

Introduction

China, Japan, and Korea in East Asia are societies of long history and tradition. In the premodern era, their civilizations thrived with indigenous creation coupled with cultural intermingling and grafting, facilitated by human migrations and interactions due to geographic proximity. They built effective governing institutions centuries before many modern states arose in Europe, Africa, or other parts of Asia. Of the three, China had been dominant in the region for at least a millennium given its size, resources, and cultural influence.

Beginning in the 18th century, as Europe and North America experienced economic expansion and technological innovation, scientific and economic developments in East Asia began to stagnate. The onset of the Industrial Revolution in Great Britain from 1780 to 1850 ushered in an era of commercialization of agriculture and mass production of industrial goods, creating large middle classes in urban centers requiring new methods of organization and management. The economic efficiency and productivity unleashed by these technological breakthroughs gave Great Britain and other industrialized societies in Europe unprecedented economic advantage and military prowess that, in turn, translated into their ability to shape the international environment and foreign affairs. In contrast, East Asian countries were slow to recognize the importance of industrialization and technological innovation for competition in the modern capitalist environment.

The arrival of the European and American powers in Asia in the mid-19th century significantly altered the development trajectories of the three states. The superior Western technology and military forces shattered the international order that was familiar to them. Late in catching up with the Western powers, the three countries struggled to adapt to a Western-organized new world order.

Simple statistics illustrate the enormous challenges they experienced. In 1820, two decades before the Europeans and Americans expanded their influence into East Asia, China and Japan by one estimate accounted for 36 percent of the world's total economic production (Maddison 2001). Chinese gross domestic product (GDP) at that time was nearly 30 percent higher than that of Western Europe and the United States combined. Nevertheless, by 1950, that is, more than a hundred years later, the gross production of these two countries regressed to merely 8 percent of the world total production. The statistical comparison revealed the struggle of a region that once enjoyed grandeur and splendor and was trying to regain its footing.

In the aftermath of World War II, with the devastating loss of human and physical capital sustained during the war, few people would have predicted the region's quick recovery and even rapid rise. To everyone's surprise, East Asia in the following decades experienced three waves of development with

sustained, dynamic economic growth, making it the most vibrant region in the global economy.

Japan was first to emerge from the rubble of wartime destruction. Beginning in the early 1950s, its per capita GDP grew at an average rate of almost 7 percent each year for the next three consecutive decades. The newly industrializing economies (NIEs)—South Korea, Taiwan, Hong Kong, and Singapore—followed suit with their explosive growth since the mid-1960s. From 1965 to 1990, compared with middle-income countries that grew at 2.2 percent on average as estimated by the World Bank, Asian NIEs grew three to four times faster by world standards and at a level previously thought unattainable. A decade later, China joined the group for the latest round of spectacular growth, elevating millions of citizens out of poverty after it undertook the policy of opening and reform in 1978. Decades of dynamic economic success brought recognition by the World Bank, which labeled states in East Asia as “high performing Asian economies” to underscore their accomplishments.

The region’s economic progression can also be seen in the hosting of the Summer Olympics—first the Tokyo Olympics (1964), followed by the Seoul Olympics (1988) and the Beijing Olympics (2008), with Tokyo ready for its second Olympics in 2020. It reflects the pride of the host countries in displaying their success, as well as the recognition by others of their accomplishments.

The growth spurts and the rapid ascent of the region spark debates on whether the 21st century will be the Asian Century. Supporters point to the economic vibrancy of the region and argue that, by 2030, Asia could have three of the largest four economies: China, India, and Japan. Skeptics, however, question the sustainability of its growth, given the aging populations and environmental and resource constraints in the region. Of course, making long-term predictions is a risky business, as projections are often based on assumptions that are bound to change. Arguments aside, the debates nevertheless underscore the deep interest in the future of the region, as well as the implications it has for the rest of the world.

What explains the reversed fortunes of these countries? The purpose of this book is to provide a comprehensive overview of the rise of China, Japan, and Korea in recent decades, including the challenges and struggles they encountered in gaining economic and political prominence. The analysis and discussion focus on three broad themes: political governance, economic prosperity, and national security, which are broad policy goals commonly pursued by leaders and publics in modern states. Whether in the early industrializing states such as European powers, or the late developers in Asia, it is desirable to achieve national wealth and security in a peaceful and stable political environment. Facing steep challenges from advanced industrial powers, East Asian states have been particularly keen on the importance of these policy goals for their survival. Did they take the same approach to these objectives? Comparing the policies and actions they took in each area offers insights on the parallel or divergent patterns of development of these states. The following is an overview of the theoretical basis and practical implications of these goals.

