

# Japan and China in the World Political Economy

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## Implications of Globalization

The extent to which  
national sovereignty is  
being eroded

Whether national  
economies are converging  
around particular models  
of organization

How national governments,  
corporations and other  
actors are reacting to the  
perceived threats and  
opportunities brought by  
globalization



## Why liberalization?

T.J.Pempel, "Revisiting the Japanese Economic Model," in *Japan and China in the World Political Economy*.

Resurgence of the US economy

Growing power of venture capital

Information technology

Political decline of the left in Europe

Rapid economic development of China



## Late Liberalizers

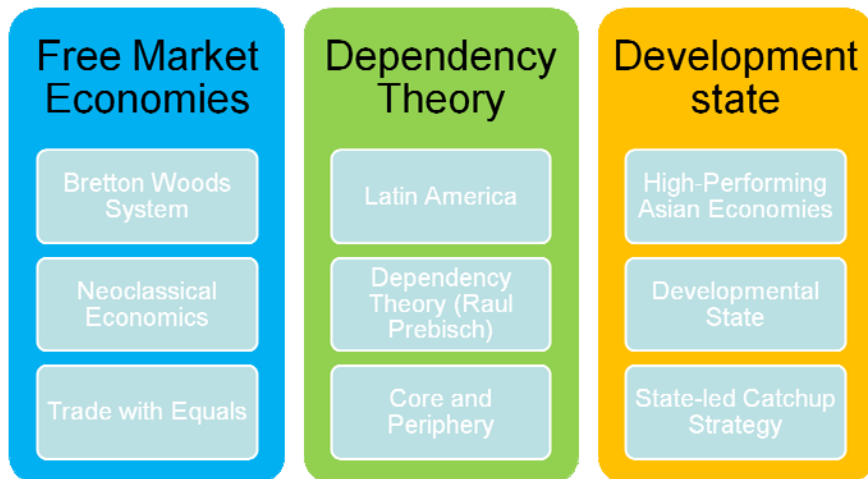
Ezra Vogel, "Patterns of late development and the origins of late liberalization," in Pekkanen and Tsai eds., *Japan and China in the World Political Economy*, 2005

Two models of developmental state

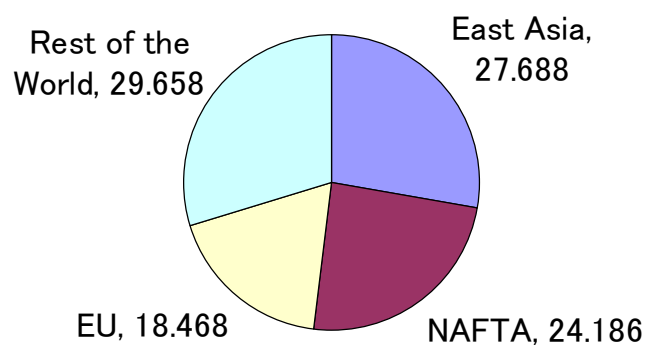
	Japan	China
Business and government	Business-government cooperation	Government ownership and operation
Planning	Indicative planning	Socialist planning
Political system	Democracy	Democratic centralism
Origins of liberalization	Outside pressure	Domestic disasters



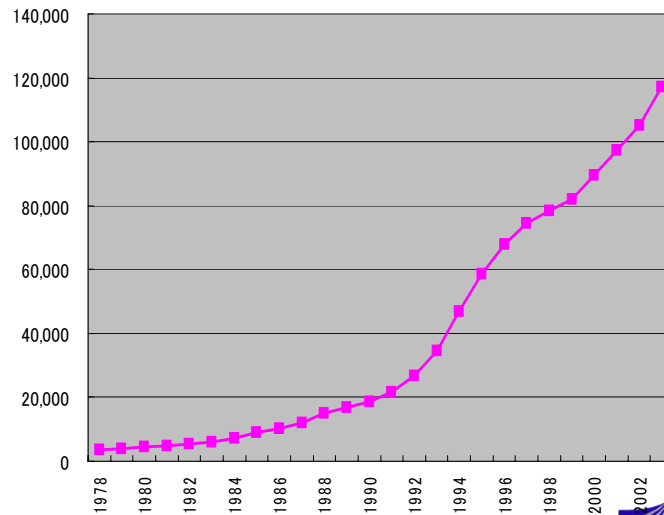
## Dependency Theory and Developmental State



