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Edited by

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nothing had happened. In North Korea, China, and Taiwan the constitutions were Leninist; if each may well greet the twenty-first century without Lenin, the central bureaucrats have perdured and no doubt will perdure.

Still, the central experience of Northeast Asia in this century has not been a realm of independence where autonomy and equality reigned, but with enmeshment in another web: the hegemonic web. This web had a spider: first England/America, then America/England, then war and defeat, then unilateral America, then and down to the present, hegemonic America. Japan, South Korea, and Taiwan industrialized mostly within this web. North Korea and China defined themselves as outside the web, thereby endowing the web with overriding significance—and so they structured their states to resist enmeshment. Japan, South Korea, and Taiwan have thus had states "strong" for the struggle to industrialize but "weak" because of the web of enmeshment: they are semisovereign states. North Korea and China had states "strong" for industrialization and "total" for hegemonic resistance. But as the century ends, both are being drawn into the web. This suggests that the nearest thing to a new truth about the state since Hegel, Hintze, and Marx is that state machineries are embedded in the world system, that their autonomy within it is quite limited, and that the specific institutional forms states may take around the world cannot be understood apart from the workings of the whole. That whole is the one Marx called "the grandest terrain," the world market.

To return once again to *MITI and the Japanese Miracle,* we can now appreciate its significance: Chalmers Johnson uncovered a truth about Japanese state science that had eluded a generation of analysts, thereby revaluing the entire field of modern Japanese politics. If this book did not exist, it would have had to have been invented: but who would have had the intelligence, the learning, the iconoclasm, and the courage to do so, had it not been for him?

Chapter Four

Where Do High-Growth Political Economies Come From? The Japanese Lineage of Korea's "Developmental State"

Atul Kohli

Three decades of sustained, high economic growth has made South Korea a "model of development." Performance of other developing countries is now often judged against that of "East Asian newly industrialized countries (NICs)," including South Korea. Scholars and policymakers around the world have become curious: How did South Korea do it? Can others learn from the experience? A large body of literature has developed—some of it of rather high quality—attempting to interpret the Korean political economy.[1] A central debate in this literature concerns the relative roles of the state and of the market in explaining South Korea's economic success. While hardly any sensible observer continues to deny the state's extensive role in Korean economic development, the current debate bogs down over the interpretation of this role—over the

1. The literature here is rather large; the bibliographies in any of the following sources (especially Amsden and Woo) offer a more complete list of references. An incomplete list (given alphabetically) of some of the major works with a political economy focus would include Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (New York: Oxford University Press, 1989); Bruce Cumings, "The Origins and Development of the Northeast Asian Political Economy: Industrial Sectors, Product Cycles, and Political Consequences," *International Organization* 38, no. 1 (Winter 1984): 1–40; Frederic C. Deyo, ed., *The Political Economy of New Asian Industrialism* (Ithaca: Cornell University Press, 1987); Stephan Haggard, *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries* (Ithaca: Cornell University Press, 1991), especially the chapter on South Korea and some of his other work cited therein; Leroy P. Jones and Il Sakong, *Government, Business, and Entrepreneurship in Economic Development: The Korean Case* (Cambridge: Harvard University Press, 1980); Edward Mason et al., *The Economic and Social Modernization of the Republic of Korea* (Cambridge: Harvard University Press, 1980); Larry E. Westphal, "Industrial Policy in an Export-Propelled Economy: Lessons from South Korea's Experience," *Journal of Economic Perspectives* 4, no. 3 (Summer 1990): 412–59; and Jung-en Woo, *Race to the Swift: State and Finance in Korean Industrialization* (New York: Columbia University Press, 1991).

extent to which state intervention was "market conforming" versus "market distorting" or, to use a related set of concepts, the extent to which the state "led" rather than "followed" the market.[2]

Interesting and significant as this debate is, it is also incomplete. Much of it revolves around unraveling the economic role of the South Korean state and, in turn, tracing the impact of this role on economic outcomes. The prior question of *why* the South Korean state was able to do what it did and the related genetic issue of the historical roots of the Korean political economy thus tend to get underemphasized. Because there is much to be learned about the Korean "model of development" by adopting a longer historical perspective, especially tracing its origins back to its Japanese colonial lineage, this neglect is unfortunate.

Few economists working on Korea ascribe much significance to the continuities that link colonial and postcolonial Korea.[3] This problem also characterizes the works of several institutionally sensitive scholars of South Korea; among these, some discuss the colonial period but quickly conclude that the impact was not of lasting significance,[4] others deny the contributions of this past altogether,[5] and yet others virtually ignore it, presumably because of a view that significant changes in the South Korean economy began only after the adoption of an "export-led model of development" in the early 1960s.[6] Korean scholarship on Korea has its

2. The conceptual distinction between government's leading or following the market is made in Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (Princeton: Princeton University Press, 1990), esp. p. 28 and chap. 10. The scholar who has probably gone the furthest in suggesting that Korean government "distorted" prices to get growth up is Alice Amsden; see *Asia's Next Giant*, esp. chap. 6. For the argument that South Korean and other East Asian economic successes resulted from "free-market" conditions, see Bela Balassa's essays in his own edited volume, *The Newly Industrializing Countries in the World Economy* (New York: Pergamon, 1981), and Anne O. Krueger, "Trade Policy as an Input to Development," *American Economic Review* 70, no. 2 (1980): 228–92.

3. See, for example, Charles R. Frank Jr., Kwang Suk Kim, and Larry E. Westphal, *Foreign Trade Regimes and Economic Development: South Korea* (New York: Columbia University Press, 1975); Parvez Hasan, *Korea: Problems and Issues in a Rapidly Growing Economy* (Baltimore: Johns Hopkins University Press, 1976); and Anne O. Krueger, *Studies in the Modernization of Korea: The Developmental Role of the Foreign Sector and Aid* (Cambridge: Harvard University Press, 1979). For an early exception, see Paul Kuznets, *Economic Growth and Structure in the Republic of Korea* (New Haven: Yale University Press, 1977).

4. See, for example, Jones and Sakong, *Government, Business, and Entrepreneurship*, pp. 22–37.

5. See, for example, Amsden, *Asia's Next Giant*, where in five pages (pp. 31–35) the author quickly concludes that the "inheritance" left by the Japanese colonialists to Koreans was "useless" for their future developmental struggles.

6. Stephan Haggard, for example, has made valuable contributions to unraveling the "why" and "how" of South Korean industrialization. The bulk of his analytic energy, however, is devoted to the onset of the export-led model under Park Chung Hee. See, for example, Haggard, *Pathways from the Periphery*, the chapter on South Korea, where only about two paragraphs are devoted to the colonial period.

own, albeit understandable, blind spots; the nationalist impulse often leads to a denial of any continuity between colonial and postcolonial periods, lest the contemporary achievements be viewed as a product of a much disliked colonial rule.[7] Only a handful of Korean specialists, especially those with a strong historical bent, have understood and emphasized the Japanese colonial roots of the more recent, high-growth Korean political economy.[8] Building on the insights of this last group of Korean specialists, most importantly Bruce Cumings, I attempt in this essay to reinterpret some specific historical materials with the hope of deriving general lessons of interest to scholars of comparative and international development.

