspire to improve Yunnan coffee culture and increase the coffee quality.

G.J. is the third generation of Gaosheng Manor Coffee Company in Baoshan. Gaosheng Manor Coffee Company is a large company with a provenance dating back to the 1980s. It has more than 1500 mu coffee fields in Lujiang valley of Baoshan and Pu'er in 2017. Gaosheng produces more than 300 tons coffee beans a year and export these green beans mostly to Europe and United States. G.J., a third generation daughter is healthily ambitious young woman with a plan. She is 30 years-old and obtained MBA in United States in order to better run the family business. Instead of staying in the US she returned home, got married with a local person and took over family firm in Baoshan. She is not only a coffee entrepreneur but also a coffee aficionado. She genuinely loves coffee and wants to develop the coffee industry in China. In Lujiang valley (Baoshan) very few coffee entrepreneurs have interest in specialty coffee business. Most of them just plant coffee trees and sell green beans for the highest price. Moreover most of them do not like drinking coffee. G.J. is different as she applies new technology and management to plant specialty coffee trees. She also takes classes in coffee roasting and coffee making such as latte art and hand drip coffee. She said

'I have great interest in coffee and really like the taste and fragrance of coffee since I was a child. Our family's business spans over a period of more than 30 years. I want to make Yunnan Coffee known to the world. I visited several countries to research their coffee plantations and coffee industry: Costa Rica, Brazil and Taiwan. The price of Yunnan coffee beans follows the international futures market and is not stable. It is a pity since the quality of Yunnan coffee is high and some coffee should be selected as specialty coffee. One day the price of Yunnan coffee will be as good as some other traditional famous coffee regions. I also want to run a coffee house.'

L.Y.L. is a young female, originating from Pu'er. We met her in a coffeehouse in Kunming. Her family also runs a coffee company in Pu'er with thousands of mu ground for growing coffee. This coffee company has developed longstanding cooperation with Nestlé. At the moment she studies in a university in Kunming. When she graduates she aspires to take over the family coffee business. She often goes to Wen Lin Street to drink coffee and connects with coffeehouses owners. She said:

'I know some owners here, to whom I recommend the coffee beans from my family. After graduating from University, I will go back to Pu'er and enter the coffee business. I dream to run a coffeehouse. '

H.M. is the owner of the coffee house, called No.3 coffee at Wen Lin Street in Kunming. In addition to the coffeehouse he also has a coffee lab in the city center, where he engages in the art of roasting. In this lab he also organizes roasting workshop and training. He has two impressively professional roasting machines, imported from Japan. Selling roasted coffee beans is the dominant business of his enterprise. He regularly participates in coffee auctions in search for high-quality beans. He has become a very respected coffee entrepreneur in Kunming. Most coffee fans in Kunming would like to buy his roasted coffee beans. No.3 is no longer an ordinary coffeehouse. It

has become a famous coffee brand in the city. H.M. has participated in many international training sessions and obtained a wide range of certifications such as that from of SCAA at 2014.

'At the beginning, I knew nothing about coffee. I just invested to No.3 coffee in 2011 to help out my friends. When the coffeehouse just opened I thought making coffee was very cool. It is like a performance behind the bar counter. So I started to learn how to make coffee. First I thought it was cool to do latte art. Then I moved to hand-drip coffee. Now I move on into roasting coffee beans. That requires experience and mastery. In order to well, I went to Qingdao and Shanghai for training and got several certifications from SCAA. I also like to go abroad to source hard-to-get beans. I just got back from Panama, where they have the best geisha-beans. I think it is good to promote Yunnan beans but they need to have top-quality. I don't believe in superficial product marketing. A true coffee master needs integrity in his search for the best beans and the best cup of coffee.'

L.T. is a successful entrepreneur in Yunnan. He is the owner of two restaurants and one coffee shop. Besides running catering business, he is a successful barista and coffee master. He often participates in coffee cupping and Italian coffee competitions. He has many students, who are inspired by his charisma and fame. L.T. is passionate about food and drinks. After running successfully the restaurant Happy Kitchen, he became interested in coffee. He went to Shanghai to learn how to make coffee several times some fifteen years ago. Therefore the coffee served in Happy Kitchen is on average much better than in other restaurants of the city. He has not opened a coffeehouse until 'Morning Coffee' in 2015. By then he reckoned that the time was ripe to open a coffeehouse as more and more Kunming people were craving for a cup of good coffee. At the same time, more people could afford drinking expensive coffee and taking coffee training. L.T. began to open coffee making workshops in 2015. These workshops are open to all coffee aficionados -no matter whether they are high-school students or a 60 years-old lady keen in knowing more about coffee and making coffee. One day when both researchers were sipping coffee in Morning Coffee we witnessed the training sessions with these two students. The boy was about to leave for the US for study. He wanted to learn how to make a good cup of coffee before going abroad. His mother totally supported him drinking coffee as she thought coffee is healthier and classier than soft drinks. The senior lady is planning to open a tea and coffee house with a female friend after her retirement. Since she wants to serve coffee she needs the training. The fan group of L.T. is expanding. This year he opened another new restaurant in the city center. Because of his reputation Yunnan government hired L.T. to participate in promotional activities regarding Yunnan coffee, such as international conferences on Yunnan coffee Development and Yunnan Coffee Cupping. He is a key person in Yunnan's coffee development.

From Coffee Aficionado to Idiosyncratic Coffee Expert

X.J. used to be a civil servant. She did not grow up drinking coffee. One day when visiting a friend, she was so overwhelmed by the coffee sweet fragrance, ever since she was completely drawn into the realm of coffee tasting and making. In 2009 she resigned from her work and opened a small coffee workshop at home. She started to source different kinds of roasted beans and make coffee for friends at home. Slowly but surely she attracted customers. When she discovered that making coffee could be a livelihood, she took some training in making Italian latte and in roasting coffee beans. In 2011 she bought a roasting machine and rented a big apartment to organize her coffee workshops. On the side she is selling roasted coffee beans and coffee utensils mostly on internet through Taobao. Besides formal workshops X.J. also set up coffee drinking gatherings to mutually share coffee

making experiences. In September of 2017 when she has amassed sufficient experience and funding, she opened her coffee house in city center.

Y. is a soft spoken former white-collar employee in Changsha. Currently he rents a small place, where he gives coffee workshops in the north of Kunming. He left his former work and spent some time working in Yokohama, Japan. Since he likes coffee and Kunming the capital of Yunnan - the coffee region par excellence of China - he moved to this city. He does a lot of self-study and always keen on learning more and deeper about coffee. He is also interested in growing coffee plants himself. In his office he has three different types of coffee plants

Kunming is a nice city, I really like here. Yunnan is the most important place of coffee. I want to stay here and make coffee. I do not have many customers but I roast coffee beans when customers ask for it. I have my own style of making coffee and do not like commercial coffee business.

Consuming Coffee in Yunnan

Before the 1990s coffee was not a common beverage. If Chinese people drank coffee it was instant coffee. A common view was that Italian coffee tastes bitter and drinking coffee in coffee houses too expensive, a luxury for the happy few. However with the double digit annual economic growth after the 1990s, a cup of coffee in a coffee house has become more accessible to an increasing group of people. In the new millennium especially but not exclusively youngsters in urban cities, also labeled as xiaozi (小资) (Yu 2014) are embracing the consumption of coffee and their palate became equally sophisticated as their peer youngsters in other global cities. This has sparked the mushrooming of coffeehouses.

Coffee houses in Kunming

We did fieldwork in the Kunming, the capital of Yunnan province and more notably in Wen Lin Street. This street is located on the edge of Yunnan University campus in the city center and known for its vibrant night life. It is locally labeled "foreigners' street" as the streetscape is dominated by Western coffee houses and bars, attracting young people in search for fun and adventure. It is also the best location for opening a coffee house. During fieldwork we identified busy Wen Lin Street area as having one dominant road and four alleys, totaling nearly 1600 meters. Wen Lin Street region has 23 coffee houses, some are bookshop-coffee houses; some are coffee-bars; some are restaurants –coffee but most are coffeehouses just serving coffee.

Several coffee houses have been established for over a decade and enjoy a favorable reputation in Kunming. Often their owners are of foreign descent, hailing from the US, France or South-Korea.

Salvador café was set up in 2004 by three Americans and a Japanese. At present Salvador has transformed into a well-known place to eat and to have coffee in Kunming. They serve American-inspired food based on the philosophy of social and ecological sustainability. They use local organic produce including Yunnan coffee beans. Not only do they hire and train employees of ethnic minorities background, they also set up NGOs to do reach out activities in the area of organic farming and other environmental issues (Flahive 2014). The French Café is the continental counterpart of Café Salvador. The owners consist of a French-Belgian couple and a local female entrepreneur. They specialize in French bread and pastries, while serving Yunnan coffee. Café Prague has also set up business for more than ten years. The Chinese owner updates the menu continuously in order to cater to the ever-changing taste of the customers. He has expanded the selection of coffee bean selection over the years including as specialty coffee beans from Ethiopia

or Columbia. Happy Kitchen is strictly speaking not a coffee house. As a restaurant serving pizza it offers high-quality coffee. As already mentioned the owner has become a reputed barista and coffee expert over the years.

More coffee shops have emerged with the third wave coffee trend. The most famed specialty coffee shop is No3, run by the before mentioned coffee entrepreneur H.M. Coffee Break is a Korean style coffeehouse, serving Italian coffee and Korean dessert. Students like to gather here for chatting and doing homework. Morning Coffee and Wolf Coffee are coffee houses offering specialty coffee and a small selection of breads. NANA is a tiny coffee house, that shares the shop space with hand-made leather product. The owner of NANA is enamored with coffee and adroit in hand-drip coffee. As specialty coffee houses they are pocket-size but very popular in this coffee neighborhood. Self-declared authentic coffee aficionados prefer these two coffee houses because they have professional barista's and high-quality coffee. They enjoy watching the hand-drip coffee ritual, that appeals to multiple senses. The sight of the elegant dripping ritual, the fragrance of the coffee, the cool-looking barista's, the peer group of young, aspiring and cool looking co-consumers, the elegant interior of the coffeehouse all these elements contribute to the total coffee(house) experience.
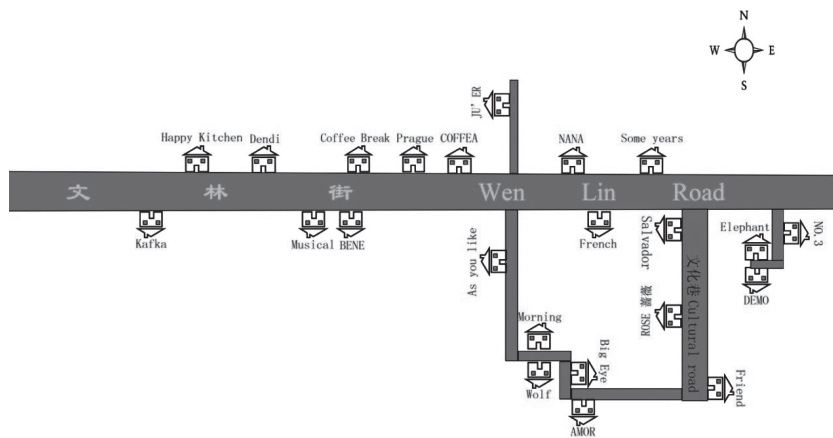
Source: Own compilation

Imaginations of Coffee (Culture)

Coffee is not a mere commodity nor an everyday beverage. 'A cup of coffee' is an attitude, a way of living. It is a drink that demands connoisseurship of the user, while at the same time also sparking his or her imagination. Coffee drinking has also the potential to generate personal transformation. In February 2015 20 interviews[2] of respectively 10 females and males were conducted in 10 different locally owned coffeehouses[3] in Kunming. All coffee houses are locally owned, including the chain café Sculpting in time. The interviewees belong to the generation of the

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[2] The interviews were conducted in Chinese by Li Jing Jing
[3]   French café (2), Five Miles Around café (2), Downstair café (2), Mellower café (2), Juan'er café (2), Prague café (1), Coffee break (2), Sculpting in town (2), Elephant Books (3), No 3 café (2)

1980s and 1990s. These Chinese millennials belong to the generation of the one-child policy, growing up in an increasingly affluent Chinese urban culture and society. In terms of occupation they are white collar workers (bank clerk, graphic designer), students, a PhD student philosophy, and barista and (future) coffee house owners.

Most interviewees are precise and meticulous when discussing taste, smell and aftertaste. Most are captivated by the aroma of the coffee, followed by taste and mouth feel. The smell is described as 'fragrant', 'having base notes', resembling fresh fruits on fruit trees, as an 'active smell of acidity floating from the cup' and as a mix of caramel and the fragrance of tropical fruits. The taste of coffee is appreciated for the bitterness, the acidity, the burning taste (of the roasting process) and to a lesser extent the sweetness and the milky taste. As for aftertaste features such as 'smoothness', 'lingering' have been invoked numerous times. The image of coffee drinkers is constructed in an overwhelmingly positive way. Coffee drinkers live a fast and hectic life and thus crave for a place where they feel comfortable and relaxed. *'Like coffee, they are steady, calm and focused'*. The act of drinking coffee stands for a positive attitude towards life: enjoyment and passion for life. They are living a 'natural' (authentic) kind of life. They are artistically inclined young people. One recurrent theme is the quietness and the solitude that coffee drinkers seek in the act of drinking coffee (in a coffeehouse). *'If alone in café, I enjoy my coffee quietly, while reading some books'*. According to one respondent, coffee drinking people can be divided in two groups: *'Those who prefer a strong thick taste of coffee come from natural science background, those who prefer single bean coffee or light taste of coffee are from social science background'*. Only a handful respondents voiced neutral or critical remarks. One differentiate coffee drinkers between two subgroups: people putting on an act and the real coffee lovers. One interlocutor attributes no special meaning to the act of coffee drinking, as he does that either to lose weight or when having business meetings at work.

