

Varieties of Capitalism in East Asia: Japan, South Korea, Taiwan, and China

FALL 2019

Section 1

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【Course Outline / Description】

East Asia is of increasing economic and political importance in the global economy. East Asian states have not only achieved economic success by following a similar path of economic development. They have also developed distinct national formations of organized capitalism. This course analyses and compares the nature of the capitalist systems of modern Japan, South Korea (henceforth: Korea), Taiwan, and China. Taking a political economy approach, it will compare the political and institutional settings which govern the economies of the four countries. What are the country-specific institutions which govern their economies? What is the historical trajectory of these four varieties of the Asian Developmental State? Can the four countries' economic systems adjust to cope with challenges of globalization?

The course will have two main sections. The first section will be theoretical-conceptual, mapping out the analytical framework for the analysis of the four countries cases. It will explain Comparative Political Economy and its two central tenets: the political economic institutions governing the market and continued national diversity of these institutions in the age of globalization. Next competing conceptual approaches to assess national differences in economic organization will be reviewed: what political and economic institutions matter? Finally, the section will introduce the analytical framework used in this course for organizing the case studies: a combination of the Developmental State approach and the Varieties of Capitalism (VoC) approach of CPE.

The second part will be case studies of the four main North East Asian Economies: Japan, Korea, Taiwan and China. How has the national governance regime of these success stories of East Asian Developmentalism transformed over time? How are the governments of these countries responding to the need for reform? The course will conclude by outlining the unique combination of continuity and change which characterizes the dynamics of capitalist development in North East Asia.

Section 2

【Course Objectives/Goals/Learning Outcomes】

By the end of this course students will have acquired a good general knowledge of the history and operation of the Asian Developmental State model, its evolution and transformation, and the main national variations of the most important East Asian economies: Japan, South Korea, Taiwan and China. They will be able to analyze and systematically compare how national economic systems are institutionally governed by undertaking comparative case studies. They will be able to critically evaluate the comparative performance of national economics systems in the age of globalization, using political economy approaches and methods.

Section 3

【Class Schedule/Class Environment, Literature and Materials】

	Schedule of Instruction	Work Outside of Classroom Activities
1	Introduction: the Comparative Political Economy of East Asia	Read syllabus carefully and prepare questions regarding the course.
2	LECTURE: What is Comparative Political Economy (CPE)?	READING: 'The Asian Miracle at Risk', Ch.2 in Auslin (2017) 'The End of the Asian Century'
3	CLASS DISCUSSION: What do we know about East Asia's political economy? History, Actors, Structures, Challenges	READING: 'The Asian Miracle at Risk', Ch.2 in Auslin (2017) 'The End of the Asian Century'
4	STUDENT-LED CLASS (Group work): Review of the key facts of the four economies	READING: 'The Historical Origins of the East Asian Political Economy', Ch. 2 in Cai (2008)
5	LECTURE: Economic history of J/K/T/C: different historical trajectories - different outcomes	READING: 'The Historical Origins of the East Asian Political Economy', Ch. 2 in Cai (2008)
6	STUDENT-LED CLASS (Group work): Pre-modern economy of imperial China and Tokugawa Japan	READING: Johnson (1999). 'The Developmental State, Odyssey of a Concept'. Ch. 2 in Woo-Cumings
7	LECTURE: What economic institutions matter? The 'Developmental State Model' (1)	READING: Johnson (1999). 'The Developmental State, Odyssey of a Concept'. Ch. 2 in Woo-Cumings
8	STUDENT-LED CLASS (Group work): The Asian Developmental State and the Flying Geese Paradigm	READING: Johnson (1999). 'The Developmental State, Odyssey of a Concept'. Ch. 2 in Woo-Cumings
9	LECTURE: What economic institutions matter? The Developmental State Model'(2)	READING: Hall, and Soskice (2001) 'An Introduction to Varieties of Capitalism', Ch 1 in: Hall and Soskice
10	STUDENT-LED CLASS (Video and class discussion): Case study of Japanese corporate governance problems: Corporate Scandals in 'Japan Inc.'	WATCH: BBC documentary 'Storyville Global: Samurai and Idiots' READING: Hall, and Soskice (2001) 'An Introduction to Varieties of Capitalism', Ch 1 in: Hall and Soskice
11	LECTURE: What economic institutions matter? The 'Varieties of Capitalism' (VoC) approach	READING: Hall, and Soskice (2001) 'An Introduction to Varieties of Capitalism', Ch 1 in: Hall and Soskice