The argument below is that Japanese colonialism, as brutal as it was, left an imprint on a political economy that later evolved into the high-growth, South Korean path to development. As Cumings has argued, Japanese colonialism differed in important respects from the colonialism of European powers. As late colonizers, the Japanese made ruthless use of state power to pry open and transform Korea in a relatively short period.[9] Japanese colonial impact was more intense, more brutal, and deeply architectonic; it also left Korea with three and a half decades of economic growth (the average, annual growth rate in production was more than 3 percent) and a relatively advanced level of industrialization (nearly 35 percent of Korea's "national production" in 1940 originated in mining and manufacturing).[10] While there were important discontinuities in the

7. I have examined only the English-language publications of Korean scholars. One good example of the nationalist bias in what is otherwise an excellent study is Sang-Chul Suh, *Growth and Structural Changes in the Korean Economy, 1910–1940* (Cambridge: Council on East Asian Studies, Harvard University, 1978). My confidence in extrapolating the broader assertion from limited materials was enhanced when another scholar, who had examined many of the Korean-language sources, reached the same conclusion. See Woo, *Race to the Swift*, pp. 19–20.

8. Most significant here are the contributions of Bruce Cumings. He states his basic thesis in a summary form in "Origins and Development of the Northeast Asian Political Economy." Scattered but brilliant insights on this topic can also be gleaned from his other writings: *The Origins of the Korean War: Liberation and the Emergence of Separate Regimes, 1945–1947*, vol. 1 (Princeton: Princeton University Press, 1981); *The Origins of the Korean War: The Roaring of the Cataract, 1947–1950*, vol. 2 (Princeton: Princeton University Press, 1990); and "The Legacy of Japanese Colonialism in Korea," in Ramon H. Myers and Mark R. Peattie, eds., *The Japanese Colonial Empire, 1895–1945* (Princeton: Princeton University Press, 1984), pp. 478–96. Another very important book that helps trace historical continuities is Carter J. Eckert, *Offspring of Empire: The Koch'ang Kims and the Colonial Origins of Korean Capitalism, 1876–1945* (Seattle: University of Washington Press, 1991). See also Woo, *Race to the Swift*, and Dennis L. McNamara, *The Colonial Origins of Korean Enterprise, 1910–45* (New York: Cambridge University Press, 1990).

9. Cumings, *Origins of the Korean War*, vol. 1.

10. Although these issues will be discussed in greater detail below, the economic data here is taken from Suh, *Growth and Structural Changes*, tables 11 and 17. Note that the "national production" data do not include construction, trade, services, and public utilities that

postcolonial period, the grooves that Japanese colonialism carved on the Korean social soil cut deep. South Korea under Park Chung Hee can be argued to have fallen back into the grooves of an earlier origin and traversed along them, well into the 1980s. Of course, this was not inevitable; historical continuities seldom are. Korea had competing historical legacies: for example, there was the distant legacy of Chosŏn (that is, of Korea under the rule of Yi dynasty) with its agrarian bureaucratic tradition; then there were indigenous revolutionary tendencies that found expression in North Korea; and there was the possibility of considerable American influence. Moreover, completely new paths could have been charted. Subsequent decisions were thus critical in putting South Korea on a path that reestablished historical continuities. Nevertheless, it is difficult to imagine South Korea adopting a growth path that it did without a deeply influential Japanese colonial past.

I trace below the colonial origins of three patterns that many scholars now readily associate as elements of the South Korean "model." First, I discuss how the Korean state under the Japanese influence was transformed from a traditional agrarian bureaucracy into a highly authoritarian, penetrating organization. This is followed by an analysis of a second pattern, namely, the new state's production-oriented alliances with the dominant classes, an alliance that buttressed the state's capacity to both control and transform. Relatedly, it is also important to take note of the structural changes in the economy; not only did the colonial economy experience growth and industrialization, but it was heavily export-oriented, including exports of manufactured products. And lastly, there was the third pattern of brutal repression and systematic control of the lower classes in both the cities and the countryside. The cumulative impact of these state-class configurations was to help create a framework for the evolution of a political economy that is both repressive and high growth. Toward the end of this discussion I will also briefly suggest—though not develop, leaving that for another essay—how these patterns continued into subsequent periods.

The main task of this paper is not to set the historical record straight. That is for historians of Korea; they are already busy doing so, and I am only building on some of their work. Given the importance of the South Korean case in the contemporary discourse on development, I hope to reinterpret and synthesize some specific materials with general implications. Three sets of general ideas will be debated via the historical materials. First, there are Korea-related comparative questions. For example, how much choice does a developing country really have when adopting a

are generally included in the more conventional "national income" data; the latter for pre–Second World War Korea are not readily available.

specific development strategy—that is, to what extent was South Korea a beneficiary of its historical inheritance, as distinct from creating anew a high-growth, export-oriented "model of development?" Closely related is the issue of transferability of the Korean "model" across national boundaries: if the roots of contemporary South Korean political economy are indeed as deep as a relatively unique colonial experience, can others really emulate the experience? Second, at a higher level of generality, there are theoretical issues revolving around the concept of "developmental states": what characterizes them and where do they come from? And lastly, at the most general level, there is at least an implication in this essay that some of the variations we notice today among the more or less dynamic Third World political economies may have some of their roots in a variable colonial past. If so, a further investigation of this analytic claim would require reopening the issue of the colonial roots of the contemporary Third World that has unfortunately been lost in the postdependency scholarship on development.

THE CONSTRUCTION OF A COLONIAL STATE

The Agrarian Bureaucratic State in Traditional Korea

By the time the Japanese gained decisive influence over Korea—say around 1905, after the Japanese victory in the Russo-Japanese War of 1904—the old state within Chosŏn was already in an advanced stage of disintegration. While it is not necessary to recall historical details, a brief understanding of the state-society links in late Chosŏn are essential to appreciate changes wrought by Japanese colonial power.[11] The Yi dynasty had provided continuous and, for the most part, stable rule to Korea for nearly five hundred years. The same intricate state and class alliances that were responsible for this stability, however, also became major constraints on successful adaptation to changing external pressures, especially in the second half of the nineteenth century. For example, the clearest manifestation of the powerlessness of a centralized monarchial state was the continued inability to collect taxes owed to the state on agrarian incomes, es-

11. The best book on the late Chosŏn continues to be James B. Palais, *Politics and Policy in Traditional Korea* (Cambridge: Harvard University Press, 1975). For a differing account, see Ching Young Choe, *The Rule of the Taewongun, 1864–1873: Restoration in Yi Korea* (Cambridge: East Asian Research Center, Harvard University, 1972). A good "overview" account is provided by Ki-baik Lee, in Carter J. Eckert et al., *Korea Old and New: A History* (Seoul: Ilchokak Publishers, 1990). For another useful but abbreviated account that helps put traditional Korea in a comparative perspective vis-à-vis China and Japan, see John K. Fairbank, Edwin O. Reischauer, and Albert M. Craig, *East Asia: Tradition and Transformation* (Boston: Houghton Mifflin, 1978), chaps. 12 and 20.

pecially from the powerful Yangban elite, the landowning-official class of Korea.[12] This recurring inability, in turn, came to be associated with several problematic political trends. First, the state resorted to squeezing the peasantry via "taxation" (for example, corvée labor and military service), contributing to brigandage and a restive peasant population. Second, the state's limited resources exacerbated the competition and tensions in what was already a personalized and factionalized elite at the apex of the political pyramid. Finally, financial limitations made it difficult to mobilize any serious military response to growing external pressures.