Drinking coffee did not come natural as most have taken the habit to drink coffee following the advice of a family member, friend or from magazines and on internet. The reasons for drinking coffee at the onset were rather instrumental such as using coffee as a medicine against fatigue or to lose weight rather than genuinely appreciating the taste and fragrance of a cup of coffee. However over time their gustatory connoisseur taste has evolved and fine-tuned as part of an ongoing learning process. Some have expanded their social network through networking with fellow coffee lovers in real life and on line. All respondents were eager to share their coffee knowledge and preference, discerning and naming coffee qualities with ease and expertise. When describing the taste as exotic fruit, still hanging on the tree reflects a deep involvement in the third coffee movement, where this new coffee lexicon is being developed and used.

The Coffee (House) Dream: Aspiring to Become Coffee House Owner

The coffee house or the spatial context of coffee drinking constitutes a core part of the third wave coffee culture (Roseberry 2005). Coffee houses are appreciated for its 'specific' ambiance: it is relatively small place with a subdued décor having sofa and soft background music. Also the fragrance of coffee is important. The ideal image of a coffee house is a cozy small place with few people, reading books, sitting in a comfortable sofa or gazing outside the window, doing nothing, while enjoying the sunshine. Being solitary, and having the possibility of doing nothing are seen as desirable 'activities' in a coffee house. Coffee houses in China, in contrast to Oldenburg's third place (1991) in the West do not necessarily represent a 'home away from home', where thick ties are being fostered, maintained and developed. It represents a quiet haven for personal enjoyment detached from societal noise and social encroachments into one's life by others. In terms of decoration, cafés are valued for the subdued style, soft background music and a limited number of small tables.

Emptiness, quietness, space, time, slowness and sunshine constitute the more intangible but indispensable properties of a 'nice-and-comfy' coffee house. These features contrast sharply with Chinese restaurants and teahouses, more well-known and appreciated for the *hot and noisy* (热闹) atmosphere.

In the coffee workshops run by L.T. and H.M., most participants dream to become a barista or opening a coffee house. They enjoy making beautiful coffee and drinking different kinds of coffee. R. is working as a barista in Morning Coffee and Happy Kitchen, both owned by L.T. She is only 22 years-old but she has been working and learning making coffee for three years in Happy Kitchen. She is committed in improving her skills in making hand-drip coffee and practices several times a day, while inviting friends to taste.

'I like coffee: drinking and making coffee. I drink regularly and I have access to good single coffee beans to practice my making-coffee skills. Making hand-drip coffee is difficult. I still need to work on my sense of water temperature and timing. Sometimes, I totally fail in making a decent cup of coffee. '

Y. is a teenage high-school going girl. Yet she is a student of H.M. in No.3 Coffee. She feels great pleasure in making Italian latte. She practices incessantly to create nice patterns.

'I want to be a barista one day and make beautiful Italian latte. Personally, I like drinking Italian coffee best, so I chose the class of making Italian latte'.

Besides formal training some coffee aficionados do part-time work in coffee houses. They purchase coffee roasting machines in order to practice roasting coffee at home.

Some Reflections as Provisional Conclusion

China (and Yunnan in particular) is indisputably and iconically (re)presented as the land of tea. Not only is the tea plant indigenous to China but the tea in its many manifestations as cultural heritage, luxury beverage and quotidian drink is deeply embedded in Chinese culture and society. Yet coffee culture has taken root in China. If we conceive coffee culture as a web of interconnection among coffee actors, who are active on the coffee chain with at both extreme ends the producers and consumers, then coffee culture is Yunnan is vibrant and making significant progress in coffee production since the 1990s and ten years ago for the transition from second to third wave coffee houses in the capital Kunming. In the process of becoming an important coffee culture center in China, we witness novel and interesting societal changes and developments. It is clear that the dreams and business projects of coffee aficionado's render the boundaries between producers and consumers increasingly blurred. Apart from the TNCs a new generation of coffee producers have emerged, keen on improving both the quality of the bean as well as coffee making rituals. In advancing Yunnan coffee they aspire the making of a distinctive Chinese coffee identity. Some coffee barista's actively promote Yunnan coffee, while others still prefer foreign premium beans. Specialty coffee has been warmly embraced by a wide range of people from different age category, men and women, professional background, etc. These coffee actors act as intermediators between the customer and coffee producing companies. They inform and teach coffee users the taste, the place and the comprehensive coffee culture lifestyle (Manning 2012; Manzo 2010, 2014). These consumers mostly but not exclusively millennials or xiaozi (小资) are eager to learn about the taste and to enter the realm of coffee culture. The act of drinking coffee or to make the decision to take up

this beverage of 'postmodernity' (Roseberry 2005) by students, hipsters, cultural entrepreneurs and white collar workers in China for sure serves as a marker of an aspirational lifestyle (Yu 2014) or performing a Chinese kind of individualism (Henningsen 2012). The process of imbibing coffee is closely linked to the place of consumption, namely the coffee house. As Merry White (2012) elegantly argued in 'Coffee life in Japan' where coffeehouses serve as sanctuaries of recluse and offering the overactive city dwellers to indulge in doing nothing (focused). To conclude, in all areas along the coffee chain -production, processing, roasting, selling, marketing, schooling, coffee related business- the Chinese are advancing and innovating a new coffee-scape. Coffee culture has finally taken root in China, the tea country par excellence. However it has not come into full bloom. If that takes place, coffee culture will not replace tea culture. It will mean that coffee, in a similar way as tea, will become a 'cup of humanity'.

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Maids in Akihabara: Fantasy, Consumption and Role-playing in Tokyo.

Erica Baffelli & Keiko Yamaki

Culture is the constant process of producing meanings of and from our social experience and such meanings necessarily produce a social identity for the people involved. Making sense of anything involves making sense of the person who is agent in the process; sense making dissolves differences between subject and object and constructs each in relation to the other. Within the production and circulation of these meanings lies pleasure.

(Fiske 1989, 1)

Introduction: Maids and Maid Cafés

The genesis of this article was a discussion, started in an Irish pub in Kyoto during a workshop reception in April 2006, about the meanings of the Japanese word *otaku* and the different ways it has been translated into other languages.

While discussing the different scholarly attempts to establish a typology or definition of *otaku*, often translated into English as 'nerd', 'geek' or 'enthusiast'[1], we decided it was best to visit Akihabara, which have been described and marketed as 'the *otaku* Mecca' (Galbraith 2010) and '*otaku* town' (Morikawa 2012). Akihabara is a district in Tokyo well known for its many shops specialising in electronics, computers, video games, *anime* (animation), *manga* (comic books) and figurines related to both *anime* and *manga*. In particular, we turned our attention to *maid cafés* (*meido café* in Japanese) that at the time were presented in the media as increasingly popular meeting places for "*otaku*" within Akihabara. One of us remembered a television news programme from the beginning of 2006 which introduced this popular new style of café in Akihabara to a wider audience. In maid cafés, waitpersons dress in uniforms inspired by those worn by the young maids who served Victorian English upper-class households, uniforms that are filtered through the lens of contemporary Japanese *manga* and *anime*. According to the news reports, customers enjoyed playing cards or taking Polaroid pictures with the maids while having lunch. One colleague recalled a failed attempt to visit one of these cafés: she selected a place that was well represented on television and had an attractive webpage, but when she arrived she found a long queue and was told she would have to wait three hours for a table.

The maid cafés started to frequently appear in Japanese media in 2000, after the first temporary maid café, Pia Carrot Restaurant (*Pia kyarotto resutoran*), was opened in 1998 by the studio Broccoli [2] which produced a game software set in a family restaurant (Galbraith 2011). Maids and maid cafés

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[1] *Otaku* originally is a polite form of the second-person address 'you'.

[2] http://www.broccoli.co.jp/

are often described as meeting point for *otaku* or related to the so-called *moe-culture*[3]. However, after television news and popular magazines started to present maid cafés as an original and unique phenomenon, they became an increasingly popular place for tourists and families to visit. In the light of the media attention, the slightly negative image of the maid cafés as closed places for *otaku* rendezvous has changed considerably. But are all *maid cafés* offering the same experience? Or the image promoted in the media is only related to a specific concept of maid cafés, which might be different from earlier versions of these businesses?

To enter a maid café, customers are required to follow a set of rules or conditions, including written rules visible at the café and tacit rules of interaction between customers and waitpersons. In some ways, these rules are similar to those given on a notice board in an amusement park, or to the requirements for attending a traditional performance such as a tea ceremony. In other words, the service can be offered and can be received only if both performers and customers understand and follow the same rules. The maid café is a space that can provide pleasure and entertainment to people who are able to *read* the space correctly; consequently, only people who understand the meaning of the space and the ritual and who agree to respect the rules can fully appreciate it. From this point of view, a maid café can be considered a space where the relationship between 'givers' and 'receivers' (or 'producers' and 'consumers') creates a unique standard and experience of café service.

But why do maid cafés require customers to follow rules? What is special about the consumer-maid relationship? What is attractive in the fantasy world of maid cafés?

In this article, we argue that what is consumed in maid cafés goes beyond simple food and drink. Maid cafés offer a value-making service based on the role-playing rules shared by customers and staff. The innovative aspect of maid café service is in the *symbolic* value of the product. What matters in the maid cafés is not only the ways in which the product functions, but also the way it involves, and indeed creates, emotional content for the user. Maid cafés are spaces where a role-play is performed between people who enjoy *anime, manga* and video games. In this space customers who are often on the outside of mainstream Japanese culture can enjoy an extra-ordinary experience based on a fantasy world and become involved in what we define, borrowing Aden Roger (1999) words, as a 'symbolic pilgrimage'. Furthermore, we argue that the consumption process of immaterial goods in maid cafés needs to be understood in relation to the wider *moe* culture, to the *otaku market* and to the historical transformation of the Akihabara district.

Study on *Maid Cafés*

Extensive body of literature have been published on *otaku* and its definition (or, using Okada (1996)'s definition, on *otakuology*) in both Japanese and English (Okada 1996 and 1997; Azuma 2001 and 2009; Galbraith and Lamarre 2010, to name a few). However, academic research on *meido café and meido* has been very limited. When we conducted our fieldwork in 2006 research on *meido café* and *moe* was non-existent. The only publications available were advertising brochures printed by businesses themselves, photographic collections of different costumes of individual cafes (for example, Fujiyama 2005) and few non academic books on the newest trends in Akihabara. During the period of popularity of *meido cafés* in 2006-2007 few texts were published on economic potential

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[3] According to the Nomura Research Institute (2005) the word *moe* was created by combining changing the Chinese character *moeru* (to burn) with 'moeru' (to sprout) in expressions like 'jōnetsu wo moyasu' ('burning passion') and 'hāto wo moyasu' ('burning heart'). In origin it seems it was used to refer to *manga, anime* and also to the quality of some actors' voices. Around 1993-1994 word games based on substituting kanji with the same readings were very popular among computer users and it seems *moe* was used as a word to express such feelings as *kawaii* ('cute') or *kandō suru* ('be moved', 'be impressed'). On the definition of *moe* see also Galbraith 2009; Macias and Machiyama 2004; Narumi 2009.

of these types of establishments (Akahori 2006; Hayakawa 2008). More recently Galbraith (2011) conducted a study of *maid* cafes as an example of 'alternative intimacy' emerging in contemporary Japan, while Sharp (2011) investigates the icon of maid in the discourse of eroticisation and commodification of female figure. Our study aims to offer a different prospective, focusing on how the workers at *maid cafés* perceive their role and how they negotiate the interaction with customers.

The People and the City: *Otaku* and Akihabara

> The area is not large- a few city blocks minutes away from central Tokyo by subway. By any standard, the buildings are not impressive; they include five-and six- storey structures covered with flashing lights and perpetually glowing neon signs, and old wooden ones seemingly on the verge of collapse. The stores are not exactly typical of Japan's ultra-modern department stores, The merchandise is piled high, the clerks are anything but hospitable. […] This is Tokyo's Akihabara- a two billion dollar microcosm of Japan's futuristic electronic world.   (McMillan 1996, 3)

Akihabara, also known as Akiba or Akihabara Electric Town (*Akihabara Denkigai*) is a small area in Central Tokyo, located less than five minutes from Tokyo station on the circular Yamanote train line. The official area named Akihabara is part of Taitō district, while the area known colloquially as Akihabara (including the train station of the same name) is officially called Soto Kanda and is part of Chiyoda district. During the Edo period (1603-1868) the area was just out of the *Sujikai gomon* city gate (the actual Mansei bridge), one of the city gates of Edo (as Tokyo was then known), a gateway to northern and north-western Japan, on the way to the temple of Kan'ei, located in the nearby city of Ueno. Traders, artisans and lower-class samurai lived in the area. The entire district was destroyed by a vast blaze in 1869 and the local authorities transformed the area into a large open field in order to prevent any future fires from reaching the inner city. A small Shintō shrine was erected where the deity (*kami*) Akiba or Akiha, popular as a deity who could control fire, was believed to be enshrined. The zone was therefore called 'Akiba no hara' or 'Akibappara', which means 'Akiba's square'. In 1890, the railway was extended through the district. During the first decades of the 19th century, the train station was mainly used for cargo transport, but when the passenger service started in the 1920s, Akihabara became an important transfer point. During the 1930s a market related to electronic equipment, especially radio, started in the area and Akihabara began to develop its distinct identity.   Immediately after the World War II, the Kanda district was the centre of black markets and black market of 'Akihabara Electric Town' was again associated with radio and electronics parts. During the 1960s, Akihabara became the town of household electronics, with a high concentration of shops selling refrigerators, washing machines, and black and white televisions. In this period, Akihabara also became the symbol of Japanese economic growth.[4] As household electronics began to lose their appeal, entertainment products started to appear in shops. Later, stores in Akihabara began to specialise in personal computers. In the 1980s, the concentration of computer-related shops attracted in the 1980s what Morikawa calls an 'unusual geographic concentration of computer nerd[s]' (2003, 17). In the 1990s, a number of stores specialising in *manga, anime* and figurines opened in Akihabara and Akihabara's streets are flooded with *anime* and *manga* icons, electronic gadgets, *amateur or* 'DIY' *manga* (*dōjinshi*) stores and figurines shops (Fig.1&2). Today, the driving force of Akihabara is consumption based on content and entertainment. Advertisements for new *anime* films and for video arcades are visible everywhere.