THEMES: POLICY GOALS

Political Governance

The etymological origin of the term *governance* comes from the Greek verb *kybernan*, meaning to pilot or steer a ship. Its Latin equivalent, *gubernare*, also conveys the notion to guide, direct, or rule. Thus, political governance pertains to questions such as these: Who has the power and authority to guide or rule? How should power and authority be distributed? Who should have them, and how do we decide who gets what? In a nutshell, political governance is the totality of structures and processes by which political power and public authority are distributed and exercised. It deals with the fundamental question of how the state, which is the collective of all the institutions and individuals that exercise power, is organized vis-à-vis society.

The conventional wisdom is that government, which acts as the ruling body in modern sovereign states, is empowered to do so. Historically, government serves two important purposes: to preserve law and order and to provide public goods. In the first function, government uses its monopoly of the coercive power such as the military and police to protect the life and property of its citizens. In the second function, it provides public goods and services, such as roads and dams, which benefit all members of a society. The coercive force deployed by government allows it to maintain an orderly society and to collect tax revenues to build infrastructures that otherwise would not be built if solely depending on voluntary actions of individuals. With rule-making and rule-enforcing authority that uses legitimate force, government could demand conformity for all forms of activities within its boundaries, with the support and assistance from the bureaucratic and security apparatus.

The State versus the Society

While government is a key player that exercises command and control over the state, there are other entities in political governance. In the case of failed states, government can be far less influential than other nongovernmental actors such as warlords or oligarchs. In regular, viable states, government may also need to contend with other social actors. For example, in European history, citizens in self-governing towns or cities had certain rights to participate in governance. While they enjoyed economic freedom to pursue their material interests in a capitalist economy, they needed political space to protect their property from arbitrary action by government, hence giving rise to the concept of civil (i.e., citizen) society. They organized civil society organizations (CSOs) as an intermediary between them and the government to express their needs and voice their demands. Situated outside the government and the market, modern-day CSOs, such as trade unions, civic organizations, professional associations, women's groups, environmental groups, and human rights

organizations, are engaged in public discourse and collective action to protect and promote the interests and values of their members.

Civil society performs several important functions. First, it provides a platform to monitor or restrain the state power, holding public officials accountable. A vibrant civil society is a vital instrument in checking potential abuses of power and violations of law. Civic associations may investigate human rights violations, and the media can report cases of corruption or electoral irregularities. Without the checks and balances by civil society, government can be corrupt, serving only the interest of its political allies and clients. Second, it offers an arena for people to express and defend their interests in addition to political parties. Throughout the process of contestation and accommodation, citizens learn to develop political skills such as negotiation, compromise, and consensus-building. The practice helps educate citizens and develop future political leaders. Third, it creates a forum to bring people together, building a web of interests that cuts across class, religion, ethnicity, or other social cleavages to mitigate political conflicts and divisions.

Notwithstanding these advantages, government and political leaders may be apprehensive of the power sharing demanded by other political actors, including the civil society. Contention and cooperation between the state and the society reveal important information about how governance issues are handled.

Effective governance involves setting rules and creating institutions outside the narrow realm of government to include public and societal actors to manage the political process and steer the society toward policy goals and preferred outcomes. Nevertheless, steering is a dynamic process, and the capability to steer is determined by two concepts: autonomy and legitimacy. While the state needs to be autonomous to act with authority above particularized interest for the greater good of the country, its authority has to be recognized and accepted as legitimate by other actors in the political process.

Autonomy and Legitimacy

Autonomy refers to a state's ability to exercise its power independently of other political actors, domestic or international. A state's autonomy originates from its central position as a sovereign authority to claim control over people and land within its boundary. It also derives from its capacity to formulate and implement policies deemed best for the country, irrespective of pressure politics. A strong, autonomous state will be able to mobilize required economic resources to carry out the governing tasks effectively. A state with a low degree of autonomy will act largely on behalf of dominant interests that control specific issues or policies. While in a good position to govern without being interfered with by the organized interests, an autonomous state may run the risk of suppressing dissenting voices and societal input. Effective governance needs to strike a balance between autonomy and dependency.

