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Politics of Policy-Making in Korea and Japan

(Draft Paper)

Abstract

Until recently, the politics of welfare in Korea and Japan tended to be dominated by conservative forces 'from above', combined with a lack of a crucial role of pro-welfare forces 'from below'. This research attempts to investigate the formation and domination of such forces from above with a focus on the interaction between institutional arrangements and strategic manoeuvring by political actors which, I argue, constitutes the politics of policy-making. The notion of the politics of policy-making aims to provide a politically, institutionally and historically sensitive framework than the pluralist analysis of policy-making based on, for instance, the advocacy coalition approach. On this basis, the research endeavours to elucidate the way in which the ideas and interests of conservative forces from above were embedded in the overall welfare system of Korea and Japan.

Political strategies are considerably influenced – but not fully determined – by institutional legacies and configurations. Korea and Japan share some crucial institutional legacies, which are captured by the following distinctive features: the organisational arrangements of the 'developmental state' (e.g. powerful economic bureaucracy); and 'group-coordinated market economies' (e.g. company-based unions). At the same time, attention should also be paid to different institutional configurations, namely a strong presidential system, unicameral legislature and single-member constituencies in Korea; and a parliamentary system of government, bicameral legislature and multi-member constituencies in Japan.

To this end, the main research question is what are the similarities and differences in the politics of policy-making between Korea and Japan. This research will make a meaningful contribution to the current understanding of welfare politics in the two countries facing similar socio-economic pressures (e.g. rapidly ageing populations and labour market duality) under inexorable economic globalisation.

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Introduction

After a number of various studies (e.g. the neoclassical market-centred model and the state-centred developmental state approach) explaining the economic ascendance of East Asian countries, their welfare development began to attract academic interest. In particular, increasing attention has recently been paid to the transformation of East Asian welfare systems after the Asian economic crisis of 1997 as well as the characteristics of East Asian welfare regimes. With reference to Esping-Andersen's typology (1990), the welfare regime of East Asian societies has often been viewed as representing the conservative-corporatist welfare regime, the liberal regime, or a hybrid welfare regime of liberalism and conservatism.¹ For instance, Esping-Andersen (1997) himself claims that there is little to indicate a distinctive 'Pacific' model because Japan's fusion of key elements of conservative welfare states (e.g. occupational segmentation and familialism) with a liberal, American-style dominance of private welfare systems exhibits a 'hybrid' system, not a 'unique' fourth regime.

However, Takegawa (2005) argues that the uncritical adoption of the regime theory to non-European countries contains many theoretical problems:

Japan's system is a system similar to the conservative regime, and since the Korea social security system was built with reference to the Japanese system, the Japanese and Korean systems are also similar. However, this superficial similarity can be explained by diffusion and cannot be inherently explained by the social structure of each country. This is because the infrastructure of social policies, for example, industrial relations, the labor market, corporate governance, political structure, etc. is completely different in each of these countries. What must be done first is to analyze the welfare state in the context of the structure and history of the society in which it is placed (p. 172).

In a similar vein, Goodman and his collaborators (Goodman and Peng, 1996; Goodman, White and Kwon, 1998) emphasise the significance of the indigenous

¹ Differing from the typology of Western welfare states, Jones (1993) adds another category, the 'Confucian welfare state', to describe social development in East Asian societies. However, in relation to cultural explanations based upon Confucianism and the like, it is important to make a distinction between 'the influence of Confucian "tradition" and the utilisation of Confucian "vocabulary" by political elites to develop a certain type of welfare system' (Goodman and Peng, 1996, p. 42). Confucian values do influence the evolution of specific welfare systems, but are mediated through politics (For the analytical problems of cultural explanations, see White and Goodman, 1998, pp. 15-6). On the other hand, Holliday (2000, 2005) and Gough (2004) view East Asia countries as the 'productivist welfare regime', a fourth welfare regime in addition to the three worlds of welfare capitalism. One of the main characteristics of the productivist welfare regime is the subordination of welfare to economic priorities, which will be interpreted as part of 'developmental welfarism' in this research.

analysis of welfare development in East Asia. While East Asian countries have accepted many aspects of Western welfare ideas, they in practice depart from Western experiences. Therefore, these researchers highlight the notion of the East Asian welfare model/regime rather than theoretical presuppositions common to Western analysis. But they also point out that ‘it is misleading to think in terms of one homogeneous, over-arching “East Asian Welfare Model” common to’ East Asian societies (White and Goodman, 1998, p. 14).

Taking these into account, this research endeavours to conduct comparative studies of welfare politics in Korea and Japan. Welfare politics has often been attributed to continual conflicts and struggles between forces ‘from above’ and forces ‘from below’.² The welfare politics of East Asia societies was governed largely by conservative forces from above, with lack of the significant influence of pro-welfare forces from below. Attention will thus be paid to the formation and domination of such forces from above, which strongly affected the initial choice and subsequent development of East Asian welfare systems.

This research argues that welfare politics is best explained in an account which views the politics of policy-making as the interaction between institutional legacies and configurations *and* strategic manoeuvring by political actors. Given that little explanatory work based on a systematic understanding of such interaction has been done in the study of welfare politics in Korea and Japan, this analytical framework is guiding this comparative analysis. While giving due attention to both political strategies and institutional arrangements, I will raise the following questions: What kind of strategies were adopted by political actors, especially forces from above, within the policy-making framework? To what extent did institutional configurations inhibit or facilitate such strategies of political actor? What are the similarities and differences in the politics of policy-making between Korea and Japan?

The paper begins by providing a theoretical framework for the comparative study of welfare politics in Korea and Japan. Before moving to the detailed analysis of welfare politics, it will draw a general picture of the politics of policy-making with a

² For example, the arguments about forces from below, especially orchestrated by the organised working class and various class alignments, are well illustrated in the power resources model or the democratic class struggle perspective (Korpi, 1983; Esping-Anderson, 1990). In contrast, the social control perspective is more – but not exclusively – concerned with forces from above in terms of either an agency-oriented analysis (i.e. social control by the state elites and/or the ruling capitalist class) or a structure-oriented one (i.e. the functional necessities of the capital economy) (Piven and Cloward, 1971; Ginsburg 1979).

focus on the similarities and differences of institutional configurations in these two countries. Then attention will be given to the common characteristics of welfare systems, which can be encapsulated in the notion of ‘developmental welfarism’. The final section of this paper will further analyse welfare politics in Korea and Japan respectively. As the embedded role of conservative forces from above in welfare politics is the main object of analysis here, this research does not deal with contemporary welfare reform in the two countries, including recent changes in Korean welfare politics after the economic crisis of 1997.