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[4] On Akihabara history see Morikawa (2003); a timeline of Akihabara history can be found at: http://www.akiba.or.jp/history/

Otaku taste which had traditionally been cherished only in private rooms of *otakus*, is here displayed in the city streets with an unprecedented density. The loss of articulation between public and private is only a part of the phenomenon. Personal taste has emerged as a power to restructure the city. (Morikawa 2003, 3)

Compared to such ethnic enclaves as Chinatown or Little Italy (Morikawa 2003; Faiola 2005), Akihabara's 'geek ghetto' (Faiola 2005) attracted people who didn't feel accepted by mainstream society because of their tastes and hobbies. The people who transformed Akihabara weren't related by ethnicity or social class, but by personality and lifestyle. What they shared was a fantasy world and the 'tendency to confine themselves in artificial realms' (Morikawa 2003, 8). Therefore Akihabara became the space where "reality mimics the cyberspace created by computers" (Morikawa 2012, 152)

A decade after the Miyazaki affair, new attention is being paid to the *otaku*, due largely to a number of studies which have demonstrated conclusively that comic books, videogames and *anime* play a significant role in the Japanese economy. In 2005 the Nomura Research Institute released a paper claiming that 2% of Japanese population (2.85 million people) can be categorised as *otaku* and arguing that 'businesses should not treat enthusiastic consumers merely as "loyal customers" but rather study their consumption behaviour' to better serve them and to be more successful (Itabayashi 2004, 2). The Institute valued the 2005 *otaku* market at an estimate 290 billion yen.

Otaku has now been transformed from a youth-related social problem to an 'economic and cultural solution' (Yang 2005) and the word itself has been re-shaped by economists who define an '*otaku* market' and an '*otaku* industry'. Originally mainly based on the *manga* and *anime* industries, the *otaku* industry has expanded into a wider mix of mass media and technological realms, including *manga* and *anime* related magazines, video games, and figurines and other collectables. Nowadays, new products are usually launched together with their 'secondary products', which focus on specific characters from the content industries. Large collective events, such as the Comic Market[5] or the Wonder Festival[6], are now promoting the industry and its products, reinforcing innovation and competitiveness for the industry and its consumers.

The Otaku industry is constantly expanding, with the Comic Market, Tokyo's Comic Market held twice a year in August and December, reached in December 2008 more than half a million visitors over three days (fig.12-15), more than Tokyo Motor Show. The emerging interest in the economic and cultural impact of fan or hobby-related consumption has transformed the *otaku* from the 1990's stereotype of the reclusive, antisocial male nerd into the image of the 'enthusiast consumer' who plays an important role in the contemporary economy.

A few comments about the specific character of the *otaku* market are necessary before we continue with our discussion. The *otaku* is in turn of very specific kind of consumer who is identified at least partially by the 'consumption of products geared toward fantasy' (Taylor, p.203). Their consumption driven by admiration and sympathy for particular products, these 'enthusiast consumers' are often less price sensitive than their counterparts in other areas of the economy. Many *otaku* engage in a variety of practices related to their consumption, ranging for the creation of online and offline communities of people with similar interests. In relation to *manga*, consumers create their own secondary products, participating in fanzine (*dojinshi*) publishing (Itabayashi 2004, 3) or writing amateur *manga* themselves.

In these and other ways sense, these consumers are comparatively active agents within the

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[5] http://www.comiket.co.jp/
[6] http://www.kaiyodo.co.jp/wf/index.html

larger structure of the content industries. Many *otaku* are eager to share their own thoughts and idea about products, which in turn generates the need for producers to work with a quickly adaptable and highly flexible marketing strategy. Such active consumption practices have other, far-reaching consequences. The *otaku* market is significant not only in cultural and economic terms, but also in driving technological innovation in the sector. A number of firms associated with high technology and with the content industries opened their own offices in Akihabara and the shops in the area are often the first place where new computer games or computer-related products are tested before being sold to the wider market. For these firms, Akihabara offer a place where new products 'can meet an informed and trend-sensitive group of consumers' (Nobuoka 2008, 20). Nowadays, few people live in Akihabara, but it is the place where people buy, sell and meet others with similar interests. The Akihabara AGC (Animation Games Comic) market is in constant flux and in constant need for new products and content. As in the past, Akihabara is still and heterogeneous space, a crossroads where both high-tech companies and consumers 'contribute to its creativity and innovative dynamics' (Nobuoka 2008, 12). *Otaku* consumers construct and re-construct the city when they use it for shopping, work and entertainment.

In parallel with the economic development of the *otaku* market, a new chapter in the history of the Akihabara district began in 2005 with the major redevelopment of the train station and by the opening of a new high-speed rail line with Tsukuba in Ibaraki prefecture. The attempts to re-invent Akihabara's image has provoked negative as well as positive reactions. In June 2008 around 1000 people joined the 'Akihabara Liberation Demonstration', demanding respect for *otaku* and protesting against the building of new department stores, which would destroy, according to the participants, 'the authentic spirit' of Akihabara.[7]

In a further move of Akihabara towards the mainstream, guide books are including the district as one of the 'must see' places in Tokyo and thousand of tourists from Japan and overseas visit Akihabara as an informal amusement park for new technologies and popular culture products, including the *otaku* themselves. Just as Harajuku, a popular shopping district in western Tokyo, is presented as the 'Holy Land' of 'Gothic-Lolita culture' (Gagné 2008, 139), Akihabara is now described as the perfect point to see an *otaku*.

Akihabara maid cafés

Since about 2000 and until around late 00s , maid cafés have been a growing attraction in a part of Akihabara, as one of the new businesses related to the *otaku* industry. On the Internet, there can be found many websites dedicated to different cafés as well as maid's blogs and sites with maid-related event information. Magazines on maid style and maid café guide books are countless[8], as are TV shows, TV dramas and Internet dramas featuring maids or catering to maid café customers.[9]

Basically, a maid café is a type of 'costume café' where a specific type of 'cosplay' (costume play) is performed. Cosplay, a contraction of 'costume' and 'role-play' (or simply 'play'), is most commonly used to describe the act of dressing up and performing like *anime, manga* or video game characters (Taylor 2007, 203; Newman 2008, 83). Cosplay cafés are places where employees

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[7] See the demonstration official webpage: http://akiba630.moemoe.gr.jp/.

[8] See, for example, *Akiba moe makkusu*, 2005; *Meido Café seifukuzukan*, 2005; *Moe meido san no hon*, 2005; Akahori, T. 2006. *Meido kissa kaigyō manyuaru*; and Monthly Hirotatsu: a free newspaper promoting Akihabara's events and maid culture published by Otaba Inc.

[9] See *Maid in Akihabara* (http://web.archive.org/web/20051203010030/http://akiba.netcinema.tv/), a six-episode web-based drama released in February 2006. It is about a young girl, Saki, who goes to work in a maid café called *Meido no miyage* (Maid's gift) after leaving her job as waitress in a hostess club.

(waitpersons, managers, chefs) dress up and act as specific *anime* or *manga* characters. In the maid cafés, the cosplay is based specifically on a particular image of the proper behaviour of the generic character of the maid. In the simplest terms, maid cafés are cafés where the waitpersons are dressed as *manga*-style maids. These maids look like something out of a nineteenth-century story set in the home of a French or English aristocrat. Importantly, the maids also *act* like storybook maids. Cosplay cafés were first created in late 1990s and maid cafés are by far the most successful subset of this kind of business.

Cosplay contest and events are often organized at comics or fan convention and originally the manufacture of the costume was on integral part of the culture (fig.1). Additionally, cosplay and computer games are related in complex, intriguing ways. The relationship of cosplay in the material world and the *manga, anime* and computer games that inspire such play is not a simple unidirectional relationship. In fact, the interactions between the two are highly complex and dialectical in that each informs and influences the other.

An example of this cycle of influence would perhaps be helpful at this point. A café called Pia Carrot Restaurant (*Pia kyarotto resutoran*) opened in Akihabara in 1999.[10] The design of the restaurant was based on a popular visual novel (*bijuaru noberu*) and dating simulation game called Welcome to Pia Carrot (*Pia♥kyarotto he yōkoso*), released in 1996 by Cocktail Soft and which was later transformed into an animated series that aired on television between 1998 and 2002. The set of the game is a restaurant called 'Pia Carrot', and the main characters are restaurant employees. At the Pia Carrot Restaurant in Akihabara, closed in 2000, waitpersons dressed as the game's characters and the café was decorated to resemble as closely as possible the fictional setting of the series. Adding an additional layer of complexity to the formation of the cosplay café, Pia Carrot's waitpersons outfits recalled uniform used at Anna Miller's café,[11] a chain of café and restaurants imported to Japan from Hawaii in 1973. Anna Miller's (*Anna mirāzu*) waitpersons wore white, orange or pink jumper dresses with a matching apron and a heart-shaped name tag, a uniform that was very likely used as a model in the design of several comics and visual novels set in, or featuring restaurants. Thus, the waitress costumes in the physical world inspired those in the fictional world, which in turn inspire a new generation of physical creations which have deep roots in an idealised, fictional universe.

Akihabara maid cafés can be seen as the most recent example of this recreation of virtual spaces in the physical world. There is a distinct set of gender rules at play within these places. At maid cafés, the most visible members of the staff are female and male employees are usually limited to kitchen help and management duties, staying largely out of sight. In most cafés when a customer enters, the maids[12] give an extraordinarily humble greeting such as *'Welcome home, Master'* and, in order to enhance the illusion that the customers are indeed their masters, they often continue to serve them in a very humble fashion.

The figure of the maid is in fact a very complex cross-cultural construction. The character of the maid is not simply a reproduction of the housemaid of Victorian England and neither the aesthetic of the café nor the refreshments on offer have any historical or iconographic references to nineteenth-century Europe. In the final analysis, the maids are rather a recent creation of content industries, including *manga, anime*, games, collectible figurines and 'light novels' (*raito noberu*), books mainly targeted at teens and young adults characterised by short paragraphs, manga-style illustrations, and a heavy reliance on dialogue.

[10] See http://sotokanda.net/his_cafe.html#1998
[11] See http://www.annamillersrestaurant.com/
[12] The word *maid* is used in this paper to refer to maid cafés' employees.

The character of the maid which inspired the maid cafés first appeared in videogames and then in *manga* and animated films. Among the large numbers of *manga* and *anime* featuring maid characters, there are a number of titles which have had a particular influence on the maid cafés, including *Mahoro Andō* (*Mahoromantic*), a *manga* series by Ditama Bow and Bunjūrō Nakayama, originally serialised in *Gum Comics*. In 2001, the *manga* was adapted into two *anime* series by Gainax, the massively influential studio behind such *anime* as *Neon Genesis Evangelion*. *Mahoro Andō* is a science-fiction comedy *manga* and *anime* series about a former female android soldier called Mahoro V1046, who decides to dedicate her life to serving the son of her late commander as a maid. *Ema* (*Victorian Romance Ema*), a 2002 *seinen*[13] *manga* by Mori Kaoru,[14] which was also adapted in a television *anime* series by Studio Pierrot in 2005, is another product that has had a heavy influence in the world of the maid cafés. Set in Victorian London at the end of the nineteenth century, *Ema* tells the story of a maid who falls in love with a member of the gentry, but the boy's family disapproves of his relationship with a girl of a lower class. Likewise, *He is My Master* (*Kore ga Watashi no Goshujinsama*), a comedy *manga* by Mattsu and Tsubaki Asu in 2005, and produced as television *anime* series by Gainax, is of particular importance. A fourteen-year-old boy inherits a big house after his parents' death in an accident. After firing his parents' former maids, he hires three young girls, Izumi, Mitsuki and Anna, to serve him. Finally, *Hanaukyō Maid Team* (2001, also known as *Maid in Hanaukyō*), is an *anime* and *bishōjo* ('beautiful young girl') *manga* created by Morishige that has influenced the formation and aesthetic of the maid cafés. *Hanaukyo Maid Team* is about the adventures of Taro Hanaukyō, a young boy who inherits a grand house and hundreds of maids from his grandfather.[15] In *manga* maids are usually represented as young, attractive girls who address their employers deferentially as *goshujinsama* ('master') or *ojōsama* ('miss'), the latter generally used for employers' daughters. Maids are often comical characters who are forced to deal with employers with bizarre personalities who irritate them in various ways.