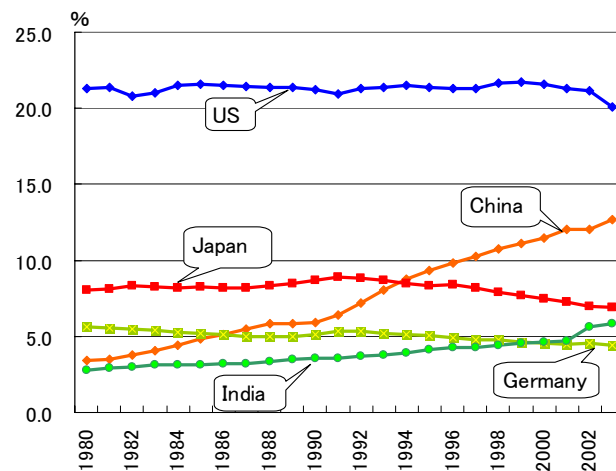
## World GDP Share by Regions



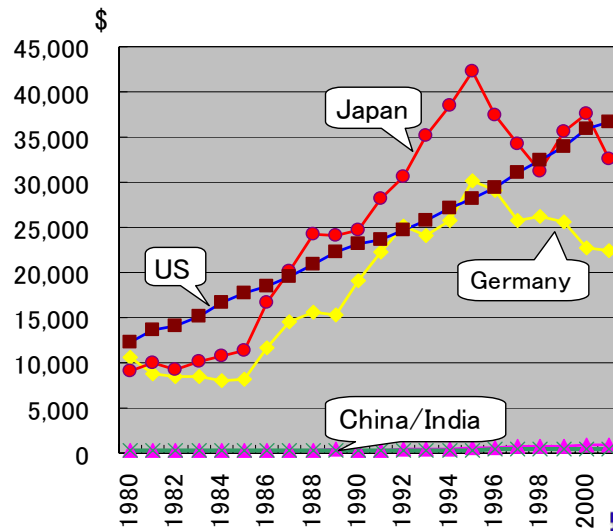
## China's GDP (100 million yuan)



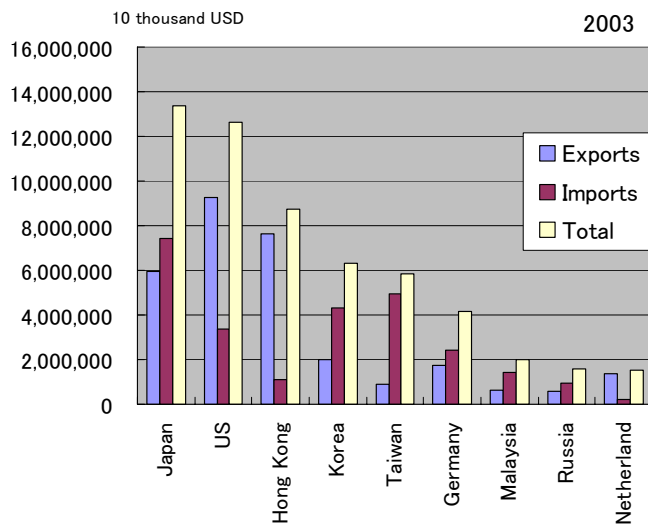
## World's GDP Share (PPP)