Theoretical Framework for Welfare Politics in Korea and Japan

The comparative analysis of welfare politics focuses on the notion of the politics of policy-making, which aims to provide a more politically, institutionally and historically sensitive framework than comprehensive theoretical approaches in general studies of policy-making, such as the advocacy coalition model (Sabatier and Jenkins-Smith, 1993) and the punctuated equilibrium model (Baumgartner and Jones, 1993).³ For example, Sabatier and Jenkins-Smith (1993) offer the notion of an advocacy coalition that ‘consists of actors from a variety of public and private institutions at all levels of government who share a set of basic beliefs (policy goals plus causal and other perceptions) and who seek to manipulate the rules, budgets and personnel of governmental institutions in order to achieve these goals over time’ (p. 5). Accordingly, the advocacy coalition approach provides a useful concept for identifying the coalitions of various actors in the reform process.⁴

³ Baumgartner and Jones (1993) claim that the policy process is involved in long periods of stability, punctuated by rapid periods of instability or major policy change. Their punctuated equilibrium model focuses on the creation and destruction of a ‘policy monopoly’ in which specific subsystems gain the ability to control the interpretation of a problem. This model perceives policy change in terms of shifts in the focus of attention and in policy images. They argue that changes in public opinion influence shifts in the focus of the attention of decision-makers, although their priorities and ideas remain the same. The role of media in periods of instability is particularly crucial in terms of the diffusion and expansion of issues. Although this model does advance a useful synthesis of a pluralist version of agenda-setting, ‘its failure to take account of power and class renders it less plausible an account when applied to issues which involve political and economic inequalities’ (Parsons, 1995, p. 207).

⁴ Kwon’s recent studies (2003, 2005) apply the advocacy coalition approach to his analysis of the welfare politics of Korea after the economic crisis. But, in a strict sense, his use of the advocacy coalition approach seems to be restricted to Sabatier’s terminology, ‘advocacy coalition’. Kwon only uses the notion of advocacy coalitions to denote what he calls ‘economic pragmatists’ and ‘welfare idealists’ without fully considering or applying the

However, this approach seems most compatible with the pluralist (American) political system, but may be less appropriate for the analysis of policy change in political systems with a more interventionist, a more consensual or a greater centralised tradition (Parsons, 1995, pp. 200-1; Hemerijck and van Kersbergen, 1999, p. 179). In addition, the advocacy coalition approach pays little heed to institutional constraints (see John, 1998, pp. 170-3) and institutional differences between different political systems (unitary versus federalist), party systems (two versus multi-party), state-society relations (pluralist versus corporatist), and executive-legislative relations (parliamentary versus presidential) (Hemerijck and van Kersbergen, 1999, p. 177). Therefore, the advocacy coalition approach is less well suited to drawing a clear picture of welfare politics in Korea and Japan in the light of the centralised, high degree of bureaucratic power and administrative autonomy available to East Asian governments on the one hand, and the significance of institutional differences between the two countries on the other.

To this end, the politics of policy-making implies that the analysis of social policy-making must be placed within a historically specific set of political and institutional dimensions (e.g. partisan dominance, government structures and policy legacies). The politics of policy-making also needs to draw considerable attention to the dense interaction of state and societal actors in the context of the institutional capacity of policy-making frameworks and the institutional structuring of state-society relations. In this sense, our focus on the politics of policy-making might serve as an analytical bridge between the society-centred power resources theories and neo-Weberian state-centred approaches – just as the historical institutionalist explanations try to go beyond a simplistic dichotomy between state- and society-centred approaches (Hall, 1986; Thelen and Steinmo, 1992; Orloff, 2003).

More importantly, the politics of policy-making should be understood in terms of complex interactions between institutional configurations and political strategies – mirroring crucial debates of the relationship between agency and structure (see Hay, 1995). In fact, historical institutionalism is an important theoretical niche at the middle range which can help us integrate an understanding of institutional

theoretical framework of Sabatier's advocacy coalition approach in his case study. Unlike the advocacy coalition model that neglects institutions and strategic choices (John, 1998), the upshot of Kwon's argument appears that welfare reform is contingent upon the political institutions and political actors' strategies within them (Kwon, 2003, p. 71, 80).

configurations with an explanation of the role of political agency (e.g. Thelen and Steinmo, 1992; Hall and Taylor, 1996; Immergut, 1998). Nonetheless, as Ross (2000) and Wood (2001) point out, the recent welfare-reform debates associated with the new institutionalist explanations tend to present an overly institutionalised portrait of the welfare state and to underestimate the role of political actors and the possibility for change in politics. In other words, such debates risk overstating path-dependency in the analysis of welfare reform at the expense of political agency, despite the fact that historical institutionalism aims to represent the appropriate relationship between actors and institutions.

On the other hand, both Esping-Andersen (1999) and Korpi (2001) as proponents of the power resource/democratic class struggle perspective refine their theoretical frameworks by incorporating some important insights of the new institutionalist approach into their later analysis. Furthermore, the literature on new institutionalism pays more attention to ongoing contestation and renegotiation by strategic actors which result in institutional change than it has before (e.g. Clemens and Cook, 1999; Cortell and Peterson, 2001; Thelen, 2004; Streeck and Thelen, 2005).

What is important is thus to explain welfare politics considering the important role of both political actors and institutions under a particular socio-economic context. As historical institutionalists clearly argue, institutions as intermediate-level variables establish the rules of the game for political struggles and strategies by shaping identities, policy preferences and coalitional choices, and by affecting the relative bargaining power of different actors. But institutions are also forged through strategic actions of political actors who are institutionally-embedded agents but, at the same time, have power (at least partially) to change institutions.

Such actors' political strategies can be motivated by ideological concerns and/or partisan interests. Here the distinction of interests and ideas is in practice difficult to make clear-cut, and ideas versus interest dichotomy – simply opposing ideas to vested and material interests, or the reverse – is likely to be unhelpful in understanding the policy-making process. Instead of regarding the two as juxtaposed or incompatible, ideas and interests seem to be better understood as situated in institutional contexts. Institutions are 'not a substitute for interests and ideas as the ultimate motors of political action, but they have a powerful effect on which interests and ideas will prevail' (Hall, 1992, p. 109). This does not mean that ideas or interests do not play a substantial role in policy change. Rather I agree that policy change is the result of a

complex interrelationship among ideas, interests and institutions, and of historical sequences specific to each country (Braun and Busch, 1999; Hall, 1992).

I also sympathise with Rothstein's argument for 'a bi-directional causal logic between institutions and interests/norms', instead of 'one-way casual connections understood as the relation between Independent and Dependent variables':

Opinions, interest, values, ideology, preferences, etc., all influence institutions and policies. But policies and institutions also influence opinions, etc. Depending on what normative standpoint you take, this is a question of historically developed paths in which the variables, be they dependent or independent, get into virtuous or vicious circles ending up in different but stable equilibria (1998, p. 135).

In short, this research focuses on the interaction between political strategies and institutional configurations that, I argue, constitutes the politics of policy-making.

Institutional Configurations and Conservative Forces from Above

Similarity: The Developmental State and Group-Coordinated Market Economy

According to a series of case studies (Amsden, 1989; Wade, 1990; Haggard, 1990; Evans, 1995; Woo-Cumings, 1999), the interventionist role played by the developmental state is the root cause of the dramatic economic success of East Asian countries. The developmental state, highly insulated from societal interests, formulated the developmental strategy that set economic growth as the fundamental goal. The developmental state then coordinated socio-economic resources towards long-term national economic enhancement and used control of the financial sector as the main policy tool for state-led export-oriented industrialisation.