'Maid café' is used as a label in Akihabara for mainly three different types of business:[16]
1) *Maid cafés* or 'first wave' maid cafés, which includes the first maid cafés which opened in Akihabara around 2000. These cafés cater to regular customers, the atmosphere is usually quiet and photos or games with the maids are forbidden. Cure Maid Café[17] and Jam Akihabara[18] are some examples of this type.
2) *Tourist- oriented maid cafés*. @home Café (fig.4)[19] was the pioneer of tourist-oriented maid café and its former president, Miha Kawahara, declared she was aimed at changing the image of maid cafés. In an interview on the café website, Kawahara explains that her aim was to take a space that was traditionally reserved for *otaku* and make it accessible to everyone, in particular women, families and children. She said that usually people feel uncomfortable in maid cafés because of their atmosphere. She then created a bright space where people can enjoy maid-master role-playing. Most maid cafés appearing in mainstream media (especially on television) belong to this group. In the case of 'idol style' maid cafés, the management concept is clearly business-oriented as they strive to create an environment

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[13] A *manga* genre usually targeted at young male audience.
[14] Mori Kaori published also other *manga* on maids' stories, for instance *Shārī* in which characters and setting are very similar to *Ema*.
[15] See Clements, J. and H. McCarthy (2001).
[16] See Morinaga 2006, 143.
[17] http://www.curemaid.jp/
[18] http://www.jam-akiba.com/
[19] http://www.cafe-athome.com/

with a theme park-like atmosphere which customers can enjoy much like an amusement park.

3) *One-on-one service maid shops*. A new typology including massage parlours, beauty centres, laundries, home cleaning services, fortune telling shops, mah-jong parlours and sex business. This group is clearly separate from the other two and their advertising doesn't usually appear in the same magazines. Most of the young girls handing out leaflets in front of Akihabara station wearing a maid uniform are working for one of these shops. They are considered very different from 'genuine' maid cafés and both customers and employees at maid cafés strongly distinguish these places from the others.

In addition to maid cafés, there exist a variety of related types of costume cafés, including cosplay restaurants or cafés, where waitpersons are dressed as *manga* or *anime* characters; butler cafés[20] (*shitsuji café*), where waitpersons are young boys dressed as old-style butlers; and *dansō* cafés, such as B:Lily Rose, where waitpersons are women who dress and act as men and are called *garçon*. Finally, in January 2007, The Sweet Trip,[21] a maid café for woman only, was opened in Akihabara. These types of costume cafés are more prominent in the Ikebukuro district of Toshima, in the northern part of Tokyo. Otome Road (lit. 'Maiden Road') is a nickname for a street in Ikebukuro with several shops specialising in *'otome kei' anime* and amateur *manga* (*dōjinshi*) aimed at women. Many customers in butler cafés and *dansō* cafés are female. Indeed, the 2005 film *Densha Otoko* (*Train Man*) presented Otome Road as the female counterpart of Akihabara. The first butler café, Swallowtail, opened in March 2005[22] and the business now includes a patisserie.

Costume cafés and the maid café concept have been exported from Akihabara and maid cafés have been opened all over Japan, for example, in Nipponbashi in Osaka.

The Starting Point: Exploring Akihabara's Maid Cafés

For our first visit on the evening of 11 May 2006, we chose a place called @home Café,[23] which was considered the most popular *maid café* in Akihabara, ranking first on Goo.jp as the 'The maid café people want to visit'. When we first visited the café, we were put on a waiting list and asked to wait in the shop downstairs. Most maid cafés have limit customers to a one-hour stay that can be reduced to thirty minutes during peak hours. The shop at @home Café has with seats and a juice vending machine for waiting customers. In addition, the shop sells the café's original merchandise, which includes pictures and posters of the "maids", cookie boxes with maid's illustrations, towels, CDs and DVDs. It also sells *manga* and *anime*- related action figurines. The café had also created a pop music group called *Meidoru*[24] who had become quite popular in the Akihabara scene. Videos from their concerts are showed in the café and the walls are decorated with the group's posters. The café creates culture in other, more surprising ways as well; @home Café maids' pronunciation of the word *'moe'* (as 'moee~') received the Ucan Shingo Ryūkōgo prize as the most popular new word in

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[20] http://www.butlers-cafe.jp/
[21] http://sweettrip.biz/
[22] See Mainichi Shinbun 2007.
[23] http://www.cafe-athome.com/athome/
[24] The name is a combination of *meido* (maid) and *aidoru* (idol).

2005.[25] In the shop/waiting area, customers can also play with *gachapon* (capsule toys) or watch DVDs.

At the entrance, a poster explains the café's rules. These rules include the right of refusing entrance when the café is full or to reduce the period of stay. The poster also sets out in detail the role of the customer and the rules they must follow in order to enter the café. Taking photos of maids with mobile phones or digital camera is prohibited, as is touching the maids, asking them private questions, asking for their phone numbers or their working schedule. Customers are also forbidden to wait outside for the maids to finish their shifts.

As soon as you enter the café, a group of young girl wearing pink and brown maid-like uniforms welcome the customers with their characteristic greetings of 'Welcome home, master' (*okaerinasaimasen goshujinsama*) and 'Welcome home, miss' (*okaerinasaimasen gojōsama*). They also perform more mundane duties such as confirming the number of customers, asking if they prefer smoking or non-smoking seats, and taking them to their table. Then they bring hand towels and water to the table with the menu, later coming back to take the orders, all the while maintaining the expected deference and extreme politeness. At @home Café, the maids' uniforms are modelled on *manga* costumes, with dresses featuring exaggerated frills and flounce ribbons on the apron and a white cap. The dominant of pink and white and the combination of hat styles, hair accessories and small pieces of flair create the self-consciously 'cute' (*kawaii*) character of the maid café maids.

The childlike impression of cuteness is echoed in the overall aesthetic of the café. A big screen shows image of Meidoru's live concerts and the wall are decorated with posters of the maids and magazine articles about the café. The interior colours are white and beige, creating a light atmosphere decorated with star shapes in pale blue and pink, recalling nothing less than a kindergarten classroom. The menu and the posted list of games the customers can play with the maids are colourful, hand-written using rounded characters (*marumoji*)[26] and illustrated with childish illustrations drawn by the maid themselves. The menu includes the teas, coffees and hot chocolate usually served at cafés as well as beer and cocktails, but we noticed, though we didn't understand why at first, that most of the customers were drinking tea or coffee. As we didn't know any of the tacit or unspoken rules of the café, we ordered cocktails. They accepted our order politely, but, as we discovered later, we were immediately identified as 'tourists'.

Most customers were young men; at a rough estimate, there were four male customers for every female customer. Many were office workers wearing suits. The differences between what we are calling 'tourists' and regular customers were immediately evident. 'Tourists' usually come in groups, sat at a big table, and spent most of their time talking amongst themselves. Regular customers, by contrast, were usually by themselves, seated at the counter and, when not talking or playing with the *maids*, they read comics, sent emails by mobile phone and tapped away on their computers. For the most part, the regular customers drank tea or coffee rather than alcohol. It is quite normal to see groups of regulars sitting at the same table without talking to each other, but reading, working on computers, or looking at their mobile phone screen. They gave the impression that the café was an

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[25] http://singo.jiyu.co.jp/index.html The Ucan corporation offers a continuing education programme. In partnership with Juyukokumin publisher, who publish *The Encyclopaedia of Contemporary World*. Every December, an event is held to award the most popular new word of the year. The Ucan-Juyukokumisha prize started in 1984 and receives wide attention by the media every year.

[26] The *marumoji* style is also known as *garu moji* (girl character) is a style of handwriting in which the edges of characters are rounded-off. It started to be used in mid-1970s and become widely used in 1970s and 1980s, especially among school girls (Yamane 1986). It was mainly used in informal writings, such as personal letters, and it is considered close to informal language. Being a non-standard form on writing, it is often been seen as inappropriate by education authorities.

extension of their private living space more than a meeting place.[27]

The first time we visited @home Café they gave us counter seats in front of a small stage that is used for occasional performances or for taking Polaroid pictures with the maids. The costumers can choose from different poses for their photos, such as those imitating a cat's paws or cat's hair, where the maid places her hand on top of customer's head. The customers receive a personalize Polaroid pictures with their name and some illustrations drawn by the maids. At the time, the price for each picture was 500 yen (around 4€) and some customers had several pictures taken while posing in different ways. There are, again, some unspoken rules about how to act when taking pictures and when playing games with the maids, rules that the regular customers know very well. An example; the @home Café has invented a unique rock-paper-scissors game, called *'moemoe janken'*, with specific rules and wording. If you need to ask about which words to say and the meaning of the gestures, you immediately reveal yourself as to be a 'tourist'. As he looked like a regular, we asked a young man sitting next to us to explain us some of the basic rules. He told us that customers usually order coffee or tea because the maids offer sugar and milk and will chat with the customers while stirring the drinks. Similarly, meals such as the rice omelette (*omuraisu*) are very popular because customers can ask the maids to write a personalised message or draw a simple picture on top of the omelette with ketchup (Fig. 3).

Figure 3. A popular hand-decorated rice omelette at Jam Akihabara. Photo by Keiko Yamaki.

After our first visit to the café, we immediately understood that the place was very different from a restaurant, but also from the 'adult entertainment' business, which maid cafés are often compared to in the media. Our first impression was more of a place where people were having fun engaging in maid-master role-play. But because we didn't understand the implicit rules of interaction that were in place, our behaviour was largely inappropriate and we felt not only isolated, but also in important ways *illiterate*. Simply, we were unable to read the café properly and were thus not able to take pleasure in consumption. We left the place determined to continue our research into maid cafés and their particular practices of consumption.

After extensive research on the Internet and in magazines and other publications dedicated to the maid cafés, we returned to Akihabara and visited several other cafés during June and July of

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[27] See Morikawa 2003, 6 for his definition of 'private room extended to the city'.

2006. We made our first visit to @home Café's Don Quixote Café,[28] which includes also a maid laundry and a maid fortunetelling shop. The café concept is entirely different from the main @home Café, and is very similar to a fast food restaurant, with plastic cups and loud music. The laundry and the fortunetelling shops seemed to attract far fewer customers than the café.

At Cure Maid Café,[29] which opened in 2001, making it one of the oldest maid cafés, waitpersons wear long black dresses, explicitly imitating the comic book *Ema*. Cure is thus highly specialised, something that is underlined by the fact that the café is almost impossible to find without the website map, as there are not any signboards outside the building itself. The atmosphere was very calm and relaxed, with customers working at their computers and little interaction between customers and waitpersons. The café also sells original merchandise such as teacups and cookies.

Café Mai:lish[30] is famous for *cosplay* events, but in the café games with maids are banned. The café serves alcohol, has large bay windows and pastel coloured walls (white, beige, pink). Uniquely, this café has a guest book where customers can write short messages to their favourite maid or comments about their outfits. Maids often reply to the comment with personalize messages such as 'Glad to see you Mr/Miss…' or ' Miss/Mr … is lovely'. The same day we visited also Mia Café[31] which incidentally is the only place where we met a non-Japanese waitress. Finally, we visited a new café in the @home Café chain, called @home Sabō, where waitpersons wears *yukata*, a casual cotton kimono, and the whole of the café's concept is oriented towards creating an image of a 'Japanese' maid.

During our visits to different cafés, we came to realise that each café has a different concept and hence a different and often very specific set of rules that customers must follow. The greetings the maids offer differed in each café. In some places it is forbidden to take pictures with waitpersons, while in others it is encouraged. In some places, it is possible for customers to play games with the maids, or pay for a chat, while in others, game-playing is forbidden. In practical matters there is likewise a degree of diversity; in some places we had to pay different cover charge depending on where our table was located. The stereotypical mass media image of the maid as a young girl in pink or white dress, talking in a childish voice and playing with customers, is not universal and appears to be mainly the creation of the most successful maid cafés, namely the @home Café group.

However, there are some common points of similarity in these places. First of all, all of the waitpersons we saw were dressed as *manga*-style maids. In all of these places, the experience of interacting with the maids took precedence over the quality of the décor, which can appear quite cheap, or the quality of the food and drink, which can be quite poor. In many of these places, regular customers receive point cards which allow them to receive original products and which encourage them to return time and again to the same café. Finally, and most importantly, all cafés have a notice board with rules and regulations regarding customers' behaviour. On the Internet, maid café websites introduce café concepts and display images of the café and its maids. In addition, many maids have their own blogs. However, the information these blogs offer is often steeped in fantasy; maids claim to have been born on a different planet, for instance, or that they live in a flower garden.

Jam Akihabara Fieldwork

We had decided early on that ethnographic methods such as participant observation, informal conversation and formal interviews were the most useful tools for gaining a deeper understanding of

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[28] http://www.cafe-athome.com/athome_donki/

[29] http://www.curemaid.jp/

[30] http://www.mailish.jp/

[31] http://www.mia-cafe.com/

how the customer-waitperson relationships were structured in maid cafés. We also wanted to learn how both sets of agents – customers and waitpersons – connected to the place, and in what ways they felt themselves connected to it. Thus, the first problem we had to consider when starting our fieldwork was the accessibility of the field, particularly how to contact and interview maid café employees. After an unsuccessful attempt to contact the @home Café manager and staff, we had the opportunity to be introduced to the manager of Jam Akihabara, one of the oldest maid cafés in Akihabara. After our initial visit to the café in September 2006, the manager agreed to help us in our research and in November we started interviewing the manager as well as a number of waitpersons. All of the interviews were conducted at the café, sometimes during working hours and sometimes in the morning, before opening. The informants used only their work nickname, and most of them did not give us any personal information or contact details, though one of them give us her blog addresses and mobile phone numbers, which we used to contact her outside the café.