## Per Capita GDP



## China's Trade Partners



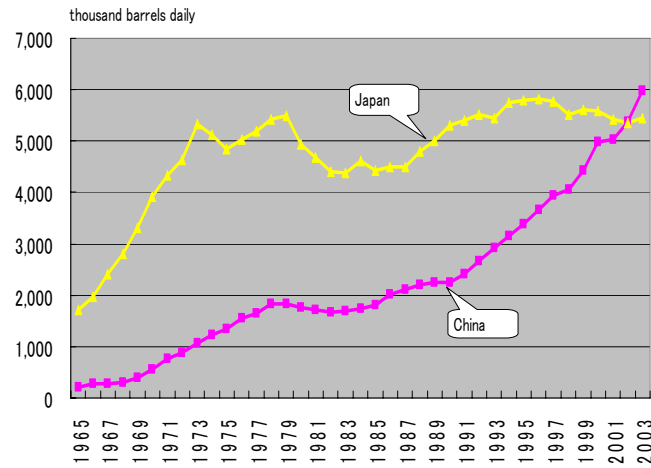
## Japan's Export Partners

	1990	1995	2000	2005
1	U.S.	U.S.	U.S.	U.S.
2	Germany	Korea	Taiwan	China
3	Korea	Taiwan	Korea	Korea
4	Taiwan	Hong Kong	China	Taiwan
5	Hong Kong	Singapore	Hong Kong	Hong Kong

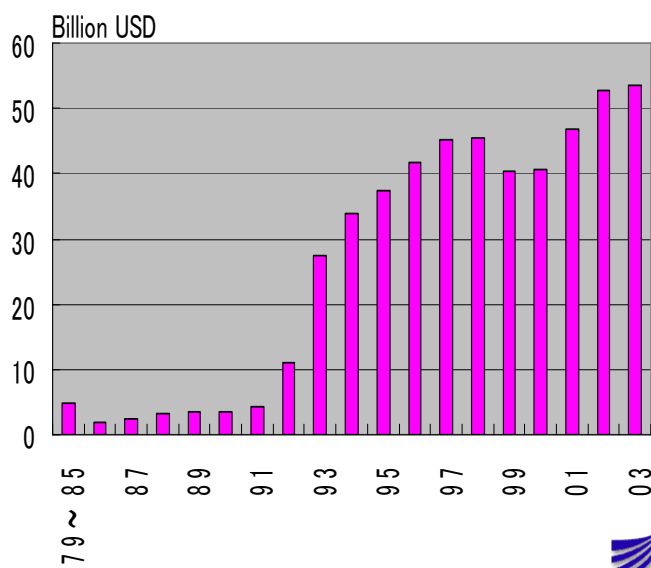
## Japan's Import Partners

	1990	1995	2000	2005
1	U.S.	U.S.	U.S.	China
2	Indonesia	China	China	U.S.
3	Australia	Korea	Korea	Saudi Arabia
4	China	Australia	Taiwan	United Arab Emirates
5	Korea	Taiwan	Indonesia	Australia

## Energy Demand : Japan and China



## FDI to China



## High Growth of China and Japan

	Japan	China
Trade	Bretton Woods	WTO
Political	LDP	CCP
Capital	Domestic Saving	FDI
Labor	Urbanization	Coastal Urbanization
Technology	Selective Transfer	FDI
Energy	Stable, Low Price	Unstable, High Price
Middle Class	Mass Consumption	Burgeoning Middle Class

## A New International Context for Development

Barbara Stallings, *Global Pressure, Regional Responses*, 1995

The end of the cold war

New relations among advanced capitalist powers

Increased globalization of trade and production

Shifting patterns of international finance

New ideological currents



## Future of China and Japan

- Horizontal Division of Labor
- Capital Mobility in Both Directions
- Factor Price Equalization?
- Rise of Middle Class Economy (Consumption, Market, Technology, Culture)
- Dissolution of Dual Economy
- Conflict over Energy
- Developmental Dictatorship to Democracy?
- Gradual Political Reform
- Environmental Concern

## The Future of Japan and China

Japan

- The End of the Cold War
- Increased Uncertainty
- Flexibility and Institutional Changes

China

- The End of the Cold War
- Energy and Environmental Constraints
- Peaceful Rise