Another important element in effective governance is legitimacy, by which political leaders and institutions are recognized and accepted as proper and justified. Where there is legitimacy, public laws and obligations are obeyed with

minimal use of coercion or punishment. Without legitimacy, political leaders have to rely on raw, brute force, or the threat of such force, to intimidate or overwhelm the public into submission and compliance. The governing capacity is severely curtailed when the public has little faith in the political process or institution.

German sociologist Max Weber (1864–1920) identified three sources of legitimacy: traditional, charismatic, and rational-legal. Traditional legitimacy appeals to custom, tradition, and historical symbolism to gain authority. How things were done in the past lends credence as to why it should be done today. On the other hand, charismatic legitimacy comes from political leaders who gain power and influence because of their heroic achievements or charming personalities. Finally, rational-legal legitimacy is grounded in rules by which people are governed. It stems from an appeal to a system of laws and procedures that is regarded as valid for all involved. For example, citizens in a constitutional democracy would accept the outcome of the election, even though their preferred candidates may have lost.

Another way to view the source of legitimacy is to distinguish procedure-based (or input-oriented) legitimacy from performance-based (or output-oriented) legitimacy. Procedure-based legitimacy is similar to the rational-legal legitimacy discussed by Weber in that widely accepted democratic procedures for political decisions lay the foundation for people's faith in government. Performance-based legitimacy, however, depends on concrete outcomes delivered by government. Government's effectiveness in serving the common good and providing tangible benefits becomes an important element in earning trust and achieving legitimacy.

Economic Prosperity

The active pursuit of sustained economic growth is a relatively recent phenomenon, dating back only 300 or 400 years. For much of human history until the early 16th century, per capita production and income grew at a slow, steady pace. The Industrial Revolution that began in the mid-18th century in Britain ushered in a new era. Capitalist forms of production made it possible to produce more goods with fewer inputs at lower cost. The application of scientific knowledge and innovative technology to industrial production processes encouraged the pursuit of efficiency that increased profit while reducing cost.

Growth versus Development

The economic dynamism unleashed by the Industrial Revolution naturally led to intellectual interest in how and why economic growth and development took place. Although "economic development" and "economic growth" are often used interchangeably, there is a subtle distinction between the two. Economic growth is usually defined as an increase in national income or production, as measured by GDP or gross national product (GNP), whether at the per capita or aggregate level.

Nevertheless, these measures take into account only goods and services that are traded in the market or, if supplied by the government, have prices

attached to them. They do not consider nonmarket activities engaged in by individuals or organizations that can affect, positively or negatively, a sense of well-being. To address this deficiency, the broader concept of economic development intends to go beyond the narrow focus of income or production and capture different aspects of economic and social change, such as improvement in education and human conditions, as well as elimination of poverty, unemployment, and inequality (Kuznets 1966; Schultz 1961; Seers 1969).

The broad definition of development means that economic decision making must consider not only issues of efficiency and growth but also the question of equality and distribution. In this book, the concept of economic prosperity encompasses the broad definition of economic development, including not only economic production and growth but also economic distribution.

Supply-Side Economics versus Demand-Side Economics

What causes sustained economic growth? Economists have analyzed growth elements from both the supply and demand sides. Supply-side economics emphasizes factors such as capital (K), labor (L), and technology (T). Economic production is considered the function of these growth factors:

$$Y_s = F(K, L, T)$$

Capital (K) represents durable physical inputs such as machines, factories, and buildings, while labor (L) denotes inputs associated with human effort, including the number of individuals in the workforce and the length of time they work. The third input, technology (T), is basically the knowledge (i.e., a blueprint or formula) that uses machines and workers to produce the finished product.

From the supply-side perspective, physical investment in machines, buildings, and infrastructure drives economic growth. If a country wishes to enhance its standard of living, the solution is simple and straightforward: increase the rates of saving and investment so that physical capital is accumulated at a higher rate. An economy that is unable to generate sufficient domestic capital may rely on external funds to supplement domestic saving and investment. Foreign saving in the form of aid, loans, and foreign direct investment could be added to domestic saving to stimulate economic growth. In the case of East Asia, rapid economic growth has been facilitated by relatively high savings rates, supplemented by foreign borrowing (South Korea) or foreign direct investment (China).