Jam Akihabara

The café, which opened on July 20, 2004, is located close to Chūō Street, in an area well known for computer and amateur *manga* shops. It is located underground and a sign on the street indicates the stairs. Business hours are from 12:00 a.m. to 11:00 p.m. on weekdays and until 5:00 a.m. on Friday, Saturday and on national holidays. There are 52 seats and the café serves an average of 200-300 customers daily during weekends and holidays and 100 customers on weekdays. Among the customers, who come alone, in couples, or as part of larger groups, roughly sixty percent are men and forty percent are women. In total, there are twenty-seven young women employed as waitpersons, with three or four working in the café at any given time. The two managers work mostly in the kitchen in order to keep out of sight. The café sells also original merchandise (stickers, file-holders, figurines of the maids) and amateur *manga* about the café, written by customers (Fig. 4). Furthermore, there are free magazines on Akihabara *maid cafés*, maid style, *manga* shops, figurines collections, and flyers for Akihabara *manga* or *anime* events available at the entrance. The café serves a variety of coffees and teas and also alcoholic beverages as beer and cocktails. The café also offers some main meal dishes, but the most popular meal is the *yōsei moemoe omuraisu* (literally, 'fairies' moe moe rice omelette'), a rice omelette on which the fairy (the nickname for waitpersons at Jam Akihabara) will draw a customer's favourite *anime* or *manga* character or a deliberately cute image

Figure 4. Maid related merchandise at Jam Akihabara. Photo by Erica Baffelli.

of a kitten or puppy (Fig. 3).

The purpose of our interviews was to investigate what services, either implicit or explicit, were offered in maid cafés and how the relationship with customers was perceived by the waitpersons. In the interviews we asked waitpersons to explain why they decided to work in a maid café, what they liked or disliked about the job, their relationship with costumers and their definitions of 'hospitality' in maid cafés. We also asked what the maids' relatives and friends thought about their jobs. Lastly, we asked the maids about their plans or dreams for the future.

All off the maids we interviewed were in their late teens or early twenties and they were all working part-time. Most of them are university students and others define themselves as 'freeter' (*furītā*), someone with a 'sometimes job'. Usually the maids' families do not know that they are working in a maid café, but their friends and classmates do.

When asked why they had chosen to work at the café, most of our respondents answered that they liked *manga, anime*, or cosplay. One of our informants was an amateur *manga* author. Only one girl said that she wanted to work as a maid because it was in itself an enjoyable part-time job. All of them chose Jam Akihabara because is a relaxed place (*ochitsuiteiru*) and is different from 'idol' style maid cafés, that is place as @home Café where maids became 'idols' and frequently appear in the media. They like to talk to customers, but dislike giving entertainment performances such as singing, taking pictures or playing games. Regarding their relationship with customers, they clearly separate regular customers from tourists, (*kankōkyaku* in Japanese). According to them, because of the recent boom in both Akihabara and the maid cafes, the numbers of customers have increased, but that some of the new customers misunderstand the rules of the café and behave incorrectly, asking the maids, for example, to sit by them and talk with them as in a 'hostess club'.[32] To the contrary, regular customers clearly understand the rules of the role-play, with customers playing the part of master and the staff playing the part of the servant. Waitpersons declared that they prefer to work with customers who know how to behave in the café. According to the employees' accounts, the most unpleasant part of the job is to explain to insistent customers that in Jam Akihabara they cannot play games or take pictures with maids, as is usually shown in TV programmes or in magazines about maid cafés. If the customers are too insistent, they are asked, if very politely, to visit other cafés.

In the matter of the definition of maid café 'hospitality', the key ideas seem to be 'communication' and 'answering to the customers' needs'. Aki, a twenty-four-year-old informant who wrote amateur *manga* and had been working as a maid for six months, reported:

> The customers come to maid café not just for food. They want to talk. Me too, if I go to a maid café and I can't talk to anyone, I feel quite sad. When I have time, I try to speak to customers and ask them something. I do the same both for regular customers and new customers.[33]

Most waitpersons are interested in Akihabara cultures themselves, so the conversation is full of shared interests. Mau, a twenty-year-old university student who had worked as a maid for a year and a half, said:

> We can communicate with customers much more than in "ordinary" restaurants or bars. I am myself an *otaku* and if we find some shared interest, I can talk about a lot of subjects. I enjoy it and I think it is very challenging.

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[32] Hostess club are night time entertainment business where staff (mainly female) entertains customers drinking and chatting with them.
[33] All translations from the original interviews by the authors.

The shared interests are related to *manga, anime*, video games and, in general, events and activities related to *otaku* culture (Azuma 2009). According to our informants, it is also important to adapt their behaviour to customers' needs and expectations, even stressing their performance to please 'naïve' or 'just like tourist' customers. Aki told us:

> With new customers I use more exaggerated service manners than with regular customers. I create for them a 'maid-like' and 'cute-like' (*kawaiippoi*) impression. They came here with a dream. I raise the tone of my voice and I do it. We cannot take pictures with them, but I think that it is fair to live up to their expectations to a certain extent.

Similarly, Ayuka, a nineteen-year-old 19 university student who had been a maid for a year, said, 'During the time customers, both regular customers and new ones, are here, I serve them politely.'

In summary, by their own accounts, the role of maids in Jam Akihabara seems to be aimed at making customers' dreams come true.

Jam's manager, Msan, is twenty-five years old and had been working at the café for a year and half. Before this time, he had also worked in a cosplay-hostess club. At Jam, working behind the scenes in the kitchen, he is in charge of recruiting staff, managing the practical affairs of the café and of managing the café's public relations, which consists mainly of liaising with local media. Usually, he doesn't appear in front of customers, the only exception being when he is forced to help waitpersons with impolite or difficult customers. According to his explanation, the concept of Jam is as a place where people can discuss things in a relaxed atmosphere. They don't aim to emulate 'idol' style maid cafés and they carefully select which magazines to appear in, refusing, for instance, to appear in any magazine with explicit sexual content.

According to Morinaga (2005), the maid café job market is highly competitive: only 20 out of 100 applicants will successfully be employed in the most popular cafés. Employers can thus afford to be very selective about who they hire. The first criterion used by employer appears to be the ability to cooperate and work in a team, while the personal interest in cosplay and *manga* culture seems to be secondary. The former president of @home Café said in an interview that she wants to teach her maids customer service skills based on her own personal experience of working as a waitress.[34] Msan, the manager of Jam Akihabara, confirmed that the café wanted to hire people that know how to work properly in a café. The employees, then, need to learn the basic *kata* (forms, Minamoto 1989 & 1992) that are essential to performing as maids. These *kata* include first of all the characteristic greeting, 'Welcome home, Master', which is distinct to the maid cafés. The conversation with clients is regulated by specific *kata* rules, which maids must also learn during their training.

Consuming Maid Cafés I: Role-Playing, Pleasure and Fantasyscapes

The interaction at maid cafés is based on a very specific role-play. In the fantasy world of the maid café, customers, acting as 'masters' are not visiting the café, but they are instead 'coming home' to a wealthy home where they are greeted by respectful, deferential servants. The rules of interaction are based on a multiple communication structure between maids and customers which consists of a number of different communication strategies: a) direct interaction at the café; b) online interaction through maids' blogs, forums and social networking; and c) mediated interaction through guest

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[34] Degiper home page, 'Special interview with Kawahara Mika' www.digiper.com

books at the café. Online discussions focus mainly on shared interests such as *manga, anime*, computer games, light novels, and events related to these sorts of content. In their blogs, maids don't reveal their name or any authentic personal information, but by telling their customers what they did during the day or what comics they are reading, they allow the customers to enter somewhat into their own worlds and thus feel closer to them. In the guest books, the conversation between maids and costumers is asynchronous and based on a mix of language and pictorial images, drawn by both customers and maids. This conversation reinforces the fidelity of customers, who will come back to the same café to read a maid's answers to their comments. At the same time, the guest books allow shy costumers to express appreciation and admiration for their favourite maids. The tacit rules of interaction include the protection of maids' real identity. Asking maids personal information is inappropriate and will compromise the role-play performance. The tension between the desire to know more about maids and the rules of the game is an active enticement for customers' curiosity and for their continuing involvement in the role-play.

When customers enter a maid café to meet 'the cartoon women of their dreams' (Kelts 2006, 72), they enter into a different space and world. If we consider the highly regulated interaction between maids and customers as – to borrow Alexander's language – 'a performance that makes a transition away from the everyday world to an alternative context within which the everyday life is transformed' (1997,194), this interaction can be seen as a *ritual* in which the greeting 'Welcome home, Master' helps customers to make a transition to an alternative world. The maid-master role-play creates virtual community, constructed by a shared, standardised language which creates the feeling of being part of a wider group, the *Akiba kei*, or the 'Akiba type'. As our own experiences have shown, the fantasy world created by maid cafés need not be perfect and expensive designed to be effective. To the contrary, the food and drinks on offer are largely unspectacular comfort foods which are sold in a manner that underlines their associations with childhood or a 'general cuteness', if we can use such an unscientific term. For example, onomatopoeic words, such as *fuwa fuwa* (soft) and *toro toro* (simmer) are commonly used for the food and drink names in the maid cafés. Similarly, the crockery in these places is very simple and inexpensive and the larger interior design consists mainly of hand-made paper decorations. According to some regular customers we met during our fieldwork, maid cafés are similar to school parties or events. The handmade feeling is perceived by regular customers as both comfortable and familiar. Furthermore, the origin of maid cafés is related to cosplay culture, in which homemade customs are an important aspect to enjoy the identification with the favourite characters.

In maid café customers and maids enjoy role-playing being both audience members and performers simultaneously, being both 'performer and observer of the same show' (Goffman 1959, 86). But both participants know that is a game and that there are rules, shared and accepted by participants. The relationship between customers and the *fantasy* world they create can be understood only if we consider the subcultural background which they share. In particular, customers enjoy this brief fictional entry into the *manga*-world, a fantasy place where they can meet their heroine or particular popular *moe characters*. *Moe* originally means plants spouting, but since the late eighties its meaning has developed an added nuance. The new meaning of *moe* is entirely caught up in issues surrounding hobbies and personal taste. Specifically, *moe* means to be attracted to a specific *manga* or *anime* character and to have strong feelings toward this character. *Moe* suggests the condition of being infatuated with one character or thing and implies an image of someone burning with desire. (Macias and Machiyama 2004, 50).

Jam Akihabara type maid cafés are specifically targeted at customers who enjoy certain kinds of content and who want to share information with or talk with maids in a quiet and relaxed atmosphere. The employees themselves define the place as 'a café for traditional/classical *otaku* to

go' and often they share common interest with their customers. It is important to keep in mind that the 'maids' themselves are both producers and consumers of *otaku* culture at the same time. They produce the maid product, but at the same time they consume the same commodities as their customers. On the other hand, @home Café style cafés are based on a different concept, focusing on a more lively interaction between maids and customers. The aim is to create a café which works and feels like an amusement park, where everyone, including families and children, can feel comfortable and appreciate the entertainment on offer. To enjoy and *consume* Jam Akihabara space, customers are required to understand the common background of specific content cultures, while in @home Café style spaces, the consumption is based on a direct interaction with the maids through singing, playing games and taking pictures. In both places, the fantasy (in the sense of 'making visible', from the ancient Greek *phantasia*, 'appearance' or 'image' and *phantos*, 'visible') of the consumer is materialised with the help of the maids and the rules which govern the behaviour of both parties.

We can look to contemporary theoretical work to help us flesh out our picture of what is happening in the maid cafés. Susan Napier expands on Arjun Appadurai's work on contemporary cultural flows to argue that the ludic interaction with the world of fantasy have led to the development of what she calls 'fantasyscapes':

> In the fantasyscape, play and setting are the two most important elements, creating a plethora of forms of virtual reality such as the densely constructed entertainment worlds of Disneyland and other theme parks, the intense involvements of video or online gaming, or the short-term but highly engaged gatherings of fan conventions. Fantasyscapes are inherently liminal worlds, temporary alternative lifestyles that exist parallel to the mundane, which people enter and exit when they please.
> (Napier 2007, 11)

Following Napier's definition, maid cafés can be considered as 'concrete fantasyscapes', places 'in which the participants lose their world identities … to indulge in ludic pleasures in a space securely outside mundane time and activities' (Napier 2007, 12). In short, consumers take pleasure in consumption of the emotional experience, play and identification process related to maid-master role-play.

Consuming Maid Cafés II: The Symbolic Pilgrimage

The aim of the former president of @home Café, was to create an amusement-park-like café'. She declares that before @home Café was opened, the atmosphere in many maid cafés in Akihabara was unpleasant and was limited to a small number of regular customers. Her idea was to create a place where staff and customers can have fun in a bright, lively atmosphere that could attract customers from outside Akihabara. She declared that '@home Café is not selling only drinks, but also time and space. Customers pay to enjoy their time in this entertainment space and I want them to feel they can profit from it. I want them to go home and want to come back again'. The added value of @home Café is created by the rigorous selection and training of its maids, who have to learn how to perform their role as an @home Café maid. The president designed the maid uniforms and trained her waitpersons to create an image of maid-idol (*meidoru*) and presented this image to the media as well as to her customers. She instituted very strict rules to control the relationship between the maids and their customers: it is forbidden to take pictures with ones' own camera; it is forbidden to ask maids for any personal information, such as their real names, street address, or phone number. Waitpersons can speak with customers, but for just a few minutes and even then they must stress their performance, speaking in a childish voice and acting in an exaggerated *kawaii* manner.

The @home Café concept has proven to be successfully based on events and media strategies, allowing maid cafés to be exported beyond Akihabara. At the same time, the image of cute and polite maids of @home Café became the stereotypical image of Akihabara maids, changing the outside perception of *otaku* as antisocial male nerds and transforming Akihabara's gloomy and 'geeky' image into something more palatable. The maid café experience, however, for customers who enjoyed it before the 'Akihabara boom', is based on the borderline experience between the virtual world and the real world and on role-play based on communication with maids.