On this basis, there was an ideology and practice that subordinated social welfare, 'particularly in the form of progressive redistribution and a universal and generous benefit system, to the over-riding priorities of economic efficiency and growth' (White and Goodman, 1998, p. 17). Similarly, Holliday and Wilding (2003) argue that welfare in East Asia:

is subordinate to economic goals and is utilized as an aid to further economic development so that welfare seen as supportive to the economy develops, whereas welfare held to make no contribution to economic development languishes ... Of course, when the chips are down, Western states have always given the economy

priority over social policy, but that priority has generally been less explicit and more reluctant. It has been a stance in need of justification, rather than a policy given. There has also been much less emphasis on economic growth as the high road to welfare (pp. 13-4).

The developmental strategy was closely linked to two distinctive features of the organisational arrangements of the developmental state: bureaucratic autonomy insulated from various pressures and interests of social groups; and powerful economic bureaucracy as a 'pilot agency' (e.g. the Ministry of International Trade and Industry in Japan or the Economic Planning Board in Korea). The significant role of competent and autonomous state bureaucracy in policy-making is not only emphasised by the developmental state approach, but also postulated by the state-centred framework in comparative studies (see, for example, Evan, Reuschemeyer and Skocpol, 1985).

The 'economy-first' (or 'growth-oriented') developmental strategy and its marginalisation of social policy were initiated and advocated by conservative forces from above, i.e. bipartite coalitions between the developmental state and major business groups, combined with the political subordination of labour. The crucial interventionist role of the developmental state was amplified through 'organisational and institutional links between politically insulated state developmental agencies and major private-sector firms' (Deyo, 1987, p. 19).

Similarly, the 'varieties of capitalism' approach (e.g. Soskice, 1999; Hall and Soskice, 2001; Ebbinghaus and Manow, 2001) describes this kind of state-business alliance as a variant of 'coordinated market economies' (distinguishable from 'liberal market economies') in which there is considerable direct and indirect non-market coordination among companies, with the state playing a framework-setting role. As Hall and Soskice point out (2001), institutional structure shapes – but does not fully determine – corporate strategy, and the differences in corporate strategy can be conditioned by the institutional support available to firms (p. 15). Whereas firms in liberal market economies coordinate their activities heavily via competitive markets, those in coordinated market economies depend primarily on 'industry-based coordination' exemplified by many northern European nations, or on 'group-based coordination' found in Japan and Korea.

In industry-coordinated market economies, 'coordination depends on business associations and trade unions that are organized primarily along sectoral lines, giving

rise to vocational training schemes that cultivate industry-specific skills, a system of wage coordination that negotiates wages by sector, and corporate collaboration that is often industry-specific' (Hall and Soskice, 2001, p. 34). By contrast, group-coordinated market economies are characterised by 'company-based unions, technology diffusion and development within the group of companies, technical standard setting within the group, and vocational training as a company-based and not an industry-based phenomenon' (Soskice, 1999, p. 106). Unlike industry-coordinated ones, group-coordinated market economies tend to be accompanied by enterprise welfare coupled with companies' commitment to lifetime employment and seniority-based wages.

The political underpinnings of group-coordinated market economies have long been conservative parties with a limited role of organised labour, in contrast to industry-coordinated counterparts which have either strong unions and social democratic hegemony or moderately strong unions and Christian democratic dominance but significant social democratic influence.⁵ Product market, innovation and work-organisation strategies in the group-coordinated market economies do not rely upon collaboration with organised labour as much as do they in industry-coordination counterparts. These distinctive features of the group-coordinated market economy deeply influence the strategy and bargaining power of trade unions.

Enterprise unionism in Korea and Japan contributed not only to the fragmented structure of trade unions but also to the decentralised collective bargaining practices. The enterprise unions tend to pay more attention to firm-level issues, such as wages, working conditions and rights at work, than to social and economic issues at the national level (Chung, 2001; Yi, 2002; Cho, 2006). While trade union movements represented regular employees of large companies, workers in small- and medium-sized firms found it hard to form and keep their unions in the absence of strong industry-level organisations. Due to the enterprise unionism and fragmented bargaining structure, both Korean and Japanese trade unions had clear limitations in exercising their power over the making of social policy at the central level.

To sum up, the common characteristics of institutional configurations in Korea

⁵ Industry-coordinated market economies can be further subdivided into so-called 'sector-coordinated market economies' in the European continent, which are closely related to the conservative-corporatist category of welfare state regimes, and 'national coordinated market economies' in Scandinavia, which are interrelated with the social democratic welfare regime (see Kitschelt et al., 1999, p. 429-34; Huber and Stephens, 2001, pp. 111-2).

and Japan include the interventionist state, bureaucratic autonomy, powerful economic bureaucracy, institutional linkages of a bipartite alliance, group-based coordination, and company-based unions.

Differences in Institutional Arrangements between Korea and Japan

As we have seen, Korea and Japan share similarities, but they are also marked by distinctive variations in institutional arrangements, such as the relation between executive and legislature and the rules of electoral politics. The policy-making framework of Korea is rooted in the concentration of power, especially strong presidential influence in Korean politics and society. The pivotal role of the President as a chief policy-maker derives from the office's constitutional authority, as stated in Chapter IV of the Constitution. The President is the leader of the executive branch who performs his/her executive duties through the State Council. The President is authorised to appoint members of the State Council, including the Prime Minister and the heads of administrative ministries. Moreover, the President has the authority to direct advisory organisations and executive agencies in order to formulate and carry out national policies.

In addition to the constitutional power, the President used to be the leader of the ruling party who could exclusively supervise the party's nomination of parliamentary candidates. The President also used the intelligence service, which was not accountable to the parliament for its activities, to control both his own party and the opposition (Kwon, 1999, p. 38). Furthermore, the presidential secretariat in the Office of the President (in Korea, referred to as the 'Blue House') enjoyed unchallenged status in central decision-making. At this point, in the Korean case, the developmental state approach tends to undervalue 'the dominance that the presidency has historically had over bureaucratic actors and how personal preferences have often overruled bureaucratic policy recommendations' (Hahm and Plein, 1997, p. 13).

While the President typically selects a cabinet independent of the legislative assembly, the Prime Minister in a parliamentary system, as described in the Japanese Constitution, is a member of parliament, selected by and responsible to that parliament. A Japanese Prime Minister has extensive power as s/he decides on all the key appointments and dismissals of cabinet ministers, other political designation in the government and senior posts in the ruling party (Neary, 2002). Within the overall high degree of state capacity and autonomy possessed by these two developmental

states, however, Korea's President has enjoyed more power and authority than the Prime Minister in Japan.