How does one explain immobilism in a centralized polity? The leading historian of late Yi Korea, James Palais, traces the roots of this conundrum back to the manner in which the monarchy and the Korean officials-cum-aristocrats, the Yangban, mutually checked each other's powers. The power of the Yangban class rested in part on access to hereditary land wealth but also on a close identification with the centralized bureaucracy, which both helped secure socioeconomic privileges and was a further source of wealth and power. Also, the recruitment of the aristocracy to the bureaucracy via the examination system enabled landed power to be deeply embedded all through the Korean state, checking the scope of royal authority vis-à-vis the Yangban.[13] While this balance of power was a source of stability for several centuries, as external pressures grew—and along with them the state's need for taxes and other socioeconomic resources—it also became a major constraint on monarchial power to initiate reforms. The monarchial state, according to Palais, "could not solve the problem of creating adequate political authority for the achievement of national goals." The Yi state was thus simultaneously "centralized and weak."[14]

In addition to the limiting balance of power between the monarchy and the Yangban, there were other factors at work that contributed to the Yi state's immobilism. First, it was not merely the presence of a powerful land-controlling stratum in society that limited the state's capacity; it was also that landed groups exercised direct control on state offices.[15] Second, the Korean monarchy remained to the end a highly personalistic, patrimonial institution, incapable of acting along "the modern distinction between public and private realms" and thus incapable of designing state-led national goals of economic development.[16] Third, the ruling strata below the monarch was highly factionalized.[17] Such strife in the ruling strata made it difficult to design cohesive responses to growing challenges. Finally, it is important to note that the reach of the Yi state from the center to the periphery was rather limited. Although provincial and county officials were directly appointed from Seoul, each county magistrate was responsible for governing nearly 40,000 people (there being some 330 magistrates for about 12 million Koreans).[18] Because these magistrates were rotated frequently, they often depended on the well-entrenched Yangban elite for local governance. Moreover, the lower-level officials—below the magistrate—were not salaried employees. Rather, they made up a hereditary group that was allowed to collect and keep some local taxes as compensation for its services. These petty functionaries operated virtually as local czars, not easily influenced from above and responsible for the "venality and exploitation of the peasant population."[19]

How was Korea's traditional agrarian state transformed into what some may describe as a "developmental" state?[20] The impact of Japanese colo-

12. Palais, *Politics and Policy in Traditional Korea.*

13. For a discussion of how "open" or "closed" Korea's examination system may have been to non-Seoul-based landed elite, see Edward Wagner, "The Ladder of Success in Yi Dynasty Korea," *Occasional Papers on Korea* 1 (April 1974):1–8. Prolonged study of Chinese classics that was necessary to succeed in the exams appears to have been a major impediment for those without an independent source of wealth. Nevertheless, below the highest levels, there is evidence to indicate that some merit-based recruitment did occur.

14. Palais, *Politics and Policy in Traditional Korea,* esp. chaps. 1–4 and 14. The direct quotes are from p. 5. Palais subsequently modified some of these views. See James B. Palais, *Confucian Statecraft and Korean Institutions* (Seattle: University of Washington Press, 1996).

15. Fairbank, Reischauer, and Craig, *East Asia,* p. 307.

16. Cumings, *Origins of the Korean War,* 1:10.

17. As I read the historical evidence, James Palais is probably correct in denying intraelite factionalism the central place in his analysis of the political problems of Yi Korea. See Palais, *Politics and Policy in Traditional Korea,* esp. the introduction. Nevertheless, most historical treatments document a deeply factionalized elite in Yi Korea. See, for example, Lee, in Eckert et al., *Korea Old and New,* where he concludes that "intra-bureaucratic strife" rendered "the decision making process dilatory and ineffective" (p. 110). Fairbank, Reischauer, and Craig, *East Asia,* also note that factional struggles were "hereditary" and "endemic" in Yi Korea (p. 313). I see no analytic conflict, therefore, in suggesting factionalism as an additional debilitating trait.

18. See Palais, *Politics and Policy in Traditional Korea,* chap. 2. Palais cites the figure of 10 million for Korean population in the mid–nineteenth century. Later research has revised this estimate upward. See Tony Mitchell, "Fact and Hypothesis in Yi Dynasty Economic History: The Demographic Dimension," *Korean Studies Forum* 6 (Winter–Spring 1978–80): 65–93. I owe this reference to James Palais.

19. Lee in Eckert et al., *Korea Old and New,* p. 111.

20. I use quotations around the evocative concepts of "predatory" and "developmental" states to indicate my considerable discomfort in describing these states as such. "Predatory" is misleading because it creates a state versus society image; in reality, where "predation" prevails, political and economic elites often collude to squeeze and misuse a society's resources. "Developmental" is also misleading because the states so described are often not strictly developmental. For example, both the Japanese colonial state and the subsequent South Korean state under Park Chung Hee, while successful agents of economic transformation, were also, to varying degrees, rather brutal states. The normative calculus, in turn, of evaluating a state that is simultaneously brutal and helps promote economic growth is clearly complex. In any case, two useful essays that discuss the concept of developmental states are Chalmers Johnson, "Political Institutions and Economic Performance: The Government-Business Relationship in Japan, South Korea, and Taiwan," in Deyo, ed., *Political Economy of the New Asian Industrialism,* pp. 136–64, and Peter Evans, "Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State," *Sociological Forum* 4, no. 4 (Fall 1989): 561–87.

nial power was decisive in altering both the nature of the Korean state and the relationship of this state to various social classes. The transformation of the state is discussed immediately below and the changing relationship of the state to social classes in subsequent sections.

Toward a "Developmental" State

The Japanese military victory over the Russians in 1904 marked the emergence of Japan as the major regional power, a power that had been rising steadily since the Meiji restoration in the 1860s. Subsequently, Japan, with the acquiescence of Western powers, had a relatively free hand in dominating and molding Korea. Japanese motives in Korea, like the motives of all imperial powers, were mixed; they sought to control it politically and to exploit it for their own economic advantage. Security concerns were dominant because Korea had been an object of regional power competition for quite some time, but the Meiji oligarchs of Japan readily associated national power with national wealth and national wealth with overseas economic opportunities.[21]

Certain aspects of Japanese imperialism are essential to note for a full understanding of the colonial impact on Korea.[22] First, the Japanese had themselves barely escaped being imperialized. As both a late developer and a late imperialist, Japan colonized neighboring states with which it shared racial and cultural traits. Proximity meant that many more Japanese ended up playing a direct role in colonial rule, including a much larger role as military and police, than was ever the case in European overseas colonies. The near geographical contiguity and shared cultural and racial traits also implied that the Japanese could realistically consider their rule to be permanent, leading eventually to a full integration of colonies into an expanded Japan. As I will discuss below, this possibility, in turn, influenced both the economic and the political strategies of Japan in Korea, especially the Japanese-initiated industrialization of Korea.

Furthermore, Japanese colonial strategy was deeply informed by their own successful domestic reform efforts following the Meiji restoration. Of all the colonizing nations, Japan stands out as nearly the only one with a successful record of deliberate, state-led political and economic transformation. By trial and error the Meiji oligarchs had designed a political economy that was well suited for the task of "catching up" with advanced Western powers. The essential elements of this political economy are well

21. Hilary Conroy, *The Japanese Seizure of Korea, 1868–1910* (Philadelphia: University of Pennsylvania Press, 1960); Peter Duus, "Economic Dimensions of Meiji Imperialism: The Case of Korea, 1895–1910," in Myers and Peattie, eds., *Japanese Colonial Empire*, pp. 132–33.