In the case of 'first wave' maid café, such as Jam Akihabara, regular customers usually come to cafés after shopping in *manga* and *anime* shops, or at computer shops or even in well-known figurine shops such as Volks or Kaiyōdō. People living outside Tokyo often visit Akihabara after attending *manga* exhibitions, such as the Comic Market and Comic City. A maid café is a place where they can rest comfortably during shopping, a place where they can find someone who they can talk to about what they have bought and where they can bring themselves up to date on the latest news concerning Akihabara events or amateur *manga* contests. They don't come to maid cafés necessarily to find someone sharing same interests, but it a place where they know their interests can be understood. From this point of view, we can think of the maid cafés as places where the Akihabara 'community of interest' (Morikawa 2003) – defined as a community that does "not depend on shared geographical locations or blood ties" (Morikawa 2012, 152), but is based on shared interests and taste - can feel at home in a public setting.

Because of business like maid cafés and one-on-one service shops and because of media influence, the original image of maid café as a meeting place for people sharing similar interests and hobbies has been transformed into something altogether different. Originally the maid café was a place in *which otaku* could find people who shared their values and their love of specific kinds of media. Most waitpersons liked cosplay or were amateur *manga* writers. For many consumers, the visit to the café is part of a larger tourist 'sacred journey' (Graburn 1989) to Akihabara, which included shopping and enjoyment of the other places and commodities in the area. The sacred journey to Akihabara allows customers to create their own sacred landscape and to make an escape, performing what Aden Roger defines as a 'symbolic pilgrimage':

Rather than embarking upon a 'real life' journey to a holy shrine, symbolic pilgrimages feature individuals ritualistically revisiting powerful places that are symbolically envisioned through the interaction of story and individual imagination. That we make such moves individually does not mean that imagining through stories is not a social experience, however, for we are imagining within the context of habitus and recognize that others share some of our experiences and perceptions.
(Aden 1999, 9-10)

If we define making the rounds of hobby shops as a fantasy tour, we could consider going to a maid café several times as a stop over, a break in the pilgrimage (Fig. 5).
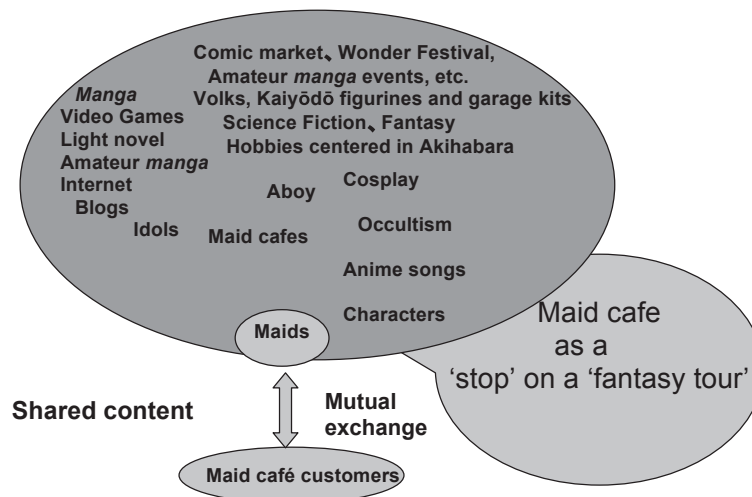
Figure 5. *Otaku* **market/***moe* **market**

To understand the meaning of enjoying maid cafés, we cannot consider only maid cafés themselves. Instead, we need to consider them as part of a wider culture and market centred around Akihabara and around specific content industries. If 'the interconnection between fantasy and reality is a key element of *otaku culture*', as Taylor argues (203), maid cafés offer *otaku* the possibility to have a contact with their fantasies.

Concluding Remarks

Akihabara is a heterogeneous space where new technologies are not only created and tested, but also linked to entertainment and lifestyle in complex and at times mutually reinforcing ways. The content industries market in Japan, far from being a small business, has transformed the image of the district and of the people defined as *otaku*. As is true of all the products in Akihabara, the main characteristic of the maid cafés is their *fluidity*. Products change rapidly and new popular spots are opened following customers' need and customer's ability to create and re-create their fantasy worlds.

The popularity of cosplay restaurants and maid cafés has spread to other regions in Japan such as Osaka's Den Den Town as well as other Asian countries, such as South Korea, China, Hong Kong, Taiwan, Singapore and Thailand. A maid café was opened in Canada and the Maid Café CCO Cha was one of the most popular attractions during Japan Expo 2006 in Paris. In some countries business regulation laws make it difficult to export the maid café model, but the image of Akihabara's maids has been spread through the *manga, anime* and figure-collecting subcultures. There are many signs that *otaku* culture is entering the mainstream of respectability and acceptance. The artist Takashi Murakami's works transformed comic books' cute imagery into modern art exposed *otaku* interests and aesthetics to a worldwide audience. In 2004, parts of Akihabara's Radio Hall, a building where you can rent small, transparent cubicles to sell or show off personal collections of merchandise, were recreated by Kaichiro Morikawa at the Venice Biennale.[35] Through the innovative practices of 'enthusiast consumers' and the businesses that cater to them, such as the maid cafés, which only could have developed within the specific cultural matrix of Akihabara, the *otaku* has been

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[35] http://www.jpf.go.jp/venezia-biennale/otaku/j/index.html

(unapologetically) transformed from the symbol of disturbed youths driven to isolation and even violence by the pressures of their culture into a powerful symbol of Japanese cool.

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Exclusion of Nias Squatters and Expansion of Oil Palm Plantation[1]

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Abstract

This article examines causes and consequences of a brutal expulsion, in 2010, of Nias migrants in West Sumatra, Indonesia, in the context of the region's social history, its politics and the expansion of the oil palm industry. As the industry expanded, local Minangkabau people trespassed into protected forests to extend their private oil palm claims, and Nias workers began squatting in these areas. An influx of migrants occurred when a mega-quake hit Nias island in 2005 bringing the number of squatters to 700. They engaged in palm harvesting on steep terrain, the most commonly held job among these migrants to West Sumatra where the industry's hegemonic order, exploiting long-standing cultural hierarchies, relegated Nias workers to this low-status job. In 2009, a regent candidate was elected after securing 94% of the 15,000 Nias vote, including that of squatters who were already a source of bitter contention. This ultimately lead to their being targeted for forcible expulsion.

JEL classification: **JEL:P, JEL:Z**

1. Nias Migrants Workers as subaltern

Inclusion and exclusion mechanisms work in combination to maintain communities. Exclusion with violence was observed in West Sumatra in 2010, when several hundred Nias squatters were evicted from their places of residence. Surprisingly, non-Nias *Suku* (ethnic group) persons also squatting at this place, were not forced to leave. Why were only the Nias squatters attacked and forced to leave? What mechanisms worked to initiate this incident? This incident occurred not one hundred years ago, but during the Post Suharto Era of regional autonomy which began in 1998. It is the purpose of this article to explain why and how those Nias squatters were ostracized, and to understand this incident in the socio-economic context of the West Pasaman District of West Sumatra, Indonesia.

The Nias migrants are said to be very tough and physically fit for strenuous labor. Pregnant women, even in the month they expect to give birth, are said never to object to hard physical labor. This and similar discourses on the Nias migrants have reflected the marginal situation of those migrant workers since the Dutch colonial period.

This article uses narratives of the Nias migrants to illustrate the ethnic pecking order in West Sumatra. Nias migrants were enslaved during the 18th century and were used as mercenaries at the

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[1] This article is based on a 2016 article in Japanese (Nakashima 2016a), and a paper I presented at the conference, Antropologi Indonesia, 2016 (Nakashima 2016b).

Aceh kingdom and workers in West Sumatra (Anatona: 2000).[2] They were placed at the bottom of *pribumi* [3] after Indonesian Independence, and have been used as oil palm plantation workers in West Sumatra since the 1990s (Nakashima, 2013).

The status of the Nias migrants in West Sumatra is generally very low. The Minangkabau people who are the dominant ethnic group in this province[4] often say it is much better to marry a Chinese rather than a Nias, even though both non-Minangkabau groups are patrilineal.[5] Actually there are a lot of inter-ethnic marriages between the Minangkabau and the Nias. In some places in West Sumatra Nias migrants live in high concentrations, but are still shunned. The Minangkabau people's preference for the ethnic- Chinese over the Nias, may be due to the fact that the ethnic-Chinese people tend to be of higher socio-economic status and are not an indigenous people.

Ethnic-Chinese people are known to be the target of SARA[6] -related issues throughout Indonesia, however, the Nias are ranked below them, at the bottom of the ethnic pecking order in West Sumatra as well as in other regions in Indonesia.

Kabar Nias Online reported a SARA-related incident which happened in Gunungsitoli, Nias, on October 15, 2015. A young Nias employee was accused of stealing money from a telephone shop run by a Chinese individual, and was then forced to stand outside the shop with a placard inscribed with, 'I am a thief. I am a Nias man.' According to Kabar Nias, people who saw the scene went on a rampage, because they immediately understood that this was discrimination against the Nias people, and a typical SARA problem. They destroyed some shops of the Chinese. The police and the local military came and attempted to pacify the rioters. The chief of the local police had to explain that there was no evidence of discrimination against the Nias people and asked the people to refrain from violence in the future. (Kabar Nias, 2015).

I will focus on the hegemonic order of ethnic relations in West Sumatra using subaltern theory in the context of the politics of the *bupati* (regent) election of West Pasaman District in 2009.[7] In terms of subaltern theory,[8] the interview with Mr. B and his wife, Nias migrants who were working

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[2] According to Appendix 1, the population of Nias migrants in Padang, the capital city of West Sumatra Province, was 1,500 people in 1819, making it the second largest ethnic group after the Melaya (Minangkabau) among the 10,050 person population of Padang at that time.

[3] *Pribumi* are groups of people in Indonesia who share an indigenous socio-cultural heritage and whose members are considered natives of the country. Ethnic-Chinese people are not included in this category. *Pribumi* became the main actors after the Indonesian Independence in 1945. However, the stratification of the *Pribumi* also became evident around this time. The Nias people, for example, who since the 1990s have been referred to as *masyarakat adat*, or an indigenous people/society, were ranked at the bottom of Indonesian society during the process of Indonesian nation building.

[4] Nias Island lies 125 km off the west coast of the island of Sumatra. The latest official estimate for January 2014 shows a population of 788,132. There are no official Indonesian ethnic population statistics. Nevertheless, it is said that more than 90% of the population of West Sumatra is Minangkabau. Aside from the Minangkabau, only a few Javanese, Batak, Mandailing and Nias people reside in West Sumatra Province. There are few ethnic-Chinese people in the cities of Padang and Bukittinggi. The rural Minangkabau are peasants and farmers while the urban ones tend to be intellectuals or business persons engaged in commercial activities. Most ethnic-Chinese live in cities and engage in commercial activities. Ethnic groups other than the Minangkabau and ethnic-Chinese are workers in rural areas.

[5] For the convenience of readers unaccustomed to descent theory, societies which are patrilineal define family systems in which names, property, titles and other valued items tend to be passed on through the male line. Matrilineal societies do this through the female line. Generally patrilineal societies are patriarchal societies, however matrilineal societies are not matriarchal societies.

[6] SARA is the acronym of *Suku, Agama, Ras*, and *Antar Golongan*, which means 'matters pertaining to ethnic, religious, and racial relations.'

[7] *Kabupaten Pasaman Barat* (area: 3,864 km², capital: Simpang Ampek) was separated from *Kabupaten Pasaman* in 2003 under the auspices of Law No. 38, 2003.
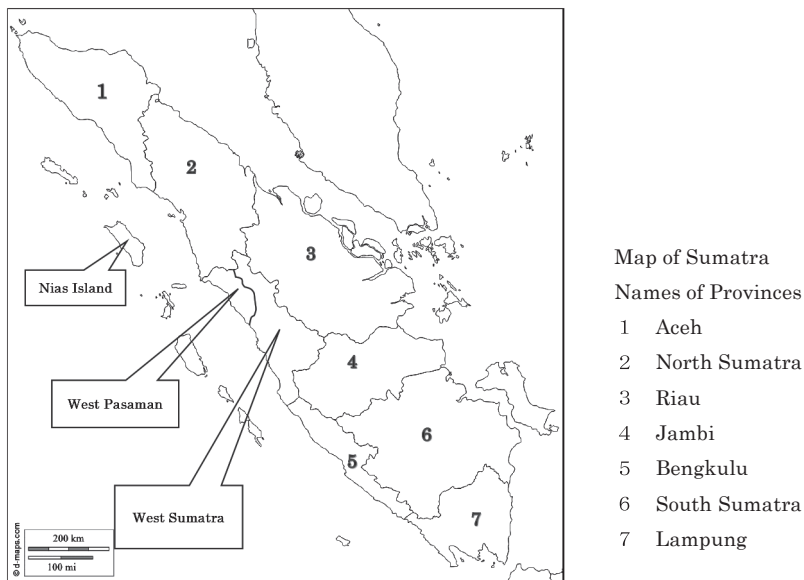
[8] On the developpment of Subaltern Studies I refered to David Ludden's Introduction, A Brief History of Subalternity (Ludden:2002, 1-20).

at the PHP Plantation Company (company No. 5 in Table 1), revealed the following valuable information.

The person who took the first Nias migrants to PHP in 1995 was a Minangkabau man who married a Nias woman. When 19 years old, one year after marriage, Mr. B and his wife left Nias with several hundred people. They arrived at Air Bangis, a port at the northern end of West Sumatra, and took cars to different destinations. They worked at another plantation first, then moved to PHP to work as FFB (Fresh Fruit Bunches) harvesters. All the Nias men were FFB harvesters. Mr. B's father lived in the same barracks.