In Korea, the President is a key lawmaker who can propose bills to the legislature and issue presidential decrees for the enforcement of laws. But, until 2001, a Japanese Prime Minister had 'no legal power to initiate policy or to insist that his ministers initiate policy – his was essentially a coordinating role' (Neary, 2002, p. 111). Throughout the policy-making process, the Korean President is in a position to get much more effective assistance from a relatively larger number of advisory and administrative agencies, compared with his counterpart in Japan (Jung, 2002, p. 325). There are also differences in power between the President's Office and the Prime Minister's Office. According to a social official of Korea, 'major government policies were discussed and finalised in the Blue House where presidential staff members chaired various policy discussions with senior bureaucrats' (Han, 1999, p. 233). In a sense, the Korean economic bureaucracy never enjoyed the kind of autonomy from 'Blue House politics' that its Japanese equivalent once did (Johnson, 1987, p. 154). By contrast, the Prime Minister's Office in Japan was 'small compared to most ministries and composed mainly of individuals seconded from elsewhere and whose loyalty remained with their ministry of origin' (Neary, 2002, p. 111).

In addition, there are limitations to Prime Ministers' authority which derive from the nature of the ruling conservative party, Liberal Democratic Party (LDP). More than 50 years after its founding in 1955, the LDP monopolised the position as the ruling party. However:

Even under a single majority government led by the LDP, the control of the Prime Minister over the cabinet is limited, as a majority of members belonged to different factions within the ruling party over which the prime minister had little control. The existence of issue-specific sectionalism and strong factionalism combined have eroded the capacity of the Prime Minister in carrying out different policy issues (Kim, 2005, p. 44).

The shifting sands of inter-factional relationships within the party have been 'an unreliable basis for the exercise of prime ministerial power particularly since the enforcement of the rule on two-year terms for the party leader' (Neary, 2002, p. 111). Furthermore, the Prime Minister and cabinet have been weak relative to the legislature within the Japanese parliamentary system. The decision-making apparatus of the LDP had a bottom-up structure, which rendered backbenchers more powerful

than their equivalents in Korea. In other words, the party's policy committees and deliberative bodies exerted a great deal of control over the decision-making of the party without the intervention of the Prime Minister and other cabinet members. This bottom-up nature limited the capacity of party leaders, including the Prime Minister, to override the informal veto power of these committees and bodies within the party.

Legislative power in Korea is vested in the National Assembly, a unicameral legislature. The decades of military authoritarian rule had hindered the development of political parties and the National Assembly. As a corollary of the changed constitutional status and power of the parliament after the democratisation of 1987, the National Assembly regained all of the powers it had lost under the previous authoritarian regimes. However, partisan politics and party structure have rapidly become regionally-based since the 1987 democratisation, because regionalism is an effective way for politicians to mobilise votes in regular elections (Chung, 2001, p. 18). Regionalism originated from the authoritarian regimes' discrimination in resource allocation and hence uneven regional development since the 1961 coup. In the presidential elections of 1987, 1992 and 1997, the decisive factor was the candidates' regional origins.

In the case of the general election, regionalism was reinforced by an electoral system, i.e. a first-past-the-post and small constituency (or single-member district) system. The first-past-the-post is the simplest form of plurality/majority electoral systems whereby the winning candidate is the one who gains more votes than any other candidates, even if this is not an absolute majority of valid votes. According to Kwon (1999), this system favoured the existing parties whose supporters were geographically concentrated (p. 63). Under the Korean electoral system in combination with regionalism, party nomination in a major party's regional bases guaranteed re-election. Regionalism thus became a serious institutional barrier to 'the deepening of democracy, not only by reducing political accountability and policy-based competition between parties within national politics, but also by dividing the various groups and social classes of civil society against their own common interest' (Chung, 2001, p. 18). In consequence, the regionally-based party system that lacked policy- or ideology-based competition functioned to inhibit the formation of viable pro-welfare reform coalitions.

Japan's parliament, or Diet, is composed of two houses, i.e. the House of Representatives, or the lower house, and the House of Councillors, or the upper house.

The Constitution gives the House of Representatives more priorities over the House of Councillors on issues such as deliberation on bills, annual national budgets, treaty approval and the designation of a Prime Minister. In the case of ordinary legislation, when the upper house amend or reject a bill sent by the lower house, it will nevertheless become law if passed the second time by the lower house on a two-thirds majority (Neary, 2002, p. 131). General elections to the lower house are held every four years, while the term of the upper house members is a full six years, a half of the members are to be elected once every three years. The system of bicameralism with two legislative chambers affords each chamber veto power to block efforts by the other to change policy.

The Japanese electoral system prior to the 1996 elections – precisely reform of the electoral system in 1994 – was single non-transferable vote (SNTV) in multi-seat constituencies.⁶ Under the SNTV system, each voter casts a single vote for one candidate in a multi-member district wherein there is more than one seat to be filled. Although not a system of proportional representation, this system can permit the wider representation of parties than is possible in the first-past-the-post system (Neary, 2002, p. 140). In order to maximize their representation in the parliament, political parties should run the optimal number of candidates in each district and find a way of ensuring that each candidate would gain the minimum number of votes necessary to be elected.⁷ As multiple candidates of the same party have to compete among themselves for the votes of the same constituents, the SNTV tends to not only cause internal party fragmentation and conflicts but also make election campaigning more expensive. Moreover, it can serve to facilitate ‘clientalist politics’ where candidates deliver electoral bribes or pork to their supportive constituencies and receive votes in return. As will be detailed below, these distinctive institutional arrangements and legacies have played a special role in framing the welfare politics of Korea and Japan.

⁶ In 1994, the lower house’s multiple-member SNTV system was replaced with single-seat constituencies, while the SNTV is still used for some seats in the upper house, prefectural assemblies and municipal assemblies.

⁷ For instance, in a four-member district, a candidate with just over 20 per cent of the total votes can guarantee being elected. A party with 50 per cent of the votes could thus expect to win two positions in this district. If each candidate receives 25 per cent of the votes, this will happen. However, if one candidate polls 40 per cent and the other 10 per cent, the latter may not gain a seat. If the party puts up more than two candidates, the danger of ‘vote-splitting’ makes it even less likely that the party will secure two seats.

Developmental Welfarism in Korea and Japan

The most striking aspect of welfare development in Korea and Japan is the fact that social policy was the handmaiden of economic policy. This was derived from the developmental state/strategy geared towards export-oriented industrialisation with active state intervention in the economy. The economy-first developmental strategy, espoused by conservative forces from above, engendered essential principles and features underlying the Korean and Japanese welfare systems, which can be captured by the notion of developmental welfare (Deyo, 1992; Goodman, White and Kwon, 1998; Chung, 2001, 2006; Kwon, 2005).