As increased physical capital stimulates economic growth, so does investment in education for productive human capital. In high-performing Asian economies, enrollment in primary education in 1960 was a good predictor for a significant part of economic growth from 1960 to 1985. The level of primary education was the most important economic contributor, accounting for 58 percent to 87 percent of the growth rate in different Asian economies (World Bank 1993).

On the other hand, demand-side economists such as Keynes and his followers believe that expanding societal demand for goods and services can promote economic growth. They consider the aggregate demand as the sum of consumer spending (called consumption, C), investment (I), government spending (G), and net exports (exports minus imports: $X-M$). A simple equation, equivalent to the calculation of the GNP, sums up these elements:

$$Y_d = C + I + G + (X-M)$$

Keynesian economists propose that government monetary and fiscal policies can be used to stimulate demand. For example, when an economy loses its momentum, a government can pursue an expansionary monetary policy by lowering the interest rate to reduce the cost of borrowing. Doing so encourages private sector investment in factory construction (I) to create new units of physical capital (K) or replace old capital, which stimulates demand. Alternatively, government may implement an expansionary fiscal policy either by cutting taxes to increase disposable income so consumers have more money to spend (C) or by increasing government spending (G) to stimulate growth. Monetary and fiscal policy tools target different growth components on the demand side. An economy can also engage in international trade and create demand-induced growth by expanding its exports ($X-M$).

Although demand is certainly important, particularly in the short run, economic growth in the long run must be sustained by the growth in its capacity to produce. Balanced growth can be achieved only if demands and supplies grow without disruption.

The Market versus the State

How best can an economy mobilize and distribute resources for economic prosperity? Which one is a more effective mechanism, the market or the state?

Classical and neoclassical economists argue that capital accumulation and technological innovation, which are instrumental to wealth generation and expansion, will naturally take place within the framework of a competitive market environment. They expect government to pursue market-conforming policies to stabilize macroeconomic environments, promote exports, invest in human capital, and create a legal framework for enforcement mechanisms to maintain a competitive market. Neoclassical economists emphasize the importance of economic fundamentals and minimal state interference (Balassa 1982, 1988; Hughes 1980; Little 1982) as they explain the economic growth of the Asian NIEs. In their view, much of the economic growth in the region can be attributed to macroeconomic fundamentals and market-friendly policies. So long as the government can maintain macroeconomic stability, including mild inflation, fiscal discipline, low taxes, and liberalized trade and investment environments, private enterprises will thrive.

At the opposite end are the statisticians who question the self-regulating virtues of the market, particularly for less advanced nations to catch up in a competitive

international environment. Instead, they emphasize the importance of promoting economic development from national and strategic perspectives.

According to Gerschenkron (1962), late developers in Europe rely on state intervention to overcome their difficulties. While short on physical capital, late developers can learn from the lessons of earlier industrializers to know what to emulate and what to avoid. To catch up, they need to take short cuts by directing limited resources to areas that have proven vital to early developers. As a centralized institution with coordination and enforcement power, the state must be the driving force for industrialization.

The statist perspective informs the model of “developmental state” in Johnson’s (1982) pioneering study of the postwar Ministry of International Trade and Industry (MITI) in Japan. According to Johnson, MITI embodied the Japanese developmental state by planning for Japan’s economic growth through direct and indirect forms of administrative guidance. Staffed by the best managerial talent from a small, elite bureaucracy, MITI and the Japanese developmental state were deeply involved in the economy through industrial policies such as strategic targeting and resource allocation, as they coordinated investment and production activities with the private sector. This thesis of the developmental state model has been used to explain the economic success of other Asian NIEs, too (Deyo 1987; Gold 1986; Haggard and Moon 1990; Johnson 1987; Koo 1984; Rodan 1989; Whang 1987).

National Security

While no one doubts the importance of national security, there may not be consensus on what constitutes national security and what needs to be made secure. National security in its traditional sense involves the military aspect of international politics, with special emphasis on state survival. As states compete for power, status, and wealth in the modern international system, it is imperative to safeguard their sovereignty and territorial integrity from foreign incursion. To do so, states rely primarily on their military capabilities to protect themselves and gain influence.

In recent decades, the scope of national security has broadened. In the aftermath of the 1973 oil embargo imposed by oil exporting countries, people began to realize that economic instruments could be as effective as military means in undermining the welfare of a society. Similarly, environmental degradation that damages food and water supplies could be of equal importance as military security. Furthermore, the emergence of nonstate actors such as terrorists, separatists, or ethnonationalists heightens the importance of internal security, as opposed to external security.