Mr. B is a FFB harvester, and his wife is engaged in weeding and fertilizing. Their combined monthly income is Rp 2,000,000 (US 200 dollars). The minimum monthly wage in West Pasaman District in 2016 was 1,8 million rupiah (US 180 dollars).[9] They have seven children, four of whom are currently attending school. The education of these children costs several thousand rupiah every month, nearly a quarter of their income. They are living in a barracks compartment (3m x 3m) with their seven children. There is electricity and a well in the backyard, but there is no TV. They can watch TV at night with neighbors who have one. As most Nias are Protestants, they go to church on Sunday. The minister is a Batak man. In the future, they hope it will be possible for them to seek better opportunities.

When I interviewed Mr. and Ms. B in front of the head of KUD (the Farmers' Association), both husband and wife seemed very stressed by his presence and did not voice a single complaint about the company. This was quite the opposite of what occurred with the workers of Gersindo Minang Plantation (private company No. 3 in Table 1) whom I interviewed outside the plantation (Nias workers did NOT attend) . These workers were very afraid that representatives of the company might witness the interview, resulting in retribution. When they were satisfied they would not be overheard, they openly accused the company of abusing their rights and stated that their harvest numbers were often falsified (Nakashima, 2013).

Map of Sumatra

Names of Provinces

1 Aceh
2 North Sumatra
3 Riau
4 Jambi
5 Bengkulu
6 South Sumatra
7 Lampung

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[9] The minimum wage is different in each district and province.

2. Palm Oil Industry Expansion in West Pasaman District

PTPN VI (company No. 9 in Table 1), a state-owned Plantation Company VI (Ophir area), started to grow oil palms in the early 1980's with aid from West Germany. In fact, the company dates back to the Dutch Era when a Dutch company rented some land, and planted oil palms in 1928 around the Ophir area, bringing in Javanese migrants as workers. After Indonesian independence, the Dutch people who ran the company left Indonesia, and the land was taken over by the local Minangkabau people and the Javanese migrants. Later, when PTPN VI (Ophir) wanted to develop oil palm plantations, the state company 'nationalized' 50 % of the land, and the remaining 50 % was given to the local people (Jelsma et al. 2009). Most of the Minangkabau people became smallholders of the state company. The Javanese migrants, however, wanted to build their own village and cultivate wet rice rather than continue to be controlled by the Minangkabau people.

In the 1990s private companies started operations in Pasaman district. By 2010 there were 14 oil palm companies in West Pasaman District including the state-owned company. The total combined *plasma* (smallholders) and people's plantation (individually-owned land not rigidly tied to the nucleus estates) area was 150,784 ha. Total FFB (Fresh Fruit Bunches) production was 2,528,204 tons (see Table 1). Table 2 indicates that the total amount of CPO (Crude Palm Oil) production in West Sumatra, in 2009, was 833,406 tons and reached to 1,082, 823 tons in 2014. West Pasaman District is the center of the Oil Palm Industry in West Sumatra Province, and approximately 40% of the provincial harvest was produced in this district. West Sumatra ranked 9th among Indonesia's provinces in terms of palm oil and produced 3.6 % of the national total. This province comprises 3.4 % of Indonesia's oil palm plantation area (Statistik Perkebunan Indonesia 2013-15 Kelapa Sawit, 2014:9).

The palm oil sector employed an estimated six million people worldwide and approximately two to three million in Indonesia. Due to low levels of mechanization, large palm oil plantations generate more jobs than other large-scale farming operations. Most of the jobs associated with the palm oil industry are concentrated around growing and harvesting palm fruits rather than the extraction and refining phases. Clearing and preparing the land for cultivation, planting, fertilizing and managing the plants and trees, and harvesting palm fruits are highly labor-intensive activities. Most of the work is done manually. (Amnesty International, 2016, 20)

There are 15,000 Nias migrants in West Pasaman District. A Gersindo Minang Plantation unit manager once told me that 70 % of their 700 physical laborers were Nias migrants. In the case of the state-owned company the number of Nias workers reached 40 %, and the second largest ethnic group was the Javanese.

The land in Ophir is suited to oil palm cultivation. Although more than thirty years have passed since palm oil became a viable industry there, the first generation of oil palm trees was still productive. This is quite unusual. Palm trees are typically cut down in 25 years as the quality and quantity of palm oil rapidly decreases from that point.

As the oil palm trees aged, some residents of Giri Maju invaded the protected forest to expand their *plasma*, or smallholder fields. Once replanted, people have to wait for a minimum of four years before young oil palms begin producing. Rather than wait for several years, those people chose to violate regulations and enter the protected forest to open new oil palm field.

Harvesting oil from palms on steep inclines is very hard work. The production area is located at ≥ 240 meters above sea level, and the roads to reach this area are very steep and narrow. The only vehicles available are motorcycles. So only squatters with motorcycles and stamina are able to harvest and bring FFB down to the sub-village of Giri Maju. In this regard, the Nias squatters are essential to the rural palm oil industry.

Table 1. Area and Production of Oil Palm Plantations in West Pasaman, 2009

No	Names of Companies/ People's Plantation	Areas(Ha)				Amount of Production/ Year (ton)
		Nucleus	Plasma	People	Total	
1	PT Bintara Tani Nusantara	7,000	1,050	-	8,050	193,200.00
2	PT Laras Internusa	4,950	-	-	4,950	118,800.00
3	PT Gersindo Minang Plantation	5,698	2,400	-	8,098	174,916.80
4	PT Perkebuan Anak Nagari Perkebunan	843	-	-	843	20,232.00
5	PT Permata Hijau Pasaman	3,720	4,714	-	8,434	182,174.40
6	PT Bakri Pasaman Plantation	9,063	4,171	-	13,234	317,616.00
7	PT Anam Koto	2,798	1,300	-	4,098	98,344.80
8	PT Agro Wiratama	8,294	1,524	-	9,818	235,632.00
9	PT Perkebunan Nusantara VI	5,010	4,800	-	9,810	166,770.00
10	PT Inkud Agritama	732	2,630	-	3,362	80,688.00
11	PT Pasaman Marama Sejatera	3,967	1,855	-	5,822	139,728.00
12	PT Primata Mulia Jaya	4,890	1,100	-	5,990	143,760.00
13	PT Tulas Sakti Jaya	985	-	-	985	23,640.00
14	PT Tunas Rimba	900	-	-	900	21,600.00
Total of Companies			**58,850**	**25,544**		**84,394**	**1,917,111.6**
15	Plasma Plantation	-	-	12,535	12,535	201,600.00
16	People's Plantation	-	-	52,072	52,072	409,492.80
Total of Companies' and People's Plantation			**58,850**	**25,544**	**64,607**	**149,001**	**2,528,204.4**

Note: Plasma Plantation is included into the category of People's Plantation
Source: Kantor Perkebunan Pasaman Barat

Table 2. CPO (crude palm oil) Production in West Sumatra[10]

	People's Plantations	State Companies	Private Companies	West Sumatra total
2009	377,864 tons	18,904 tons	470,970 tons	833,476 tons
2010	371,183 tons	18,670 tons	462,189 tons	852,042 tons
2013	426,477 tons	27,978 tons	567,857 tons	1,022,332 tons
2014	455,129 tons	26,549 tons	601,145 tons	1,082,823 tons

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[10] *Statistik Perkebunan Indonesia 2009 – 2011 and 2013-2014* Direktorat Jenderal Perkebunan, Departemen Pertanian
http://regionalinvestment.bkpm.go.id/newsipid/id/commodityarea.php?ia=13&ic=2 (accessed on July 8, 2016)
https://www.academia.edu/23360197/STATISTIK_PERKEBUNAN_INDONESIA_Palm_Oil_KELAPA_SAWIT_KELAPA_SAWIT (accessed on Feb. 11, 2017)

3. Regent Election of 2009 in West Pasaman District

Since the mid-1990's some Nias people started to live in *hutan lindung* (protected forest)[11] of Nagari Koto Baru,[12] West Pasaman, which is located at the western foot of Mt Pasaman (2,900 m).

When and from where did the Nias come? It is possible to trace two separate roots of origin for the Nias squatters. After surveying this incident, Komnas HAM,[13] West Sumatra released their official report. According to the document (Komnas HAM, West Sumatra, 2010), the squatters were originally former workers of PTPN VI, the National Company of Plantation VI, West Pasaman.[14] After working at PTPN VI, some Nias migrants trespassed upon the protected forest. Gradually, their number increased, and other ethnic peoples like the Javanese, Batak, Mandailing and Minangkabau also came to live there.

After a magnitude 8.6 earthquake hit the island of Nias in 2005, many Nias people evacuated, and some of them came to live in this place in search of work.[15] The total number of squatters eventually reached 110 households and of these, 65 households were Nias squatters. Some of these squatters report they were issued KTPs (residence identification cards).

Another story of squatter origins was told by Mr. T, a Nias migrant, who married a Minangkabau woman and has been living in Jorong (sub-village) Giri Maju, Nagari Koto Baru, West Pasaman for more than thirty years. Mr. T, who was in his 50's, related that when he returned to Nias in 2001, two households wanted to follow him 'home' to Giri Maju. When they arrived, Mr. T cautioned them never to enter the protected forest.

Nevertheless, when the number of people coming from Nias Island reached 45 households, they began to trespass on the protected forest. Mr. T denied that a first group of Nias squatters came to live there in the mid-1990s, however, he explained the crucial developments (see section III) that contributed to the eviction incident. The number of Nias squatters in the protected forest of Koto Baru, according to the Komnas HAM report, reached 65 of the 110 area households. Those squatters cleared areas of the forest, built barracks, cultivated *nilam* (patchouli), cacao, corn, and vegetables, while working as oil palm harvesters at the *plasma* (smallholder oil palm fields) of the Giri Maju

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[11] It was during the Dutch colonial era that this forest became protected. Nowadays each *nagari* (see footnote 11) facing Mt Pasman has its own *hutan kemasyarakatan* (community forest) in which some economic activities such as cultivating durian are permitted, but at the time of this incident, this was not true for all areas. The remaining *nagari* were authorized to use the community forests when SK (*Surat Keputusan*), or decrees from the Ministry of Justice were issued in 2014 and 2015.

[12] *Nagari*, prior to 1983, was the smallest unit of Minangkabau matrilineal society and again became the smallest administrative unit of regional autonomy in 2001.

[13] Komnas HAM is the acronym for *Komite Nasional Hak Atas Manusia*, or the National Commission on Human Rights. Komnas-HAM is an independent national institute that is designated to conduct research and make recommendations for improving human rights in Indonesia. However, it has no power to enforce its opinions or decisions.

[14] PTPN VI is located at Ophir, Kecamatan (Sub-District) Luhak Nan Duo and Nagari Kinali, West Pasaman, West Sumatra, and consists of 3,549 ha of oil palm plantation.

[15] The Nias quake, which occurred on March 28, 2005, just three months after the 2004 Indian Ocean Earthquake and Tsunami on December 26, 2004, wrought severe damage on Nias communities, because neither the Indonesian government nor international entities had sufficient funding to assist them. A report revealed many Nias Island residents were forced to live in tents and suffered from shortages of food, clothing, medical aid and gasoline. See Indonesia: Situation report update Aug 2005 - Nias earthquake, published 25 Aug 2005
https://reliefweb.int/report/indonesia/indonesia-situation-report-update-aug-2005-nias-earthquake (accessed on November 1, 2017)

residents.[16]

The power balance between the Nias squatters and the local Minang people shattered in 2009, a PEMILU[17] election year. Prior to the presidential election of July 2009, the local Minang people sent letters to *Bupati* (Regent) Syahiran (2005 – 2010) and the director of KPU (General Election Commission) West Pasaman several times, asking that the Nias squatters' right to vote be denied. Despite these repeated requests, the Nias squatters were granted the right to vote.

At the time of the regional election in December, the total population of West Pasaman District was 365,129 people, and the voting participation rate was 82.33 % (Laporan Penelitian Partisipasi Dalam Pemilu 2009). Table 3 shows the election results: the hyphenated names are regent-vice regent pairs, followed by the number of votes and percentages of the total vote. (Hasil Pemilukada di Kabupaten Pasaman Barat)

Table 3. Result of Regent Election of West Pasaman District in 2009

1	Baharuddin- Syahrul	56,830 votes	35.17%
2	Syahiran-Asgul	44,987 votes	27. 84%
3	Risnawanto- Nofrizal	34,912 votes	21.60%
4	Akmaluddin-Episantoso	24,878 votes	15.39%

The elected bupati, Baharuddin (abbreviated Bhr below), received 56,830 votes (35.17%), a margin of 11,843 votes over his rival, ex-regent Syahiran, who received 44,987 votes (27. 84%). It is estimated that there were 15,000 Nias migrants in West Pasaman at the time. It is said that Mr. Bhr received 94% of the Nias migrant vote. Therefore, Mr. Bhr's victory was clearly dependent on his success in obtaining support from the Nias migrants.

The reason Mr. Bhr received so much support from the Nias migrants was that a young and ambitious Nias squatter and nephew of Mr. T, Mr. TH, who, at the time was 24 years old, worked for Mr. Bhr's campaign. In spite of Mr. TH's contribution, he was highly dissatisfied with the 'mere' 15 million *rupiahs* (US 1,500 dollars) he was paid, and became incensed.[18] Expecting they would make the story of Mr. Bhr's bribery of him public, he informed Mr. Bhr's rivals of this 'injustice', but nothing came of it at all.[19]

His uncle (Mr. T) told me that TH's behavior seemed strange after that. He suddenly became a Muslim and everyone suspected that this sudden conversion from Christianity to Islam was evidence of his political ambition. In March 2010, Mr. TH fought with a villager of Giri Maju. As Mr. TH was defeated, he rounded up his friends. Seeing Mr. TH coming with his friends, the villager borrowed a machete from his neighbor to fight back with, and was arrested.