Above all, an overriding concern was to impose minimum financial burden to the state by virtue of the low level of public spending in social welfare. Accordingly, the state in Korea and Japan as a low social spender was less involved in providing social provision than its Western counterparts, but it did play a significant welfare role as a regulator (e.g. Goodman, White and Kwon, 1998; Tang, 2000; Jacobs, 2000; Holliday and Wilding, 2003). As the government continued to give first priority to economic development, the minimum financial commitment of the state to welfare within fiscal conservatism enormously influenced the subsequent development of social policy. In this context, the developmental state in these two countries shifted welfare responsibility onto companies, using its regulatory power to force the private sector to provide certain types of social provision. Family welfare – encouraged by Confucian cultural ideology (e.g. filial piety, individual self-help, and family interdependence) – also negated much of the need for state support (Jones, 1993; Goodman and Peng, 1996). In East Asia, the social-care services that Western welfare states provide for children, the aged and the sick are provided for by the family (Esping-Andersen, 1997, p. 181). The state's role as a regulator combined with its low social spending engendered a prominent welfare role for the private sector.

The developmental state also claimed that social needs would be best met by rising real income in the labour market, led by high and stable economic growth together with low unemployment. Both Japan and Korea 'experienced a period of high economic growth, and most scholars agree that, by and large, economic growth substituted for social welfare during most of the post-war period' (Goodman and Peng, 1996, p. 202). In other words, 'the high economic growth rate, rising income levels,

and low unemployment mitigated the need for state expenditure on social welfare' (Ramesh, 2004, p. 4). The developmental states in East Asia as ardent believers in the trickle-down theory held that increasing national income through economic growth would have trickle down effects throughout the population – even to the poorest people (Tang, 2000; Shin, 2003; Holliday and Wilding, 2003).

In addition to political learning among policy-makers, policy initiatives based upon the developmental strategy and its developmental welfarism provided incentives and information for social learning. Consequently, they constructed the societal beliefs of 'economy-first', 'trickle-down', and 'private welfare'. For instance, the welfare system with little financial commitment from the state was 'significantly embedded in the social learning process of the public so that they did not see citizenship as entailing social rights in the way that T.H. Marshall claimed' (Shin, 2003, p. 197). In East Asian societies, there was 'little sense of a general public responsibility for the needy' and 'little support for state welfare as an instrument of either redistribution or social justice' (Holliday and Wilding, 2003, p. 167).

Given the state's prominent role as a low social spender, major social programmes depended on the social insurance principle under which a person should contribute first before claiming any benefit. For instance, Japan 'has favoured social insurance over other means of financing such as taxation-based or pay-as-you-go schemes' (Izuhara, 2003, p. 8). The social insurance programmes were fragmented along occupational lines because the conservative regimes used them to appease certain sectors of the public, such as civil servants and industrial workers in large companies (e.g. Kwon, 1999; Cho, 2006). In addition to the prevalent role of enterprise welfare, the social insurance programmes were linked to work at their inception. Work is thus 'central to welfare not only in terms of the income it provides, but also in terms of the way status in the labour force affects access to state benefits' through social insurance schemes (Holliday and Wilding, 2003, p. 164). In short, there was the link between work and welfare by the work-based, contributory insurance programmes as well as strong company welfare.

Such social protection as a combination of social insurance and company welfare was 'institutionally complementary' to other spheres of production regimes including industrial relations, vocational training, and corporate governance. In Korea and Japan, the subsystems of production were fostered by the entrenched interests of the state-business alliance sustaining the economic-first development strategy. In particular, the

systems of industrial relations and corporate governance were extremely attentive to capital's interests. During the industrialisation process engineered by group-based coordination within large companies, the locus of power in the union organisation was at the enterprise although industry-wide federations existed. As noted earlier, company-based unions tended to confine their demands and activities to wage increases and basic labour rights. Within labour exclusion strategies, the activity of company-based unions was restricted by the government's tightening control, if necessary, with physical force. Company-based union helped maintain the corporate welfare system, which in turn contributed to the underdevelopment of state welfare.

A lack of state income support and universal welfare provision was compensated by Korean and Japanese companies' commitment to lifetime employment and the automatic seniority system, as well as family and company welfare. While the government suppressed the political mobilisation of labour forces, it forced and encouraged firms to offer lifelong employment patterns, occupational welfare benefits, guaranteed bonus and other supplementary payments. According to Chung (2006), the large-business sector of Korea was willing to provide company welfare and employment stability in order to secure a stable supply of skilled workers in the heavy and chemical industrialisation. For firms like the *Chaebol* (family-owned, diversified conglomerate which have dominated Korean economy), 'retraining and upgrading the skills of their own employees was more efficient and cost-effective than contributing to public vocational training institutions over which firms had no control' (Yi and Lee, 2005, p. 151). In a similar vein, Japanese management over time 'came to appreciate the merit of "lifetime" employment as a means to secure workers' loyalty to the company, and tenure-based wages also turned out to be economically rational so long as workers' skills continued to be upgraded over the course of their career in the firm' (Thelen and Kume, 2006, p. 28). As Ebbinghaus and Manow (2001) point out, occupational benefits also provided positive incentives for workers to invest in company-specific skills (p. 15). In this way, the institutional complementarities (or elective affinities) between specific social protection and particular components of production regimes were embedded in the group-coordinated market economy.

In the course of export-led industrialisation, the developmental state highlighted the improvement of human capital, which would strengthen not merely the productive potential of individuals but also their self-reliance. Given the cultural heritage that assigns great value to education, such investment in human resources was promoted

mainly through education policy. Hence, Korea and Japan spent a high proportion of general government expenditure on education despite an extremely small proportion on social security expenditure (see Jacobs, 2000; Croissant, 2004).

In sum, developmental welfarism can be encapsulated in the following interrelated components: (a) the state's role as a regulator and a low social spender (in combination with the prominent welfare role of the private sector); (b) the link between work and welfare through an enterprise- and employment-centred system; and (c) a strong emphasis on human capital investment and self-reliance.

The Politics of Policy-Making in Korea and Japan

A Strong Presidential System and Bureaucratic Politics in Korea

Social policy in Korea should be understood as its relationship with economic policy. This is not only because the overall policy regime of economic and social policies is of particular significance in the Korean case (Kwon, 1999, 2005; Chung, 2001, 2006; Shin, 2003), but also because increasing attention has been paid to the way in which production regimes and welfare regimes interact in terms of 'institutional complementarities' and 'comparative institutional advantages' (Hall and Soskice, 2001; Ebbinghaus and Manow, 2001; Huber and Stephen, 2001).

The policy regime or linkage of economic and social policies under the developmental strategy was shaped by and shaped the ideas, interests and strategies of political actors. As Shin (2003) puts it more precisely:

state policies are regarded not only as outputs of the political process constrained by institutional settings but also as crucial inputs that reshape socio-economic conditions and institutional arrangements. State policies have not only provided both incentives and resources for social groups and state elites but have also had learning effects on individuals and social groups at the centre of the policy-making process (p. 197).

The economy-first developmental strategy formulated by conservative forces from above was grounded upon the power-concentrated decision-making framework.

In the social policy making of Korea, 'the top decision makers, the presidents in particular, placed economic development at the centre of their strategy and economic policy always came first' (Kwon, 1999, p. 134). The political power and status of the

presidency then magnified the Presidents' ideas on the structure of welfare provision and infused these ideas into welfare institutions 'through formal legislation, financial supports, stimulation through government campaign and regulation through monitoring and supervision' (Yi, 2002, p. 308).