22. Mark Peattie, introduction to *Japanese Colonial Empire*, ed., Myers and Peattie, pp. 3–60.

known and can be briefly reiterated: the creation of an effective centralized state capable of both controlling and transforming Japanese society; deliberate state intervention aimed, first, at agricultural development and, second, at rapid industrial growth; and production of a disciplined, obedient, and educated workforce. It was this model of deliberate development, with its emphasis on state building and on the use of state power to facilitate socioeconomic change—in contrast, say, to the British, who having created a private property regime waited in vain for Bengali zamindars in India to turn into a sheep-farming gentry—that moved the Japanese colonizers.[23] And, in Mark Peattie's words, much of what Japan undertook in its colonies "was based upon Meiji experience in domestic reform."[24]

It is not surprising that the earliest Japanese efforts in Korea were focused on destroying the old Chosŏn state and replacing it with a modern colonial state; both political control and economic exploitation depended on it. A fair number of political measures had thus been put into place during 1905–10, especially 1907–9, even prior to the formal annexation of Korea in 1910. Subsequently, the decade of 1910–20 was again critical, when, under very harsh authoritarian circumstances, a highly modern and repressive state was constructed.

A key architect of the new colonial state was the Meiji oligarch and the former Meiji era premier of Japan, Ito Hirobumi. As a young man Ito had been one of the handful of leaders who had led the Meiji "revolution" and who had subsequently participated in the reform efforts that followed the destruction of the Tokugawa shogunate. Ito had traveled extensively in Europe and had been fascinated with Prussian bureaucracy as a model for Japan. The Prussian "model" offered him a route to Western rationality and modernity without "succumbing" to Anglo-American liberalism.[25] Within Japan, Ito in 1878 had "led the campaign to make the bureaucracy the absolutely unassailable base and center of political power in the state system." Subsequently, Ito helped reorganize Tokyo University in 1881 as a "school for government bureaucrats," and by 1887 "a basic civil service and entrance apprenticeship based on the Prussian

23. Hyman Kublin, "The Evolution of Japanese Colonialism," *Comparative Studies in Society and History* 2, no. 1 (October 1959): 67–84, has argued that Japanese "colonial doctrine" evolved in Formosa (later Taiwan) and was subsequently implemented in Korea. This is true insofar as Formosa was colonized in 1895 and Korea in 1910. However, it is important to note that Kabo reforms in Korea (tried around 1895) and early experimentation in Formosa were simultaneous efforts, both probably a product of a single "colonial official mindset" in Japan—a product of Meiji Japan—with simultaneous political learning going on in both Korea and Formosa.

24. Peattie, introduction, p. 29.

25. Jon Halliday, *A Political History of Japanese Capitalism* (New York: Pantheon, 1975), p. 37.

model [had been] installed."[26] With this experience behind him, when Ito was appointed in the early 1900s to run the Korean protectorate, where his powers as resident-general were near absolute—"The uncrowned King of Korea"—he was quite self-conscious of his task: "Korea can hardly be called an organized state in the modern sense; I am trying to make it such."[27]

Ito and his successors set out deliberately to construct a new colony. The first task was to gain central control. With superior military power behind them, the Japanese in 1907 dismantled the Korean army, repressed those who "mutinied," incorporated other army officers into a Japanese-controlled gendarmery, and forced the Korean monarch to abdicate. Having captured the heart of the state, the colonial rulers sought to create systematically a depersonalized "public arena," to spread their power both wide and deep, and to co-opt or repress native Korean political forces. For example, the patrimonial elements of the monarchial state were destroyed rather early and replaced by a cabinet-style government run by Japanese bureaucrats.[28] Because the appointments of these and other lower-level bureaucrats were governed by "elaborate rules and regulations which, in the main follow[ed] the lines of the Imperial Japanese services," the new Korean state quickly acquired a "rational" character.[29] Scholarly observers have in retrospect characterized the Japanese colonial civil service as "outstanding," composed of "hard working and trusted cadres" who deserve "high marks as a group."[30] Elements of the meritocratic Japanese style of bureaucratic government were thus transferred to Korea. Unlike in Japan, however, the colonial government displayed a great deal of brutality and violence toward its subjects.

26. Ibid., pp. 35–36. For a discussion of the development of the Prussian bureaucracy, especially concerning how some such traits as an espirit de corps, an ethos of public service, a degree of insulation from aristocratic interests, tight internal authority structure, and a relative absence of corruption developed, see Hans Rosenberg, *Bureaucracy, Aristocracy, and Autocracy: The Prussian Experience, 1660–1815* (Cambridge: Harvard University Press, 1958). For evolution of this bureaucracy in nineteenth-century Germany, see Gary Bonham, *Ideology and Interests in the German State* (New York: Garland Publishers, 1991), esp. chaps. 2, 7, and 8.

27. George Trumball Ladd, *In Korea with Marquis Ito* (New York: Charles Scribner's Sons, 1908), pp. 435, 174.

28. For details, see His Imperial Japanese Majesty's HIJM's Residency General, *Annual Report for 1907 on Reforms and Progress in Korea* (Seoul, 1908).

29. Alleyne Ireland, *The New Korea* (New York: E. P. Dutton, 1926), p. 104, and HIJM's Residency General, *The Second Annual Report on Reforms and Progress in Korea (1908–9)* (Seoul, 1909), p. 45.

30. Peattie, introduction, p. 26.

The new civil service. While other colonial powers also created a competent civil service (for example, the British in India), the Japanese colonial project was distinct in both the extent and the intensity of bureaucratic penetration. There were some 10,000 officials in the Japanese-Korean government in 1910; by 1937, this number was up to 87,552. More than half of these government officials in 1937, 52,270 to be exact, were Japanese. Contrast this with the French in Vietnam (where the presence of the French was already more significant than, say, that of the British in Africa), who ruled a nearly similar-size colony with some three thousand Frenchmen; in other words, there were nearly fifteen Japanese officials in Korea for every French administrator in Vietnam.[31] The presence of Korean bureaucrats, trained and employed by the Japanese, was also sizable: nearly forty thousand Koreans qualified as government officials just before the Second World War. While most of the Koreans did not occupy senior positions in the colonial government, there can be little doubt that, over the four decades of colonial rule, they became an integral part of a highly bureaucratic form of government. Moreover, during the Second World War, as the demand for Japanese officials grew elsewhere, many Koreans moved higher up in the bureaucratic hierarchy. I will return below to the issue of continuity: this sizable cadre of Japanese-trained Korean bureaucrats virtually took over the day-to-day running of a truncated South Korea, first under American military government and eventually when a sovereign state was formed.

Another characteristic of the colonial government that needs to be underlined is the successful links that the Japanese created between a highly concentrated power center in Seoul and a densely bureaucratized periphery. All bureaucracies face the problem of how to ensure that the officials at the bottom rung faithfully implement central commands. This, in turn, requires ensuring that lower-level officials respond mainly to those above them in the bureaucratic hierarchy, rather than to personal interests or to the interests of societal actors with whom they interact. Of course, certain circumstances were helpful in establishing authority links between the center and the periphery: ruling arrangements in Seoul were highly authoritarian—the power of the Japanese governor-generals in both policymaking and implementation was absolute, and nearly all of them were senior military men—and Korea was not a very large country (again, for example, note the contrast with the role of the British in India).