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[16] I visited their place at Kinali in 2015 and interviewed three couples. The person who introduced me to them took me there under the condition that I would not ask questions about the eviction incident. Therefore, my questions to them were mostly about their lives and the economy. I was quite astonished at the number of children they had. Although they were in their mid-twenties or slightly older, each couple already had four or five children. This means their life was very poor. There was neither formal education nor health care. They spoke of going back to Nias Island whenever they had enough money and sometimes bringing Nias migrants back with them to West Sumatra.

[17] PEMILU is the acronym of *Pemilihan Umum*, or general elections.

[18] Mr. TH was criticized by the other Nias migrants, because he monopolized the money and never shared it with the other supporters.

[19] The regent of West Pasaman, Mr. Baharuddin was accused of bribery in 2012. He was also accused of corruption for issuing permission for the development of pig iron on protected forest land, but this accusation was not successful, due to insufficient evidence.

4. Violence against the Nias Squatters

The news of the arrest of a Giri Maju villager apparently caused a significant increase in local Minang people's ill will toward the Nias squatters. Even before the incident, the local Minang people had been discontented that the Nias squatters were not Muslims. They complained that the squatters ate wild boar and snake, contaminated water downstream with their excrement, and had illegitimate KTPs.[20] These dissatisfactions later contributed to the ease with which violent attacks were triggered when tensions peaked.

The difference in religion has often been cited to explain why non-Nias ethnic groups remained safe during the attacks. The Javanese, Mandailing, and Minangakabau are all Muslim. The local people whom I interviewed, frequently referred to this. No doubt they belong to this in-group. The Nias squatters, however, had been considered a 'necessary evil' by the local Minangkabau. Their existence was tolerated only because they contributed to the development of the local peoples' oil palm economy. However, once their presence was acknowledged to be hostile to the local peoples' interests, they were labeled as an out-group and were targeted.

On April 7, 2010, some civil police visited the area where the Nias squatters resided, to deliver a letter from Regent Bhr. The letter included an official statement informing them that all Nias squatters must leave by April 28, 'because,' he wrote in the letter, 'they were grievously trespassing on the protected forest.' The Nias squatters were given less than one month's notice and ordered to leave. They did not have enough time to plan what they would do next, or where they would go.

In the early morning of April 29, hundreds of local villagers in Giri Maju, with some civil police, came to the Nias squatters' place. They were so agitated that they set fire to five huts, broke into several huts and destroyed property. Attacks by the local villagers of Giri Maju were repeated on May 6 and May 22. However, none of the homes or property of persons of the other ethnic groups was damaged.

Even though the Nias people reported this incident to the local police four times, the police refused to respond to their accusations. The local police were absolutely reluctant for the Nias people to take this incident to court. The Nias people then asked Komnas HAM to investigate their case.

After investigating this incident for the three days from May 13 to May 15, 2010, Komnas HAM, West Sumatra criticized the police for refusing to respond to the criminal accusations from the Nias squatters, and for passively condoning the violence. Komnas HAM also stated that the violence was brought exclusively against the Nias migrant group, while other ethnic groups were unharmed and that this connoted discrimination against the Nias. Komnas HAM permitted the Nias squatters' cultivation rights (*hak garapan*) on the basis that some of them had been occupying their land for 15 years and had KTPs (Komnas HAM, West Sumatra:2010).

Then, on June 4, the regent of West Pasaman district issued a statement declaring that the Komnas HAM investigation was inaccurate and that the district was right in adhering to forest protection regulations. This statement, however, made no mention of why only the Nias squatters were attacked.

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[20] KTP is the acronym of *Kartu Tanda Punduduk*, or residence identification card.

Table 4. Chronology of the 2010 Nias squatters' incident

April 7	Nias squatter eviction order is issued by the regent (by April 28).
April 29 May 6 May 22	The local Minangkabau people attack the Nias three times.
May 6	The Nias report this incident to local police, with no response.
May 7	The Nias report this incident to Komnas HAM, West Sumatra.
May 13 ~ May 15	Komnas HAM, West Sumatra stages an on-site investigation of the incident.
May 28	Komnas HAM, West Sumatra issues a statement saying the attack was based on discrimination and was unconstitutional.
June 4	West Pasaman Regent refutes the Komnas HAM statements.

5. Political Retaliation

Following this incident, 319 of the Nias squatters returned to Nias Island, and the rest moved to the protected forest of Nagari Kinali, the neighboring *nagari* of Koto Baru. Today, squatters from other ethnic groups are still living in the disputed area, unpunished.

The research for this paper shows that a key point in understanding this incident is the legitimacy of Nias squatter KTP (residential identification cards). All Indonesian nationals should carry this ID card. Some, but not all of the Nias squatters, said they were issued KTP permitting them to reside at the site.[21] However, the residents of Giri Maju challenged this.

The Nias migrants said that they had KTP issued by the *camat* (sub-district head) of *Kecamatan* (sub-district) Luhak Nan Duo. Komnas HAM accepted that the KTPs of the Nias migrants were legitimate. However, the residents of Giri Maju would not accept this KTP narrative. According to them, the process of issuing the KTPs had not been legitimate. They insisted: the first step of the process must be completed by the recognition of a *jorong* (sub-village) head, then by a *nagari* head. *Camat*-level recognition, they stressed, could not be accomplished without proceeding through all the steps of this bureaucratic process.

It is not clear whether or not the *camat* received additional payments in exchange for issuing KTPs to the Nias squatters. It is possible that Nias squatters might have fabricated papers from the *jorong* head and the *nagari* head, necessary to obtain KTP.

The new regent, Baharuddin (abbreviated Bhr), finally accepted the local people's claim and decided to expel the Nias squatters, because, he wrote, 'they had been residing inside the protected forest for so long.' He never mentioned that this decision made possible a kind of retaliation against Mr. TH, a Nias man who once worked for his campaign, but embarrassed him publicly by exposing the bribe he had paid him. We can suppose that this incident was a result of political retaliation against the Nias migrants.

In addition to recognizing their KTPs, Komnas HAM approved the *hak garapan* (cultivation rights) of the Nias squatters, because some of them had been living there for more than 15 years. It seems the local people had hardly taken any action at all to restrain the protected-forest trespassers

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[21] Being reissued a KTP at the place to which one relocates is a complex process. First persons must obtain certifications of moving from the place where they were born. Their presence can only be legitimatized if those certifications are accepted at the place they currently reside.

since they first began living there in the mid-1990's. It was only at the time of the presidential election, PEMILU 2009, that the local people officially complained about the squatters' presence in the prohibited forest. Even though they had occasionally felt uneasy about the presence of these squatters, their dissatisfaction was never expressed openly until that time.

It seems the trigger of this violent incident was not related to the presence of the squatters themselves, but rather to the way in which their votes had been obtained for the *bupati* (district leader) election.

When the Nias squatters were ordered to leave, they requested the deputies provide alternative lands where they could cultivate *palawija*, or second crops. This was a reasonable request based on *hak garapan*, but lands were never granted. Instead, local people brutally retaliated. The local people often told me that the evicted Nias squatters were sufficiently compensated, however, they were only promised a total of 1.5 million rupiahs compensation.[22]

Hak Garapan was not included in the *Undang –undang Pokkok Agraria* (Basic Agrarian Law) of 1960, Cultivation right may be acknowledged under limited conditions which are stipulated in Article 24 of Government Ordinary No.24 of 1997 on Land Registration. The Nias squatters are not able to claim *hak ulayat* (communal land/community forest rights) like the Minangkabau people.[23] The fact that the local Minang people tacitly permitted their presence is the basis for the Nias squatters' cultivation rights claim.

Once again it should be emphasized that some local Minang people benefited from their presence, because without the Nias squatters, the expansion of the *Plasma* oil palm (smallholder palm fields) would not have been possible.[24]

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[22] At first, West Pasaman District promised to pay 'compensation,' but Mr. T told me some were paid only 600,000, and others, 800,000 rupiah (US 600-800 dollars).

[23] *Hak Ulayat* remains the system maintaining the matrilineal society of the Minangkabau.

[24] In terms of this *hak garapan*, Desa Baru, which is located at the border between West Sumatra and North Sumatra, faces a serious conflict. The description below is based on my 2015 field work.

Migration policy was first implemented here by the Dutch Colonial Government in 1939. The first migrants were not successful in settling this village. After Indonesian Independence, the transmigration policy was restarted in the 1950's. Desa Baru then became an independent *nagari* under the regional autonomy regulations of 1999. The population of Desa Baru today is 12,000 people, and the major ethnic groups are the Javanese, Mandailing and Batak. The Minangkabau people are a minority in this village.

Even though Desa Baru is an independent *nagari*, it has no *ulayat nagari* (village communal land/community forest) at all. Instead of *ulayat nagari*, the boundaries of this village were formed under the Dutch colonization policy. The people of Desa Baru used to cultivate second crops inside the boundary. Mr. Syapriman, Head of HKM (*Hutan Kemasyarakatan*, People's Forest), Desa Baru, emphasized that people had been paying *verponding*, and that this was evidence of land ownership.

With the development of oil palm production in the 1980's, the government was looking for land for the development of this resource. Some oil palm plantation development had already begun at a nearby village. So the government and the developers tried to grab the Desa Baru forest, and the regional government took the case to court in 2000. The court ruled that the villagers' activities in the forest were illegal.

As this ruling did not prevent the villagers from engaging in economic activities in the forest, a police sweep was enacted. Some people were killed and many others were seriously wounded. Thousands of people were expelled from the forest. Mr. Sapriman told me that they were extremely concerned about their future. If an oil palm development project were to be introduced in the near future, the village people of Desa Baru, might also lose their houses. They have prohibited utilizing their forest as before.

The conflict of Desa Baru is very unusual in West Sumatra. The people of Desa Baru do not have communal land rights like the Minangakbau people. As mentioned above, they based their land rights on villager *verponding* payments. However, there was no *Erpacht* (lease contract). Their legal status has not yet been clearly determined. All the people of Desa Baru are the descendants of migrants. If their forest rights claim is not legitimate, what kind of legal status would make their claim legal? At the very least, their right to the *hak garapan* must be recognized. In short, they should be allocated the same allotment of two hectare as other Javanese migrant workers under the state transmigration policy.

6. Conclusion

Although there are some Nias migrant descendants who belong to 'successful' social classes, the first generation of oil palm plantation company workers are subject to discrimination and are targets of SARA-related problems.[25] They also have the lowest status in the ethnic hegemonic hierarchy of West Sumatra, and the lowest status among the plantation workers.

This article is one of several investigations into the hegemonic order of oil palm plantations. It was shocking to find that the Nias migrants are the most populous ethnic group engaging in physical oil palm plantation labor in West Pasaman, and probably throughout West Sumatra. The reason so many Nias migrants are engaging in physical labor is that their status in West Sumatra is very low and they are thought to be loyal to companies. Their vulnerability makes them easy targets of discrimination and violence. According to Mr. T's explanation and the squatters' comments, the recruitment system of Nias workers, is typical of chain migration. When they return to their home in Nias Island, they bring other Nias people. In addition, there are always agencies looking to procure labor from Nias Island.

Tania Murray Li clearly concluded that in South East Asia, people whose land is grabbed are rarely those who are employed as workers at large scale plantations. Local people are requested to permit the use of their land, but are never expected to work at those plantation companies. Since the colonial era, large scale plantations have imported the labor they needed from remote places such as China, Java and India (Murray Li 2011).

The current research found there were few Minangkabau workers in the palm oil companies in West Pasaman District. The manager of the state-owned company admitted there were few Minangkabau workers, and he referred to the Indonesian history of the political turmoil of 1965, when the local Minang people who were suspected of being communists or having left-wing leanings were killed or removed from their plantation management status. The Javanese people were first taken to West Sumatra as Dutch oil palm plantation workers and their descendants were welcomed as labor for state-owned companies along with Nias migrants. However, this historical fact does not explain why large-scale companies avoided employing the local Minang people as workers. It could be that those companies were looking for workers who would be very loyal to them. As the Nias migrant workers are viewed as 'foreign (and therefore, vulnerable) workers within Indonesia, they are clearly preferable as workers.

Amnesty International has published a thorough report of Wilmar group oil palm plantation labourer status and vulnerability (Amnesty International,2016), and Susan de Groot Heupner analyzed how palm oil plantation workers were exploited in North Sumatra (De Groot Heupner:2016, 477-494), however, neither documents cover ethnic relations among the workers. Research conducted in 2017 found that Nias migrants total 75% of all workers in the three Asian Agro Group subsidiaries in Labuhanbatu, North Sumatra.[26]

It is widely known, as Jean Francois Bissonette and Rodolph Konick have reported, that the oil palm industry in Indonesia is expanding because of the greater increase in smallholders than in large scale plantations (Bissonet and Konick 2015). This trend is also evident in West Sumatra as shown in Table 2. The CPO production of the 'people's plantations', where Nias migrant workers also labor comprises 41~45 % of the total production of West Sumatra.

To summarize, some Nias migrants trespassed into protected forest lands. They said that before

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[25] Dr Antona is a fifth generation Nias migrant.
[26] From interviews with four Nias workers in Medan in September 2017.

they went into the protected forest, they had gotten permission from some influential men in Giri Maju. Gradually, however, as the number of squatters increased, the conflict among the Nias squatters, local people and the local government became visible and erupted into violence at the time of the presidential election, PEMILU 2009.

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Appendix 1
Ethnic Populations in Padang, 1819 (Anatona 2000)

Ethnic Group	Population
Melayu (Minangkabau)	7,000
Nias	1,500
Arab	1,000
Sino-Indonesian	200
Indian (Keling)	200
European	150
Total	10,050

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   Muth (1969) shows that the income elasticity of demand for housing is greater than unity;
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