The economy-first developmental strategy established powerful economic bureaucracy whose status in the government structure was placed above other ministries. Economy-related ministries decided upon the overall budget and expenditure items of each ministry. In addition to the control of the budgetary process, senior economic officials were often promoted into leadership positions in other ministries, including the Ministry of Health and Welfare (MOHW), and powerful presidential secretariats in the Office of the President. At this point, economic officials can be seen as a veto player who is an 'individual or collective decision-maker whose agreement is required for the change of the status quo' (Tsebelis, 2000, p. 442). The position of economic officials as veto players within the government reinforced the dominant paradigm of the economy-first developmental idea.

Whereas economy-related ministries were the dominant forces at the level of national state administration, the MOHW was peripheral to decision-making. The marginalisation of social welfare was further fuelled by the marginal status and hence passive administrative culture of the MOHW. As Skocpol and her colleagues (1985) point out, officials of the treasury and finance departments tend to be profoundly conservative in their policy orientations. Consequently, opposition from inside the government, such as economic officials' anti-welfare tendency, was the main obstacle for pro-welfare groups as well as for the MOHW to overcome. To this end, the disproportionate institutional power between economy bureaucracy and others was a key shaping factor of the self-reinforcing process of the developmental strategy.

The developmental strategy of the previous authoritarian regimes centred on the repressive control of labour in order to maintain the containment of labour costs in labour-intensive manufacturing for export. Accordingly, big businesses learnt 'how they could lower production costs by following the government initiatives of developmental strategies' (Shin, 2003, p. 197). The export-oriented developmental strategy also promoted the interests, incentives and resources of management at the expense of labour and sided with the business groups in labour disputes. This ideological bias of pro-business and anti-labour embedded in the developmental strategy can be seen as a variant of state corporatism (Schmitter and Lehbruch,

1979) which is based upon the bipartite coalition of the government and management. The underlying idea of economy-first priority and labour exclusion was supported by a division into South Korea and North Korea which resulted in an exclusive inclination towards a conservative and right-wing political culture.

The policy paradigm of the developmental strategy not only advantaged the vested interests of the bipartite alliance, but also embodied the way of defining problems and providing policy solutions. As Pierson (1994) argues, policies 'bring about the policy-induced emergence of elaborate social and economic networks that greatly increase the cost of adopting once-possible alternatives and inhibit exit from a current policy path' (p. 42). In Korea, the prevailing idea of economic supremacy and labour control, supported by the dominant state-business alliance, functioned to keep social welfare issues off the political agenda. Such a de-prioritising of significant social issues might be regarded as part of 'non-decision-making', a term espoused by Bachrach and Baratz (1963) to denote 'the practice of limiting the scope of actual decision-making to "safe" issues by manipulating the dominant community values, myths, and political institutions and procedures' (p. 642). The policy feedback of the developmental strategy provided resources that strengthened the capacity of conservative forces from above to make non-decisions by preventing the ideas and interests of pro-welfare forces from below from getting on major policy agenda.

In contrast with the strong presidency and bureaucracy, party politics and civil society had remained underdeveloped and weak under the authoritarian military regimes. However, massive and intense pro-democracy movements, organised by the grand pro-democracy coalition of civil society organisations and the opposition party, caused the authoritarian breakdown and democratic transition in 1987. Although political democratisation is closely related to welfare development, the level of democratisation per se – namely the achievement of formal democracy – might not be a sufficient condition for a deviation from earlier policy trajectories, i.e. the expansion of state welfare away from policy legacies of developmental welfarism. For instance, the share of social security expenditure in GDP decreased between 1991 (0.93 per cent) and 1995 (0.76 per cent).

After the democratisation of 1987, the President and the Blue House continued to exert strong power over (social) policy making (Chung, 2001; Yi, 2002). However, Presidents Roh Tae-woo (1988-92) and Kim Young-sam (1993-97) can hardly be regarded as pro-welfare figures. The Roh government, though democratically elected,

was rooted in the previous military authoritarian regime. Though Kim Young-sam as the erstwhile opponent of military authoritarianism became the first civilian President since the 1961 military coup, the power of his government was based on the 'Grand Conservative Coalition' of 1990, i.e. the merger of three conservative parties. In this context, both Presidents Roh and Kim appeared more than willing to agree with conservative (economic) officials and other entrenched coalitions of the right on welfare issues. For instance, the key concern of the Kim Young-sam government was based on market-conforming priorities in an overall strategy designed to strengthen competitiveness in the context of economic globalisation (see Lee, 1999). As a result, the Roh and Kim administrations were not sympathetic to pro-welfare reform which would break away from the overwhelming primacy of economic growth over welfare.

Due to the democratisation process, the government could hardly push through key legislative programmes without controlling the Assembly. However, as discussed before, the regionally-based party structure benefited the major (conservative) parties at the expense of progressive groups. The first-past-the-post and single-member constituency systems in the 'winner-takes-all' climate of Korean politics also made the entrance of a new progressive party into the National Assembly difficult. Even if a new party could win some Assembly seats, it would face another obstacle in the formal political arena. Under the National Assembly Act, each political group with 20 or more Assembly members can form a negotiating group, which acts as a unit in inter-party Assembly negotiations. Furthermore, the party system was not 'an organ for interest articulation in the liberal democratic sense, but for political patronage and the maintenance of oligarchic political elites' (Chung, 2001, p. 17). Apart from the absence of governmental changes among political parties prior to 1997, there were no significant differences between the parties in terms of their political ideologies, policies or organisational structures (Kwon, 1999; Shin, 2003).

It should also be noted that, despite the development of civil society after the 1987 democratisation, there was rarely direct, significant influence driven by pro-welfare forces from below in social policy-making during the Roh and Kim administrations. Since 1987, civil society has been rapidly activated with the proliferation of diverse pressure groups or non-governmental organisations (NGOs) – in Korean, more often referred to as 'civil (society) organisations'. But civil organisations, which did not form a pro-welfare alliance within civil society or with conventionally influential forces from above, had limitations in exercising formidable

influence over the politics of policy-making under the Roh and Kim administrations.

Labour movements, which had been harshly repressed throughout the authoritarian period, successfully organised many trade unions after 1987. But they failed to use their newly won power to effectively influence social policy-making (Yi, 2002). This is closely related to a lack of political support from a pro-labour party, combined with the system of company-based unions favouring company welfare. On the other hand, dominant business groups like the *Chaebol* started to increasingly challenge the government regulations, but nonetheless, a cooperative and symbiotic partnership between the government and these business groups did not falter (Shin, 2003). Although employers who had previously been subservient to the government's policy to mobilise welfare efforts in the private sector did not actively participate in government policy demands, they were not strong enough to compel the government to drastically change its policy direction (Yi, 2002).

In short, welfare politics between the 1987 democratisation and the 1997 economic crisis was characterised by the administrations' continuing propensity for an economy-first priority within the system of strong executive authority, the bipartite alliance of the government and management, the regionally-based party system with a lack of policy-based competition, and the limited role of civil society in the making of social policy. For all these reasons, most policy legacies of developmental welfarism, entrenched in the Korean welfare system, remained largely intact.