31. Michael E. Robinson, in Eckert et al., *Korea Old and New*, p. 257.

The police force. In addition to the civil bureaucracy, the Japanese developed a well-organized police force. Once again, there is nothing unique about colonial powers developing a police force. What is noteworthy here are both the extensive and the intensive natures of police supervision in colonial Korea. The colonial police force was designed on the lines of the Meiji police insofar as it was highly centralized and well disciplined and played an extensive role in social and economic control.[32] The police force in colonial Korea grew rapidly, from some 6,222 gendarmes and police in 1910 to 20,777 in 1922 and again to over 60,000 in 1941.[33] One scholar suggests that at the height of the colonial rule, there were enough police so that the lowest-level police officer knew "every man in the village."[34] While senior police officers were typically Japanese, over half the police force was made up of Koreans, often lower-class Koreans. These Koreans were trained by the Japanese in police academies, especially established within Korea for the purpose. Records indicate that for every Korean police position there were ten to twenty applicants, suggesting a high level of collaboration between Koreans and Japanese (this was to become an explosive issue in postindependence Korea).[35] Beyond formal training, the Japanese maintained very close supervision over their police force; for example, during 1915–20, about two thousand policemen—or nearly one out of every ten available officers—were sternly disciplined every year for transgression of police rules.[36]

This extensive and closely supervised police force, which penetrated every Korean village, performed numerous functions other than "normal" police duties of law and order maintenance. Powers granted to police included surveillance and control over "politics, education, religion, morals, health and public welfare, and tax collection."[37] The police, in military uniforms and replete with swords, also had summary powers to judge and punish minor offenders, including the punishment of whip-

32. One scholar of Meiji Japan thus notes: "The police . . . had operational responsibility for a bewildering variety of government programs and policies in addition to public safety, traffic control, and criminal investigation and apprehension. They enforced economic controls, discouraged unionism, inspected factories, censored publications, licensed commercial enterprises, arranged for public welfare aid, supervised druggists and publications, controlled public gatherings, managed flood control and fire prevention, maintained surveillance of people suspected of 'dangerous thoughts,' and did countless other things that brought government close to the daily life of every Japanese." See Robert M. Spaulding Jr., "The Bureaucracy as a Political Force, 1920–45," in James William Morley, ed., *Dilemmas of Growth in Prewar Japan* (Princeton: Princeton University Press, 1971), pp. 36–37.

33. Robinson, in Eckert et al., *Korea Old and New*, p. 259.

34. Ching-Chih Chen, "Police and Community Control Systems in the Empire," in Myers and Peattie, eds., *Japanese Colonial Empire*, p. 225.

35. Ibid., p. 236.

36. Ibid., pp. 236–39.

37. Robinson, in Eckert et al., *Korea Old and New*, p. 259.

ping. Even in production, local police were known to have "compelled villages to switch from existing food crops" to cash crops and to adopt "new techniques" in rice production so as to facilitate exports to Japan. Moreover, during land surveys (conducted during 1910–18; more on this below), as a result of which tenancy and conflicts over land increased, local police "always intervened in favor of landlords."[38] It is thus not surprising that even a Japanese observer was led to conclude that Terauchi (the first Japanese governor-general of Korea, following Ito and formal annexation) and his successors had transformed the "entire Korean peninsula into a military camp."[39]

One final aspect of the police role concerns the links between the police and local society via local elites. The police successfully utilized the proverbial carrot and stick to incorporate "village elders" and others into a ruling "alliance." The police thus buttressed their already extensive powers by co-opting indigenous authority structures. So armed, the police used the knowledge and influence of the local elites to mold the behavior of average citizens in such diverse matters as "birth control, types of crops grown, count and movement of people, prevention of spread of diseases, mobilization of forced labor and to report on transgressions."[40] The police and many local elites thus came to be viewed and despised by Koreans at large as "collaborationists"; unfortunately for Koreans, while many of the landed elite were indeed eventually eliminated as a political force (that is, via land reforms following the Korean War), much of the colonial police was incorporated directly into the new state structure of South Korea.

In sum, the old agrarian state which had proved capable of meeting the challenge of modernity came to be replaced by a colonial state with considerable capacity to penetrate and control the society; this state was simultaneously oppressive and efficacious. A highly centralized apex with near absolute powers of legislation and execution—and thus of setting and implementing "national" goals—and pervasive, disciplined civil and police bureaucracies constituted the core of the new state.

The politics of the new state. For the most part, the political practices of the Japanese colonial state in Korea were brutally authoritarian. For exam-

38. Chen, "Police and Community Control Systems," pp. 228–31. It is important to note that the extensive role of the police remained intact throughout the colonial period. For example, when Americans finally arrived in Korea after the Japanese surrender, they found (for instance, in South Cholla province) that police departments were the biggest within the local bureaucracy, and within the police departments, "economic sections" of the police were important. See Grant E. Meade, *American Military Government in Korea* (New York: King's Crown Press, Columbia University, 1951), esp. p. 31.

39. The quote is from Shakuo Shunjo and is cited in Chen, "Police and Community Control Systems," p. 222 n. 26.

40. Ibid., p. 226.

ple, Korean newspapers were either suspended or heavily censored, political protest was met with swift retribution, and political organizations and public gatherings were generally banned. Those professing Korean nationalist sentiments were thus either exiled or remained fragmented; while there was latent and scattered sympathy for nationalists and for communists all through the colonial period, a coherent nationalist movement was never allowed to develop within Korea.[41] The Japanese also used "thought police" to detect and eliminate political dissidence, and also developed a "spy system" to buttress the civil and police bureaucracy that was "probably better developed in Korea than anywhere in the world."[42]

The colonial authorities were deliberate in their use of repression as a means to instill fear in the minds of Koreans and thus to minimize dissidence and reinforce bureaucratic control: to avoid "restlessness" in the "popular mind," note government reports of the period, it was "essential" to "maintain unshakable the dignity of the government" and "to impress the people with the weight of the new regime."[43] When Koreans still resisted, Governor-General Terauchi Masatake supposedly responded, "I will whip you with scorpions,"[44] and when eventually the Koreans succumbed, the gloating satisfaction is also obvious in official documents: "They have gradually yielded their obstinate prejudices and their disdainful attitude."[45]

In spite of the ubiquitous state that the Japanese created, it would be a mistake to believe that a thorough bureaucratic penetration and politics of fear were the only ruling instruments in the hands of the colonialists. There is no doubt that bureaucratic growth enabled the new state to undertake many more economic activities which contributed to economic growth (more on this below) and that repression enabled the establishment of order, freeing the state elite to focus on other economic matters. For this, the Japanese needed to solicit cooperation from the native population; hence they resorted to the politics of "divide and conquer," as well as a massive effort at resocialization.

First, a segment of the Korean political elite in the precolonial period was co-opted.[46] These Koreans from the political class were both officially

41. See Chong-Sik Lee, *The Politics of Korean Nationalism* (Berkeley: University of California Press, 1963), passim. For a discussion of the brief, more liberal interlude, see Michael E. Robinson, *Cultural Nationalism in Colonial Korea, 1920–1925* (Seattle: University of Washington Press, 1989).

