

**Can the Variety of Capitalism Approach explain
the Social Policy Transition in East-Asia?: Taiwan
and South-Korea Compared**

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Abstract

In the recent discussion about the impact of economic globalization upon the welfare regime among comparative political economy scientists, the 'Varieties of Capitalism' (VOC) approach has caught much attention and provoked many debates. This approach offers a comprehensive framework for comparing the political economies between advanced countries. Contrary to the viewpoints of convergence thesis, it is suggested that the form of capitalism can be distinguished between CMEs and LMEs production regimes. It is argued that different kind of production regime would result in different coordination strategies for the industrial relations, vocation training, financing and social policy. Different from the state-centered approach, Hall and Soskice(2001) focus on meso-level and emphasize the institutional analysis of organizations and actors, namely the employer organization. Following the discussion of Swenson, the role of capital in shaping the formation of social policy has been highlighted.

In a further way, this approach argues that the state still enjoys some policy autonomy to initiate necessary reforms to confront the challenges of economic globalization and international competition. This autonomy explains why there results in different policy output and outcome in different countries given they are located in the similar position of the world market. 'Varieties of Capitalism' approach argues that this policy autonomy is structured and has been made possible through the different institutional embeddeness (financial institution, industrial relation and social protection systems). This approach analyzed this institutional arrangements from the perspective of production regimes. Certain production regimes enable some actors to be facilitated with better policy learning capacity and incentive to cooperate and initiate some reform programs together, whereas some induce the actors to take confrontation strategies and block the necessary restructuring reform to copy with the economic globalization. This research program aims to compare labor and social policy reform of the three economies in East-Asia after the 1997 Asian financial crisis: Taiwan and South-Korea. This comparative study makes it possible to test to what extend the thesis of 'Varieties of Capitalism' approach could be applied to East-Asia cases. Finally, this approach allows us to depict the blueprint of East-Asian welfare capitalism and to explore the possible linkages between social protection system and other economic institutions.

Key words: globalization, Varieties of Capitalism, production regime, state-enterprise networks, South-Korea, Taiwan