A One-Party Dominant Regime and Clientalistic Politics in Japan

In Japan as a precocious industrialiser of Asia, the developmental state played a significant role in shaping and implementing economic and industrial policies while also subordinating social welfare to economic priority. Welfare responsibility was thus placed on families and companies rather than the state:

By encouraging a widely admired system of corporate welfare (and weak unions), it was possible to deflect onto private market actors social costs that were elsewhere met by the public exchequer. This proved easier to achieve in a context of highly fragmented and occupationally segregated social insurance where there was little or no commitment to use the state as an agent of vertical redistribution. Building upon an already existing network of communal and especially family social support, Japanese governments were able to keep to a minimum the state's responsibility for personal social service (Pierson, C., 2004, p. 11).

According Goodman and Peng (1996), the basic orientation of the government

towards welfare has not changed significantly since the Meiji period, in the sense that priority has always been on economic growth and industrial development (p. 201). In a similar vein, Tamai (2003) argues that the core (or pre-war ideal) of the Japanese model that had centred on family and company welfare remained in the post-war development of the country's welfare schemes.

The economy-first priority and developmental welfarism of Japan were shaped under one-party dominance with prolonged conservative rule. The conservative LDP has enjoyed a majority in Japan's bicameral legislature for most of the post-war period and hence controlled executive cabinet positions. In this sense, Japan is often described as a one-party dominant regime (see, for instance, Pempel, 1990). In 1955, there seemed to be a two-party system, i.e. the LDP and the main opposition, Japan Socialist Party (JSP) in the process of formation. But Japan then 'acquired a "one plus several" party system in which the opposition parties seemed doomed to eternal opposition' (Neary, 2002, p. 87).

Given the LDP retained its status as the largest party in the Diet, the ruling conservative elites generally only accepted the institutional concept of social welfare when confronting political crisis (Goodman and Peng, 1996). Anderson (1993) also insists that Japanese conservatives responded to the periodic electoral threats with changes in party platform that touched on welfare (p. 157). For instance, the then Prime Minister Tanaka from the LDP declared the year 1973 as the 'First Year of Welfare' (*Fukushi Gannen*). This owed much to the ruling LDP's electoral concerns and strong pressures from the non-LDP local governments. Until the mid-1960s, the conservative LDP had no strong interest in diverting resources away from its major constituent groups (e.g. farmers and small businesses) in order to fund welfare benefits for the general public (Estevez-Abe, 2002, p. 163). In the 1967 elections, however, the LDP's electoral support declined although it managed to sustain an overall majority in the Diet. The LDP also needed social policy to woo the growing number of wage earners while keeping its core constituencies.

Moreover, the LDP lost governorship in most of the major prefectures and cities in the early 1970s. As Takahashi (1997) points out, the improvement of social policy was essential for the non-LDP governors and mayors in ensuring the support of voters (p. 220). The Tokyo Prefecture under the JSP governor took strong initiatives to develop welfare systems, which then spread nationwide. In this situation, the LDP responded by pre-emptively adopting the JSP's popular social policy platforms at the

national level (Estevez-Abe, 2002, p. 164). The First Year of Welfare sought to introduce more generous welfare systems (i.e. increasing pensions and introducing medical care aid for the elderly) but soon altered its direction due to the oil crisis and subsequent economic recession.

The slogan of 1973 was gradually replaced by the 'Japanese-style of welfare society', which re-emphasised individual responsibilities, mutual aid and company welfare (see Izuhara, 2003, p. 9; Takahashi, 2004, pp. 287-8). The Japanese model of welfare society espoused by the LDP was based on the significant role of the private sector in welfare provision instead of expanding state welfare. The LDP also accused the Western-style welfare state of causing welfare diseases. The welfare society model was largely reached by consensus between leaders of the ruling LDP, high ranking bureaucrats, and business circles as the three essential power-elite groups of Japan.

With the acceptance of the conservative party, it was the state bureaucracy that promoted the formation of Japan's welfare state (see Takegawa, 2005, pp. 177-8). As the developmental state approach argues, highly centralised bureaucracies, especially economic ministries, were key actors in the post-war economic miracle of Japan. Given the fragmented bureaucratic authority over social policy, the Ministry of Finance as an overall overseer of the budgeting process played a coordinating role over issues cross-cutting ministerial boundaries (Estevez-Abe, 2002, pp. 173-4). Although the Ministry of Health and Welfare tried to develop policy proposals to modernise the Japanese welfare system, it was not prepared to undertake an explicit political battle with the Ministry of Finance as a strong opponent of budget increase. Rather, the Ministry of Health and Welfare carried on the battle through the medium of special policy committees (Kwon, 1998, p. 64).

Overall, however, Japanese bureaucrats as well as LDP politicians favoured fragmented social insurance and corporate welfare, instead of advancing policy agenda for universalism and state responsibility in providing welfare. As Immergut and Kume (2006) argue, they 'sought to limit the institutional means for generating public funds, so as to create fiscal pressures against expanding public programs, especially redistributive ones' (p. 5). At the same time, such conservative elites also tried to attract certain organised interests to their ruling coalition by offering specific welfare programmes (Anderson, 1993, p. 12). In fact, the prolonged one-party dominance of the LDP enabled itself to enlist the supporters of different policy areas. This was accompanied with the development of policy tribes (*Zoku*) within the LDP.

As noted before, intra-party politics under the multi-member SNTV system (e.g. strong factionalism in combination with a bottom-up structure) holds the key to understanding the politics of policy-making in Japan. The LDP politicians with assistance of *Zoku* specialists dealt with the problem of internal factional rivalry and vote-splitting (or vote-equalizing) by providing selected groups of voters with pork and other welfare benefits. In this situation:

politicians rely more on their personal political machines than on the party to ensure reelection ... multimember districts encourage candidates to seek support from small well-organized groups rather than to appeal to voters in general, since it takes only a relatively small percentage of votes to be elected (Estevez-Abe, 2002, p. 169)

Consequently, one-party dominance and intra-party dynamics resulted in clientalistic politics based upon principal-agent or patron-client relationships.

This is well represented by a historically close relationship between the LDP's internal policy committee, bureaucrats, and farmers as clientele groups. In exchange for government subsidies, the conservative LDP received overwhelming support from rural voters whereas the JSP was 'either unwilling to engage in pork-barrel politics for ideological reason or, lacking access to the centers of power, unable to secure government funds for rural constituents' (Sheingate, 2001, p. 155). As long as the LDP politicians had a reasonable core vote, they could win seats without needing to appeal to 'outsiders' or citizens as a whole. Therefore, the one-party dominant regime gained political support through social policy 'designed for organized interests and individual workers rather than rights of all citizens' (Anderson, 1993, p. 156)

Under the SNTV system, voters paid less attention to policy- or ideology-based competition and voted for candidates rather than political parties. In accordance with the change in the electorate which became fragmented and issue-oriented rather than ideologically driven in its voting, a large part of non-LDP supporters voted for the smaller centralist parties instead of the main opposition JSP (Kwon, 1998, pp 63-4). To this end, the multi-district SNTV system helped the conservative LDP occupy the driving seat in Japanese politics for most of the time since 1945 – although it enabled minor parties and independent candidates to have a higher chance of winning a seat.