Realism versus Liberalism

Whether national security is defined narrowly or broadly, two distinct schools of thought have influenced the security policies and decisions: realism and liberalism.

Realism is built on the assumption that power struggles in international politics are caused by human nature, which is driven by the lust for power and domination. Domestically, human instincts are constrained by the state, whose legitimate use of coercive force helps maintain public order. Internationally, however, there exists no supranational institution above sovereign states; states have to help themselves to survive in this kind of anarchic system. They cannot depend on other states to defend them even if they share common interests or ideology, nor can they rely on international law or international organizations for protection. To deter attack by potential enemies, states have to augment their power to ensure self-preservation.

For the realist, power is fungible, that is, one kind of power can be transformed into another. For example, while technological innovation, economic development, and population growth represent different aspects of national strength, they all help expand a state's military capabilities. To establish and maintain a favorable power balance in the international system, leaders of a state have to engage in power calculation constantly as they seek to improve the state's power standing vis-à-vis others.

The power equation is dynamic and subject to change. According to the power transition theory, significant changes in power structure could undermine international stability. When a rising power (a challenger) approaches parity with an established dominant power (a defender), conflict is likely, particularly if the challenger is dissatisfied with the status quo. Instability comes either from the revisionist challenger, who tries to redefine the international order, or from the defender, who attempts to maintain the existing order. The recent rise of China raises questions on power transition in East Asia, where the United States has held the hegemonic position since the end of WWII. Is China approaching power parity with the United States? Is the rising China dissatisfied with the international status quo? Will China challenge the U.S. military presence in the region?

Ironically, a rational decision by a state to increase its security could result in more insecurity, leading to a phenomenon called "security dilemma." As one state builds up its defense, its action may be perceived by another state as security threat, prompting the second state to react by enhancing its war preparedness. Soon, the action-reaction pattern from both parties can spiral into an arms race for military superiority. Taken together, what is seen by each side as legitimate self-defense effort could thus lead to a dangerous and expensive military competition. The existence of the security dilemma casts doubt on whether realist measures alone can fully address security concerns.

In contrast to realism, liberalism believes that human nature is capable of goodwill and cooperation. For liberal theorists, an anarchic international system may be a necessary condition for conflict and war but not a sufficient one. So long as appropriate processes and institutions are in place, the negative elements of international politics can be contained and possibly eliminated. Two distinct mechanisms are seen by liberals as particularly instrumental for international cooperation: economic interdependence and democratic norms.

The economic strand of liberalism argues that international trade and economic transactions bring societies together through the sharing of material benefits. Economic cooperation makes states interdependent, reducing tensions and promoting better political relations. When engaged extensively in trade and investment, the networks of contacts and exchanges between trade partners create interwoven functional linkages in multiple channels that can spill over to other areas for further cooperation. Additionally, complex interdependence raises the cost of conflict to both sides, hence dissuades the publics from military conquests and ventures.

The political variant of liberalism emphasizes the role of democratic norms and values in fostering peace. According to Immanuel Kant (1724–1804), liberal republics are more pacifist than other forms of government, as people in republics are more cautious about going to war, for they have to bear the human and economic costs of the war. Modern theory of democratic peace (Doyle 1986) argues that, while democracies have fought numerous wars with nondemocracies, democracies rarely if ever go to war with each other. Constrained by representation and respect of the rights of the others, liberal democracies exercise caution and settle their conflicts peacefully.

Realism and liberalism offer competing, but completely different, perspectives on security. Both traditions have continued to shape the thinking and dialogue on security. One perspective may dominate the other at any given time, but neither could totally eliminate the influence of the other.

EXPLANATORY VARIABLES

As discussed earlier, while these three goals are high on every state's agenda, each state may pursue those using different strategies and approaches. The decisions, however, are not made in a vacuum. What explains the choices and decisions made by these East Asian states? What drives policy makers' actions and behaviors? What shapes their governing, economic, and security policies? This book emphasizes the role of four distinct explanatory variables—interests, ideas, institutions, and international factors (or the four I's) in shaping public policies and explaining continuities and changes.

Interests

Broadly defined, interests include the tangible (such as resources and wealth) and the intangible (such as power and authority). Regardless of their types, they are important determinants of policy preferences. From the interest perspective, people are rational actors with clearly defined preferences, objectives, and goals. Weighing the cost and benefit of each option, they try to maximize gains and minimize losses. Although people may show different preferences for different interests, they in general view interests as something valuable and desirable.