12	SPECIAL SESSION: Instruction meeting on the long essay (topics, structure, deadline)	READING: Walter, and Zhang (2012), 'Debating East Asian Capitalism', Ch 1 in: Walter and Zhang
13	STUDENT-LED CLASS (Group work): The Developmental State: Corporate Governance in Japan	READING: Walter, and Zhang (2012), 'Debating East Asian Capitalism', Ch 1 in: Walter and Zhang
14	LECTURE: Japan (I): state-market relationship	READING: 'Case Study: The Japanese Political Economy Since 1945', Ch. 4 in Cai (2008)
15	STUDENT-LED CLASS (Group work): Japan (II): Bubble, boom and bust, lost decades and Abenomics	READING: 'Case Study: The Japanese Political Economy Since 1945', Ch. 4 in Cai (2008)
16	LECTURE: Japan (III): institutional domains	READING: 'The South Korean Political Economy Since 1945', Ch.5 in: Cai (2008)
17	LECTURE: Korea (I): state-market relationship	READING: 'The South Korean Political Economy Since 1945', Ch.5 in: Cai (2008),
18	STUDENT-LED CLASS (Group work): Chaebols and Industrial Policy in Korea	READING: 'The Chinese Political Economy Since 1945', Ch. 7 in: Cai (2008) GROUP WORK: Lim (2012) Chaebol and Industrial Policy in Korea (Blackboard)
19	LECTURE: Korea (III): institutional domains	READING: 'The Chinese Political Economy Since 1945', Ch. 7 in: Cai (2008), pp. 164-173
20	STUDENT-LED CLASS (Group work): Korea (IV): Crony Capitalism (Corruption) in Korea's political economy	READING: 'The Chinese Political Economy Since 1945', Ch. 7 in: Cai (2008) GROUP WORK: Kang (2002) Bad Loans and Good Friends_ Money Politics in Korea (Blackboard)
21	LECTURE: China (I): state-market relationship	READING: 'The Taiwanese Political Economy Since 1945', Ch.6 in: Cai (2008)
22	STUDENT-LED CLASS (Group work): China: The limits of China's state-led economic governance	READING: PIIE: 'The State Strikes Back' (blackboard). Look at presentation and ppts on: https://piie.com/events/book-launch-state-strikes-back-end-economic-reform-china
23	LECTURE: China (III): institutional domains	READING: 'The Taiwanese Political Economy Since 1945', Ch. 6 in: Cai (2008)

24	VIDEO: China (IV): 'China's Economy: Powerhouse, Menace, or the Next Japan?'	VIDEO available on YouTube: https://www.youtube.com/watch?v=jNw9zzLkEYw READING: 'The Taiwanese Political Economy Since 1945', Ch. 6 in: Cai (2008)
25	LECTURE: Taiwan (I): The state-market relationship	READING: 'The Political Economy of Regional Integration in East Asia', Ch.8 in Cai (2008)
26	STUDENT-LED CLASS (Group work): China: the 'Belt Road' Initiative (BRI) of regional economic integration	READING: Cai (2017) Understanding China's Belt and Road Initiative (Blackboard)
27	LECTURE: The regional dimension of national economic diversity in North East Asia	READING: 'The Political Economy of Regional Integration in East Asia', Ch.8 in Cai (2008)
28	REVISION: Revision for the final exam (II): review of the course content	REVISE, practice argumentative essay writing.

Course Organization:

The course combines lectures by the course instructor with student-led classes (group work) and class discussion. Each class has a core reading assignment: a key journal article or sections of a textbook chapter. Students have to read the assigned core reading *before* class. Knowledge of the reading assignments will be tested in quizzes. Students will be required to participate in group work and presentations. They are expected to form their own opinions and actively partake in class discussion.