42. Andrew J. Grajdanzev, *Modern Korea* (New York: John Day, 1944), p. 55.

43. Government-General of Chosen, *Results of Three Years' Administration of Chosen since Annexation* (Seoul, 1914), pp. 2–3.

44. Quoted in Peattie, introduction, p. 18.

45. Government-General of Chosen, *Thriving Chosen: A Survey of Twenty-Five Years' Administration* (Seoul, 1935), p. 81.

46. For example, when confronted with the fact of being left behind in the race to modernity, many Koreans had looked to Meiji Japan as a model for their own advancement;

and unofficially incorporated into the new system of colonial rule. Second, and relatedly, the colonial state forged numerous implicit and explicit "alliances" with Korean propertied classes. The nature of these turned out to be of critical long-term significance. While I return to a detailed discussion of this issue below, it should be noted here that, on the whole, Korean money groups—in both the city and the countryside—were in no position to oppose colonial rule. Many got along by tolerating, if not cooperating with, the colonial project, and some even benefited from the colonial rule. Third, the Japanese undertook considerable expansion of education, facilitating propaganda and political resocialization. Whereas in 1910 nearly 10,000 students attended some sort of school, by 1941 this number was up to 1.7 million, and the rate of literacy by 1945 was nearly 50 percent. The focus was on primary education, and the curriculum was designed with the "object" of raising "practical men able to meet the requirements of the state."[47]

To conclude, the Japanese colonialists in Korea replaced the decrepit Yi state with a centralized, illiberal state. Central decision making was highly concentrated in the office of the governor-general. The governor-general's will, reflecting the imperial design and goals, was translated into implemented policies via the use of an extensive, well-designed, and disciplined bureaucracy. The new state also achieved considerable downward penetration: both the civil and police bureaucracies reached into the nooks and crannies of the society, while continuing to respond to central directives; Korean elites in the localities were co-opted into the ruling "alliance," in the context of pervasive intelligence and surveillance by the police and the state.

The Colonial State, Propertied Classes, and Economic Change

To pursue the imperial interests of Japan, the colonial government developed a full policy agenda to transform the economy of Korea. The

for better or for worse, therefore, "modernity" to many Koreans came to be represented by Japan. See Gregory Henderson, *Korea: The Politics of Vortex* (Cambridge: Harvard University Press, 1968), esp. p. 67. Moreover, some Korean elites, enamored with Japan, had participated in the Japanese-supported Kabo reforms of 1895. Later, the pro-Japanese Korean organization Ilchin-hoe (Advancement Society) enjoyed considerable support between 1905 and 1910; at its least popular phase in 1910, the Ilchin-hoe still enjoyed a membership of nearly 140,000 and had some 100 subsidiary organizations. See, for example, Vipin Chandra, "An Outline Study of the *Ilchin hoe* (Advancement Society) of Korea," *Occasional Papers on Korea* 2 (March 1974): 43–72.

47. The quote is from official documents of the Government-General and taken from Ireland, *New Korea*, p. 190.

broad strategy of transformation was two-pronged: the state utilized its bureaucratic capacities to undertake quite a few economic tasks, and, more important, the state involved propertied groups—both in the countryside and in the cities and both Japanese and Koreans—in production-oriented alliances leading up to sustained economic change. The results measured by the criteria of growth and industrialization were a considerable success. But they were accompanied by growing misery and exploitation, as much of the fruit of growth was taken out of Korea.

Two general observations ought to be noted at the outset. First, the governor-general in Korea was an agent of the Japanese imperial government, which exercised absolute powers in Korea. The colonial state in Korea thus pursued Japanese needs and interests that changed over time.[48] In broad brush strokes, during the early phase, say, the first decade of the colonial rule, Japan treated Korea mainly as a strategic gain that could also be exploited in a fairly classic fashion: exchange of agricultural products for manufactured goods. Subsequently, as Japanese demand for food outpaced its own supply, the colonial state aggressively undertook measures to increase food production in Korea. Manufacturing was discouraged in this early phase, again in a fairly classic fashion, to protect Japanese exports to Korea. Following the First World War, however, with swollen company profits, Japan sought opportunities for export of capital and thus relaxed restrictions against production of manufactured products in Korea. As the same time, following the need to co-opt nationalistic pressures within Korea, the colonial state also involved selected and prominent Korean businessmen in the growth of manufacturing. Aggressive industrialization of Korea occurred only in the 1930s. This was in part a result of Japan's strategy to cope with the depression—that is, to create a protected, high-growth economy on an empirewide scale—and in part a result of Japan's aggressive industrialization, again on an empirewide scale, that reflected national power considerations.[49] It is important to notice that Japan was able to switch its imperial policies in Korea frequently and decisively; this, in turn, underlined the highly centralized nature of authority within the Japanese-controlled Korean state.

The second related observation concerns the pressures on the governor-general in Korea to reduce the budget deficit by enhancing revenues within Korea and reducing expenditures, much of it caused by the need to maintain terrific repression throughout the society. Reading through

48. For one review of Japanese colonial economic policies, see Samuel Pao-San Ho, "Colonialism and Development: Korea, Taiwan, and Kwantung," in Myers and Peattie, eds., *Japanese Colonial Empire*, pp. 347–86.

49. See, for example, E. B. Schumpeter, *The Industrialization of Japan and Manchukuo, 1930–1940* (New York: Macmillan, 1940), esp. chaps. 9–11, 21, and 22, as well as the conclusion.

historical documents of the time, especially the annual reports of the governor-general in Korea, it becomes clear that the colonial authorities in Korea were concerned with the continual net revenue inflow from Japan to Korea, used to cover the shortfall in the budget. This was in marked contrast to Taiwan, where the colonial subjects were relatively acquiescent and thus the cost associated with maintaining political order was greatly less than it was in Korea. The general point, then, is that, unlike many other governments, the colonial state in Korea did not operate with a "soft budget constraint." On the contrary, there was consistent pressure to economize, "hardening" the budget constraint, with significant effort to deploy the state's coercive power to extract tax revenues.

Increased State Capacity

The increased capacity of the new colonial state in Korea to undertake economic tasks directly is evident fairly early in the historical record. For example, there was the issue of state capacity to collect taxes. The old Yi state had shown deterioration in its capacity to extract taxes from society, especially from landowners. The contrasting performance of the colonial state is notable. Land revenue in 1905, the year the Japanese influence in Korea started to grow, was some 4.9 million yen; by 1908, this had jumped to 6.5 million yen, or a real increase of some 30 percent in three years.[50] Subsequently, numerous other sources of revenue were added to that obtained from land—for example, railways, post office, and customs; receipts from the ginseng monopoly and from such public undertakings as salt manufacture, coal mines, timber work and printing bureaus—and the jump in revenue intake was phenomenal: whereas the total revenue in 1905 (land and other revenues) was 7.3 million yen, by 1911, one year after formal annexation, the total revenue intake was 24 million yen, or an increase of more than 300 percent.[51] The factors that help explain this increased state capacity were twofold. First, the colonial state, backed by superior coercive power, snapped the stranglehold landowning groups had on the Yi state, pensioning off the Yangban elite and replacing them with Japanese career bureaucrats. I will return to this issue below. Second,

50. The figures are from HIJM's Residency General, *Annual Report for 1907* and *Second Annual Report on Reforms and Progress in Korea (1908–9)*. The real increase was probably somewhat less because this simple calculation does not take account of increase in production, which, in any case, we know to have been relatively small in those years.