Given the institutional basis for conservative one-party dominance, Japanese trade unions were not closely involved in formulating and implementing public policy at the central government level. According to Lee and Ku (2007), Japan is found to be

in the corporatist countries with thick developmental features. But, Japanese corporatism is differentiated with social corporatism in Western countries based upon strong leftist parties and industrial unions. Unlike the corporatist welfare regime, Japanese social insurance and mutual aid have been constructed by the state rather than by the social partners. The system of national policy-making without the formal inclusion of labour representatives can be depicted as ‘corporatism without labour’ (Pempel and Tsunekawa, 1979). This was attributable to prolonged conservative one-party dominance, declining influences of the JSP, divisions of labour movements and company-based unionism.

Within the context of conservative dominance over government and bureaucracy, the Japanese government led by the LDP took a hard line against trade unions. In fact, Japan’s social democratic forces initially did not place an emphasis on enhancing social policy within their policy framework since, within the Cold War structure, security issues (i.e. the peace-oriented Constitution, the alliance with the US, and the Self-Defence Forces) were the focus of confrontations between the ruling and opposition parties (Takegawa, 2005, p. 177). As Takahashi (1997) points out, the JSP had repeatedly used pacifism in the Japanese Constitution to appeal to voters in elections until it gradually started to diversify its agenda and strategy around the early 1980s (p. 81). Another obstacle was the JSP’s strong commitment to orthodox Marxist or socialist visions, which view the welfare state merely as the system of protecting the survival of capitalism and limiting the evolutionary transition to socialism by class struggles. Even after the JSP began to pay more attention to welfare issues, it failed to win national elections in which it offered support for universal welfare spending, and its lack of success opened the way to one-party dominance by the conservatives (Anderson, 1993, p. 2). Such a failure can be explained partly by the transformation of the LDP to a ‘catch-all party’ by developing ‘its own system of coordinating political and economic interests within a wide and multifaceted scope of interest groups in order to reinforce and stabilise voters’ support in elections’ (Takahashi, 1997, p. 99). In electoral campaigns, the LDP thus embraced the establishment of welfare systems as one of its main political goals whereas the JSP could not get enough support from non-LDP voters for its idea of welfare state.

Under company-based unionism in Japan, the trade unions of big firms were more or less indifferent to the expansion of public welfare systems. Rather, they have generally concerned themselves with defending the interests of business and their own

elite workers (Goodman and Peng, 1996, p. 198). Japanese labour movements had:

more success in building support for mutual-aid, firm-specific insurance programs than in developing support for national social policies. As in Brazil and Mexico, Japanese labor movements favored workplace goals and often emphasized firm-specific benefits over universal social policies; nationwide social programs did not arise primarily from labor organizations (Anderson, 1993, p. 150).

The core basis of the JSP was the General Council of Trade Unions (*Sohyo*), founded in 1950. The *Sohyo* was the predominantly public sector union confederation and seen as representing militant and radical labour movements. However, within the gradual disintegration of social democratic movements and the conservative dominance in electoral politics during the post-war period, both the JSP and the *Sohyo* as two pillars of leftist movements have waned in influence. On the basis of group-based coordination, but unlike Korea, antagonistic industrial relations were replaced by more consensual ones, especially at the workplace level. In a sense, sustaining cooperative industrial relations itself became an ultimate goal – which can be referred to as the ‘displacement of goals’ (Kwon, S. M., 2004, p. 304). The *Sohyo* lost its hegemony within labour movements and finally merged with the new moderate unions, National Federation of Private Sector Unions (*Rengo*) in 1990. The JSP, once the largest opposition party, also lost a large number of its seats in the 1996 elections, and since then has shown further sign of decline.

Conclusion

Under the active and strategic role of the developmental state in co-ordinating industrial policy and economic growth, welfare systems in both Korea and Japan were shaped to fit the strategic priority of economic growth over social welfare. The developmental strategy and developmental welfarism of these two countries were grounded on the institutional arrangement that entailed the presence of conservative forces from above, i.e. the power triangle of political leaders, senior bureaucrats and business circles.

The political strategies of conservative forces from above were considerably influenced – but not fully determined – by institutional legacies and configurations. Korea and Japan share some crucial institutional legacies, which are captured by the

following distinctive features: the organisational arrangements of the developmental state (e.g. bureaucratic autonomy insulated from social interests and powerful economic bureaucracy); and group-coordinated market economies (e.g. state-business alliances, company-based unions and vocational training as a company-based phenomenon). At the same time, we should also consider different institutional configurations, that is, a strong presidential system, single-seat districts and first-past-the-post voting in Korea; and a parliamentary system of government, multi-seat districts and single non-transferable voting (before the 1996 elections) in Japan.

Given the strong presidential system of Korea, the role of the President has always been a crucial determinant in the politics of policy-making. But the previous incumbents of the presidency prior to the 1997 economic crisis initiated and supported the economy-first developmental priority. Economic bureaucrats' vested interests and departmental views were a crucial barrier to pro-welfare reform. The influence of economic bureaucrats was enhanced by their institutional positions as veto players within the government. But bureaucratic rivalries often played second fiddle to the top political executive such as the President and its secretariat organisation. The regionally-based party competition in combination with the first-past-the-post voting and single-member district system benefited the major conservative parties while preventing a new progressive party from entering the parliament.

In Japan, the conservative LDP retained its status as the largest party in the Diet and maintained its control of the executive during the post-war period. Compared with the strong influence of the President in Korean politics, the Japanese Prime Minister exerted a less substantial role in the policy-making process. Despite the dominant position of the LDP, the Prime Minister often suffered from exercising relatively little power and weak leadership mainly due to the prevalence of strong factionalism within intra-party politics. The clientalistic politics, fostered by the multi-district SNTV system, was less concerned with universal welfare policies that could be beneficial to all voters including non-LDP supporters. Instead, the one-party dominant regime sustained political support through fragmented social insurance and company welfare that targeted selected groups of voters.

To this end, the primary orientation of the welfare systems in Korea and Japan can be understood in terms of developmental welfarism under the developmental strategy, largely driven by the political purposes of conservative forces from above. On the other hand, pro-welfare forces from below such as labour movements under

company-based unionism could not play a significant role in the making of social policy. But it is noteworthy that while forces from above holding an effective decision point for social policy-making still play an important role, there is also the mounting influence of forces from below given the process of democratisation. The strategic manoeuvring of pro-welfare forces from below can be more influential if they gain cooperation from forces from above with strong institutional resources. The further study on the politics of policy-making behind contemporary welfare reform needs to highlight the institutional legacies of the developmental state and group-coordinated market economies in line with the concern of state-centred (later institutionalist) approaches, but without precluding the analysis of the increasing role of societal forces from below in East Asian welfare politics.

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