The course has two weekly class sessions of 90 minutes each. As a rule, Session A will start with a 5-10 minutes review of East Asian business/economics affairs of the week by an individual student (Economic Affairs Review). Students should make use of on-line sources (Financial press etc.). The economics affairs review will be followed by a lecture by the course instructor on the weekly topic, followed by class discussion. Session B is a student-led active learning experience to expand on the topic of the lecture (Session A). The class will be split up in student teams. Teams will prepare short presentations on their respective topics. Preparation time (using on-line sources) will be 20 minutes max. Team presentations (by a speaker of each team) should be not more than 5 min per team. The presentations will be followed by class discussion. Finally the session will be wrapped up by the instructor reviewing the learning attainments of the section.

【Textbooks/Reading Materials】

Textbook:

Cai, Kevin G. 2008. *The Political Economy of East Asia: Regional and National Dimensions*. London: Palgrave.

Essential Readings:

The course makes extensive use of the following book:

Walter, Andrew and Xiaoke Zhang, eds. 2012. *East Asian Capitalism: Diversity, Continuity, and Change*. Oxford: Oxford University Press.

Recommended Readings

- Auslin, Michael R. 2017. *The End of the Asian Century: War, Stagnation, and the Risks to the World's Most Dynamic Region*. New Haven & London: Yale University Press.
- Barma, Naazneen H. and Steven K. Vogel, eds. 2007. *The Political Economy Reader: Markets as Institutions*. London: Routledge.
- Chung, Duck-Koo and Barry J. Eichengreen. 2005. *The Korean Economy Beyond the Crisis*. Cheltenham: Edward Elgar Publishing.
- Garrett, Geoffrey. 1998. *Partisan Politics in the Global Economy*. Cambridge: Cambridge University Press.
- Economy, Elizabeth C. 2018. *The Third Revolution: Xi Jinping and the New Chinese State*. New York: Oxford University Press.
- Gilpin, Robert. 2001. *Global Political Economy: Understanding the International Economic Order*. Princeton: Princeton University Press.
- Hall, Peter A. and David Soskice, eds. 2001. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press.
- Hayes, Louis D. 2012. *Political systems of East Asia: China, Korea, and Japan*. Armonk, N.Y.: M.E. Sharpe.
- Heilmann, Sebastian. 2018. *Red Swan: How Unorthodox Policy Making Facilitated China's Rise*. Hong Kong: University Press
- Naughton, Barry J. 2006. *The Chinese Economy: Transitions and Growth*. Cambridge MA: MIT Press.
- Norris, William S. 2016. *Chinese Economic Statecraft: Commercial Actors, Grand Strategy, and State Control*. Ithaca; London: Cornell University Press.
- Pei, Minxin. 2016. *China's Crony Capitalism: The Dynamics of Regime Decay*. Cambridge, MA.: Harvard University Press.
- Shambaugh, David. 2016. *China's Future?* Cambridge: Polity Press.
- Shin, Jang-Sup. 2013. *The Global Financial Crisis and the Korean Economy*. London: Routledge.
- Vogel, Stephen K. 2006. *Japan Remodeled: How Government and Industry are Reforming Japanese Capitalism*. Ithaca: Cornell University Press.
- Witt, Michael. 2006. *Changing Japanese Capitalism: Societal Coordination and Institutional Adjustment*. Cambridge: Cambridge University Press.

Section 4

【Learning Assessments/Grading Rubric】

Grading

Final Exam	30%
Weekly Quizzes (instead of midterm exam)	10%
Writing Assignment (Essay)	25%
Group Work and Presentations	35%

Group work refers to student groups preparing and leading class discussion and the preparation and presentation of individual economic affairs reviews. Students must do at least one current affairs review and participate in one group work presentation.

Weekly quizzes (multiple choice) will have 4 questions each. The max score for a quiz is 100 points. Simply taking the quiz (being present) will get students a base score of 40 points. For each correctly answered question students will gain an additional 15 points. (all 4 questions answered correctly = 60 points).

The final exam will be in the format of argumentative essay writing. Students will have to answer two out of 9 exam questions (related to the weekly topics). The final exam will be preceded by a review session. Finally, a 1500- 2000 word paper individually written by students has to be submitted as hard copy to the instructor in the beginning of class meeting 27. Essay topics must relate to the course topic, but the exact focus can be chosen individually by students in line with their research interests, in coordination with the instructor.