51. The 1905 figure is from HIJM's Residency General, *Annual Report for 1907*, and the 1911 figure is from Government-General of Chosen, *Annual Report on Reforms and Progress in Chosen (Korea), (1910–11)* (Seoul: Keiji, 1911). While reliable data on inflation for these years is not readily available, there is no indication in government documents of huge price increases.

the colonial elite utilized the newly created civil and police bureaucracy to collect taxes. More specifically, as early as 1906, thirty-six revenue collection officers, again replete with uniforms and swords, were posted all over Korea to identify cultivated land, owners of the land, and the revenue due from the land.[52] Although the rate of taxation on land was not increased, it was regularized. Additionally, uniformed revenue officers worked in conjunction with local police officers in the process of tax collection, lest any one forget this newly established separation of state and society, or the willful presence of the new state in society.

The successful land survey that the Japanese conducted in Korea between 1910 and 1918 similarly highlighted the resolve of the new state to impose the capitalist order in Korea. The colonial state made an exhaustive land survey a priority. Over a period of eight years the Japanese invested some 30 million yen in the project (compared, say, with the total revenue intake of the Government-General in 1911 of 24 million yen). The survey "mapped all plots of land, classified it according to type, graded its productivity and established ownership."[53] As a result of the survey, the colonial state secured a revenue base and enhanced its control over the Korean agrarian sector by dispossessing some landlords (who could not on paper prove their ownership rights) and replacing them with new immigrants from Japan, mostly from Kyushu. The survey was a massive assertion of the colonial will, altering permanently the regime of property rights that had undergirded the Korean political economy for half a millennium.

Over time, the colonial state in Korea undertook numerous other infrastructural projects. This is no place for a comprehensive discussion; I simply wish to flag some of the main areas.[54] First, Korea was the gateway to imperial expansion into China, and therefore the Government-General invested heavily in infrastructure. The result was that Korea's roads and railways were among the finest that a developing country inherited from their colonial past. Second, as mentioned above, the Japanese made significant investments in Korea in primary education. Given the long gestation period, however, the returns on this investment were probably reaped less by colonial Korea than by the two sovereign Koreas, which inherited a relatively literate labor force. Third, the colonial government ran a number of economic enterprises directly: for example, railways, communications, opium, salt, and tobacco. Judged by the regular financial contribution that these public undertakings made to public revenues,

52. HIJM's Residency General, *Annual Report for 1907*, chap. 5.

53. See Robinson, in Eckert et al., *Korea Old and New*, p. 265. There is apparently also a good doctoral thesis on the subject of this land survey by Edward Gragert at Columbia University. Unfortunately, I was unable to locate this unpublished manuscript.

54. For a full discussion, see Ho, "Colonialism and Development."

they were run relatively efficiently. And finally, the Government-General played an important role in the overall process of capital accumulation. Although I will return to this issue again below and the direct role of the new colonial state in extracting taxes has already been noted, a few other points also deserve attention. The currency and banking reforms that the new colonial state undertook rather early led to a significant jump in private, institutional savings: for instance, deposits in the Bank of Chosen (Korea) doubled from some 18 million yen in 1911 to 37 million yen in 1913, and the number of depositors in the postal savings bank went up from about 20,000 in 1909 to 420,000 in 1913 (the corresponding sums of deposits being 120,000 yen in 1909 and 981,000 yen in 1913).[55] Later during the colonial rule, the Government-General required Koreans to buy government bonds that helped finance the industrialization drive of the 1930s. While capital inflows from Japan remained the dominant source, local capital accumulation also increased considerably. Facts and figures aside, the general point again is this: the colonial state in Korea, even more than the Japanese Meiji state on which it was modeled, became heavily and directly involved in economic tasks and, judged strictly by economic criteria, performed these tasks with ruthless effectiveness.

More significant than the state's direct economic role was the indirect role that led up to the involvement of wealthy groups in productive activities. The mechanics of how these state–private sector alliances were created are important because similar arrangements were later central to South Korea's phenomenal economic success. The dynamics of change in both the agrarian and industrial sectors thus deserve our attention.

The State and the Agrarian Sector

The colonial state restructured its relationship with the Korean landed classes. The highest Yangban elite who held offices in the Yi state were pensioned off.[56] As career bureaucrats took over official functions, the direct control by landed classes of the state weakened. The successful land survey further confirmed the supremacy of the new state because, as a result of it, the capacity of the landed classes to evade the reach of the state shrunk. In return, however, the state offered the landowners legal protection of their property, as well as political protection against peasant unrest. For example, the Japanese introduced a new legal code—based on the Meiji legal code—that created Western-style legal private property, thus se-

55. Government-General of Chosen, *Results of Three Years' Administration of Chosen* (1914), p. 19.

56. Government-General of Chosen, *Annual Report on Reforms and Progress in Chosen (Korea)*, (1910–11), pp. 18–19.

curing the control of Korean landed groups over land in perpetuity. The Japanese in the process ended up owning a significant amount of agricultural land in Korea. Most Koreans who controlled land before the arrival of the Japanese, however, were allowed to maintain and, in some cases, even expand their land ownership.[57] Moreover, as mentioned above, many among the landed elite were incorporated into local governance, cooperating with and helping local agents of the state maintain control over villages. Students of colonialism often distinguish direct and indirect colonial rule, but the Japanese political arrangements in Korea utilized both forms: direct bureaucratic penetration was buttressed by the authority of local influentials. This arrangement also suggests that, contrary to some more recent arguments, the presence of a landowning class does not necessarily inhibit the formation of a powerful "developmental" state; much depends on the specific relationship between the state and landowners.[58]

The Japanese colonial government periodically made significant efforts to boost agricultural production, especially Korea's main product, rice. The underlying motivation was changing Japanese economic needs: for example, before 1919, the efforts to boost production were minimal. Following rice shortage and related riots in Japan in 1918, a major plan to expand rice production in Korea was implemented. The success on this front contributed to "overproduction," and after a glut and pressures from Japanese rice producers, all plans to increase rice production were canceled in 1933. Again, however, the war with China in 1938–39 created food shortages in Japan, and Korea was "resuscitated as a granary of the Empire."[59]

During the early phase the Japanese focused their efforts on land improvement, especially on irrigation, drainage, and reclamation of arable land. The resulting increase in production was not huge and resulted from both extensive and intensive efforts; increase in rice production between 1910 and 1924 averaged around 1.5 percent per annum, and land productivity in the same period improved at about 0.8 percent per annum.[60] Subsequently, when the rapid increase in rice production became a goal, Korea's Japanese rulers utilized the knowledge acquired during the Meiji transformation and concentrated their efforts on spreading the use of improved seeds, fertilizer, and irrigation. The gains were significant: the percentage of paddy land using improved seed doubled between 1915 and 1940, reaching 85 percent; fertilizer input expanded ten times during the same period; and between 1919 and 1938 land under irrigation increased annually by nearly 10 percent.[61] As a result, rice production between 1920 and 1935 grew at nearly 3 percent per annum, and nearly two-thirds of this growth resulted from improvements in land productivity.[62] The overall rate of increase in rice production per unit of land for the colonial period (1910–40) averaged a respectable 2 percent per annum (compare this, for example, with India's post–green revolution—say, 1970 to present—rates of productivity increase in cereal production, which have been only a little higher than 2 percent per annum). While some of these improvements may have been a "spontaneous" response to food shortages and higher prices in Japan, it is nevertheless difficult to imagine a relatively quick increase in supply without significant public efforts, especially in providing new seeds and in facilitating the spread of fertilizer.