Divergent interests between individuals or groups of individuals can cause competition and conflict. Lipset and Rokkan (1967) identified four social cleavages—regional, religious, urban-rural, and economic class (owner-workers)—as the primary bases for political and social divisions in a society. For example, city dwellers and rural residents tend to have opposing interest for food price. People in cities are more likely to work in commerce and industries, whereas rural residents in agricultural production. City people, as consumers of food, generally prefer lower food price, while people in the countryside, as food producers, would benefit from higher food price. Thus, government policy on food price would have opposite effects on economic benefits of these two groups. Similarly, workers and capitalists, and landlords and landless peasants, also have divergent interests. Workers generally prefer a distributive policy that transfers wealth from the rich to the poor, but capitalists favor less state intervention. In the same vein, landless peasants have economic stakes in land reforms that landowners are likely to oppose.

From the interest perspective, it is reasonable to assume that people will take actions to protect their real or perceived interests. But individuals usually do not act alone to guard their interests. In liberal democracies, people organize associations such as interest groups, trade unions, professional organizations, and political parties as vehicles to pursue and defend their welfare. Even in authoritarian states, political elites may form factions to advance their ambitions and protect their interests.

Nevertheless, it is not easy for people to act as a group in pursuit of their common interest, given what is known as the collective-action problem, or the “let-George-do-it” problem. People are less willing to spend their own time or resources on collective movements if they believe that the collective action will occur anyway without their contributions. This is particularly true when free riders can still share the benefits of the collective action, even though they did not contribute to the cause.

Literature suggests that, when benefits and costs are concentrated and directly related to a relatively small number of players, they are more likely to work together and take collective actions to pursue and defend their interests (Olson 1971). In contrast, when benefits are more diffused, collective action is less likely to materialize, for people are concerned about bearing extra burdens, while allowing other free riders to enjoy the benefits. The ability to overcome the collective action problem in part determines the power of interest groups.

While the interest perspective is plausible and straightforward, it leaves some important questions unanswered. For example, how do people define their self-interests? Can interest be understood apart from the idea of who the “self” is or what the individual’s purpose may be? If not, factors outside the interest domain may need to be included to help us understand how people determine their interests and preferences, which leads to the discussion of the concept of ideas.

Ideas

Ideas encompass a variety of expressed thoughts, ranging from simple concepts such as freedom, justice, or equality, to highly structured, well-articulated ideologies such as conservatism, liberalism, or socialism. They are underlying beliefs, values, and worldviews ingrained in people's minds that consciously or unconsciously guide their attitudes and actions. Ideas inform people of who they are, what their purpose is, and how they should relate to the outside world. The ideational perspective assumes that people are meaning-seeking beings who not only try to understand the society in which they live but also seek to build it in accordance with ideals or values. Even the most powerful interest groups recognize that simply pushing for their self-interests would not take them very far. Instead, they need to present their arguments in light of norms and values to gain legitimacy.

Ideas matter; they inspire and guide political actions. When invoked, they appeal to people's emotion and imagination and influence their thoughts and behaviors. Ideas frame people's perspectives and can constrain or expand their understanding of events and outcomes. Innovative ideas promote new thinking and alternative vision, serving as a catalyst for social, political, and economic changes.

When new ideas are transmitted and broadly shared, they may begin to shape political agendas that in turn can have a transformative impact on policy outcomes. The process involves two stages: first, the collapse of the reigning paradigm, and second, the consolidation of a new paradigm. In the first stage, the prevalent idea gradually loses its credibility and legitimacy. The widespread dissatisfaction with the conventional wisdom then paves the way to the emergence of replacement ideas that consolidate to become a new paradigm.

The rise of the macroeconomic Keynesian policies illustrates this point. During the Great Depression of the 1930s, the traditional economic approach was to cut government expenditures when revenues declined during economic downturn, which unfortunately worsened unemployment and prolonged economic slump. To reverse the vicious economic cycle, Keynes proposed the opposite policy of stimulating demand through budget deficits in economic recessions. The idea was initially considered by many as problematic. With its gradual acceptance by the community of economists, several governments began to implement Keynesianism during the Great Depression. Eventually, the success made Keynesianism a standard practice after World War II.

Clashes between competing ideas and interests often lead to political conflicts. The battle between socialism and capitalism was the dominant theme in international politics for much of the 20th century, particularly in the Cold War era as the world was divided along two ideological camps. Similarly, conservatism and liberalism are opposing ideas that continue to influence domestic politics in many states. Additionally, ideas could be in conflict with vested interests, setting up political battles between the two, as seen in the clash between the norm of environmental protection and the interest of powerful

polluters and between the principle of democracy and the political interests of dictators.

Competition between ideas and interests takes place in social and political institutions, within which politicians and political groups act to pursue what is deemed desirable. These institutions provide rules and structures so that political conflicts and disagreements can be contained and managed and cooperation achieved—a subject to which we now turn.

Institutions

Institutions are organizations, structures, and patterns of activity that define and shape what is possible and appropriate in political life. Basic governmental structures such as the executive, legislature, courts, the civil service, and the military are examples of formal political institutions created under law and constitution. Additionally, institutions such as electoral systems and party systems provide linkages between political organizations and government and establish structures and channels for political participation.

Why do institutions matter? Institutions set the stage and provide the forum in which divergent ideas and interests compete with one another before government officials and bureaucrats transform them into public policies. Institutional arrangements, however, are not necessarily neutral. Rules embodied in institutions, in effect, construct incentives and disincentives for political actors, steering them toward what is appropriate. For example, if democratic procedures take root and the public accepts democracy as “the only game in town,” then politicians need to respect the democratic principles; otherwise, they risk losing their political careers. Thus, institutions shape, enable, or constrain political behaviors.

Once established and accepted as legitimate, institutions tend to be resilient and stable. They become self-perpetuating, enduring beyond the turnover of political leaders and their idiosyncratic personalities. With legitimacy, institutions command authority and demand compliance. Furthermore, those who benefit from their existence are likely to guard and preserve the existing institutions, viewing any adjustment or change as a potential threat to their interests. Together, they become a formidable force to prevent change. Any attempt to reform institutions, even for those unproductive or inefficient ones, usually encounters resistance. Institutional stability is the rule; major change is the exception.

Along with the “stickiness” of the institution is the phenomenon of “path dependence” of policies and political outcomes. The fact that certain political behaviors are encouraged and sustained by existing institutions implies that some political “paths” are more likely, which further demonstrates the importance of institutions. Choices made in the past in a particular context will persist to shape the choices in the future. Thus, it is critical to understand not only how institutions may shape policies and events but also how institutions emerge and change: What are the rules of the game in politics? Why are they established? How are they designed and enforced?

A constitution can provide some answers to these questions. It is a formal document that declares how power is divided and distributed in a state, whether it is federal or unitary, presidential or parliamentary. When the locus of power does not conform to the formal arrangement stipulated in the constitution or law, it suggests that some informal institutions such as political conventions and behavioral patterns need to be closely examined. Although informal institutions are unwritten and unofficial, they could be just as powerful as the formal ones in regulating political processes.

Furthermore, a constitution guards the fundamental rights of the people against power abuse by government, as seen in the principle of constitutionalism that respects the practices such as rule of law, limited government, and legally enforceable rights. Drafting and passing a document called a constitution does not necessarily mean that a state in fact rules in accordance with constitutionalism. When a constitution merely provides a cover for a dictatorship whose power rests on an extraconstitutional basis, it does not meet the basic element of constitutionalism.

International Factors

International forces have always been an important factor shaping domestic politics. As stated earlier, the arrival of the European and American powers in the mid-19th century significantly changed the development trajectory of East Asia. Of course, the phenomenon was not unique to Asia. Colonialism and modern imperialism have influenced domestic politics and international relations in other parts of the world, including Africa, Latin America, and the Middle East. In the 20th century, the fierce competition between major powers led to the two World Wars, underscoring the influence of international geo-economic-strategic interests.

In the post-WWII era, connections between countries have expanded in scope, depth, and speed. As the Allies met in Bretton Woods, New Hampshire, in 1944, to rebuild the postwar economic order, they envisioned a system functioning under greater collaboration between governments. The three key international institutions under the Bretton Woods System—the International Monetary Fund (IMF), the World Bank, and the General Agreement on Tariffs and Trade (GATT)—intended to harmonize member states' policies in foreign exchange, currency convertibility, and trade. The norms established by these international organizations, in essence, imposed restrictions on the member states, hence reducing their control over their own economies. Subsequently, the creation of the United Nations, the European Union, and numerous regional and international organizations reflects another aspect of the international order—the necessity to promote international coordination and cooperation.

Innovation and improvement in communication and transportation technologies in the postwar environment further encourage movement of goods, capital, and people across borders. Operating in expanded international trade

and investment networks, multinational corporations (MNCs) and international banks can produce and distribute their goods and services more efficiently on a global basis. The ability of the MNCs to create jobs and expand tax bases in home and host countries gives them an advantage in influencing public policies and regulations.

In light of the trend of globalization, the distinction between international affairs and domestic politics is increasingly blurred. The rapid dissemination of news and information on a global basis makes it difficult to contain any ideas, interests, and institutions within national boundaries. Many aspects of domestic politics are under the influence of international forces. Networks of international organizations, whether governmental or nongovernmental, set standards, shape expectations, and enforce rules on a range of issues, hence challenging state autonomy and capacity.

Together, the analysis of the independent and interactive effects of the four I's—interests, ideas, institutions, and international factors—helps us reflect on policies and actions in China, Japan, and Korea, as they pursue the goals of governance, prosperity, and security. While the prominence of each factor may vary in different countries at different times, the systematic examination of these factors collectively paints a comprehensive picture for the accomplishments and future challenges of these states.

ORGANIZATION AND APPROACH

This book is divided into three sections. Chapters 1 through 4 in Section One deal with China. Chapter 1 provides a brief survey of the historical background to lay the foundation for the understanding of post-WWII China in political governance (Chapter 2), economic prosperity (Chapter 3), and national security (Chapter 4). Parallel structures apply to Section Two (Chapters 5 through 8) for Japan and Section Three (Chapters 9 through 12) for South Korea. Parallelism in structure reflects a deliberate choice. For readers interested in studying one country at a time, they can follow the sequence of the book. For audiences that would like to focus on themes, they can select the relevant chapters from each section and read them as a group. Comparing and contrasting developments from a comparative lens helps to understand the factors contributing to similarities and differences between these countries.

The discussions in the book try to bridge the gap between area studies and social sciences. Literature in Asian studies provides rich information and insights on the histories and cultures of these three countries that highlight the uniqueness of the states. On the other hand, modern social science theories identify commonality in human experiences for comparison, with the goal of finding generalizable trends and patterns of these societies. Both approaches are valid, as they provide insights from different angles. This book tries to integrate the two and include the unique and the shared in its discussions.

Given the depth and complexity of the civilizations of these societies, it would be impossible to focus on the details of all events and personalities. Rather, the book tries to identify some distinct patterns or major trends in these societies for in-depth discussions. In so doing, it does not imply that these are the only narratives about the region across all the periods or the only lines of evolution or progression for their development trajectories. Any attempt to make such a claim is likely to oversimplify the reality. Nevertheless, many of these trends and patterns are an important part of the national memories or cultural imprints of these civilizations and are instrumental for our understanding of the contemporary societies.

Personal names in this book follow the East Asian tradition with surnames (or family names) first. The Chinese phonetic system of spelling (*pinyin*) is used for Chinese names and terms, except for the established and widely accepted spellings of Tibet, Confucius, Kuomintang, Chiang Kai-shek, and Sun Yat-sen. Japanese words and names are Romanized according to the modified Hepburn system. Korean names generally follow the McCune-Reischauer system, with the exception of well-known names such as Seoul, Pyongyang, Syngman Rhee, Park Chung-hee, Kim Il-sung, Kim Jong-il, and Kim Jong-un. Korean given names consisting of two syllables are hyphenated in this book.

DISCUSSION QUESTIONS

1. What does political governance mean? What are the roles and functions of the state in political governance? How do the concepts of autonomy and legitimacy describe the dynamic relationships between the state and civil society in governance?
2. Is the market, or the state, more effective in promoting economic development? Compare the different views of the neoclassicals and the statist, and discuss whether their differences can be reconciled.
3. What are realist and liberal strategies in achieving national security? What explains their differences? How would you evaluate the effectiveness of each approach?
4. Provide a definition for “ideas,” and give some examples. Based on those examples, explain how they may affect people’s beliefs and contemporary politics.
5. Give some examples of political institutions. Based on the examples you provide, discuss the possible functions they may perform in politics, economics, or national security.