It is a sad fact that increases in production in Korea did not lead to improvement in food consumption. The bulk of the increased production ended up in the export market, and imported goods did not become consumption items for the vast majority. As a well-documented study concludes, "per capita use of food grains as a whole declined substantially after the early years of the colonial period." The same author points out that this disjuncture between production and consumption was a result of several causes but mainly due to a combination of population growth and few nonagricultural opportunities that increased the burden on tenants and on small farmers.[63] If there was steady growth in production but the consumption for the majority of the population declined, given the considerable inequality in land ownership, it is likely that the incomes of landowning groups, many of them Japanese, mushroomed. Other available evidence is consistent with this proposition: the rates of return on agricultural investment were very high for most of the period; income inequalities widened; and, as noted above, there was rapid growth of small depositors in saving institutions. The general point is that Korean landowning groups did rather well under colonial

57. The colonial government's own assessment is interesting. While lamenting the political opposition from educated Koreans, government documents of the period note: "People of the upper class having personally experienced imperial favor and being in a position to feel directly or indirectly the benefit of the new regime, seem to be contented with it." See Government-General of Chosen, *Results of Three Years' Administration of Chosen* (1914), p. 64. See also Robinson, in Eckert et al., *Korea Old and New*, pp. 266–67.

58. Joel S. Migdal, *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World* (Princeton: Princeton University Press, 1988), for example, tends to view state capacity in agrarian societies as inversely related to the power of landowning and other traditional elites. Peter Evans, "Class, State, and Dependence in East Asia: Lessons for Latin Americanists," in Deyo, ed., *Political Economy of the New Asian Industrialism*, pp. 203–26, makes a similar argument.

59. For these policy swings and for the direct quote, see Grajdanzev, *Modern Korea*, pp. 92–94.

60. Suh, *Growth and Structural Changes*, p. 73, table 33.

61. Ibid., p. 77, table 34, and p. 73, table 33; Shigeru Ishikawa, *Economic Development in Asian Perspective* (Tokyo: Kinokuniya Bookstore, 1967), pp. 84–109.

62. Suh, *Growth and Structural Changes*, p. 73, table 33. See also Ishikawa, *Economic Development*, pp. 84–109.

63. Suh, *Growth and Structural Changes*, pp. 86–87.

government; they became part of an implicit but comfortable colonial alliance.

Three other characteristics of the changing agrarian sector are noteworthy. First, Japanese corporations and entrepreneurs ended up owning large tracts of Korean agricultural land—anywhere from one-quarter to one-third of all the arable land. This was a result of a conscious government policy that began with the hope of attracting Japanese immigrants to Korea, but when that goal met with only limited success, Japanese corporations became heavily involved. Especially significant as a landowner was the infamous Oriental Development Company, which, like most other Japanese landowners, leased lands to tenants, collected rents in kind, most often rice, and sold the rice in the export market back to Japan.[64] The rate of return on such activities was high, higher than in Japan, and many a fortunes were made.[65] From my standpoint, the direct involvement of the Japanese in Korean agriculture helps explicate two points: the mechanics of how the more advanced techniques of agricultural production may have been transferred from Japan to Korea, and the mechanics underlying "forced exports," whereby Japanese landowners sold rice grown in Korea back to Japan directly.

A second characteristic of the changing agrarian sector was its heavy export orientation. For instance, while total Korean rice production during the colonial period nearly doubled, rice exports to Japan during the same period increased six times.[66] Additionally, although the overall economy of the Japanese empire was protected, trading within the empire was relatively free of tariffs and other restrictions. Rapid growth of exports to the metropole with a more advanced agriculture thus points to an additional source—the quintessential source of competition—that must have also contributed to sustained improvements in agricultural productivity. Lastly, the geography of the changing agrarian scene is worthy of attention. Rice production and Japanese ownership of Korean land were both more concentrated in the southern half of Korea. The bulk of rice exports also originated in the south, keeping it more rural than the north.

To conclude this discussion on the changes in the agrarian sector, two developments of long-term consequence need to be underlined. The nearly obvious point is that a productive agriculture was a necessary component of rapid economic growth, first during colonial Korea and later, even more prominently, in sovereign South Korea. While many developing countries, such as in Africa, are still attempting their agricultural rev-

64. For example, see Karl Moskowitz, "The Creation of the Oriental Development Company: Japanese Illusions Meet Korean Reality," *Occasional Papers on Korea* 2 (March 1974).

65. Suh, *Growth and Structural Changes*, p. 85, table 39.

66. Ibid., p. 92, table 43.

olution, and others, such as India and the Philippines, hailed their green revolution from the mid-1960s onward, Korea was already undergoing a biological revolution in agriculture in the first half of this century. Just before the Second World War, rice yields in Korea were approaching Japanese yields, which were then among the highest in the world (for example, if the U.S. yields in 1938 were 100, Japan's were 154, and Korea's, 111).[67] Rapid increase in agriculture production, in turn, provided both food and inputs to sustain an industrial drive, on the one hand, and yielded high incomes and savings that found their way back into a growing economy, on the other hand. A decade hence, after land reforms were implemented in South Korea, the productive agricultural base and related incomes also contributed to the emergence of a domestic market for manufactured goods.

The other, less obvious legacy concerns the "model of development" that undergirded the agrarian transformation. As in Meiji Japan, but even more so, the colonial state in Korea established its superiority as the key actor that would direct economic change. The state then employed various carrots and sticks to incorporate the propertied groups in a production-oriented alliance. A key focus of the state's efforts was improving the technology of production, namely, better seeds, fertilizer, and irrigation. Even after decolonization, these efforts left behind a bureaucratic infrastructure that was adept at facilitating technology-intensive agricultural development. Moreover, public subsidies from the colonial state helped improve the profitability of private producers, as well as productivity and production. This pattern of state and propertied class alliance for production, centered around technology and other public subsidies, would repeat itself in subsequent periods and in numerous other economic activities, especially in industry, to which I now turn.

The State and Industrialization

The extent of Korea's industrialization during the colonial phase was both considerable and nearly unique in the comparative history of colonialism; the average, annual rate of growth in industry (including mining and manufacturing) during 1910–40 was nearly 10 percent, and by 1940, nearly 35 percent of the total commodity production originated in the industrial sector.[68] Although I analyze the why and how of this experience below, as well as its long-term significance, my main point is not that South Korea somehow inherited a relatively industrialized economy. It did not! A fair amount of the heavy industry was located in the north, and

67. Grajdanzev, *Modern Korea*, p. 87, and Ishikawa, *Economic Development*, p. 95, charts 2–5.

68. Suh, *Growth and Structural Changes*, p. 48, table 11, and p. 46, tables 17 and 18.

significant industrial concentrations were destroyed during the Korean War. Nevertheless, a war-destroyed economy, with an experience of rapid industrialization behind it, is quite different from a tradition-bound, nearly stagnant, agrarian economy.[69] I will return below to the issue of the creation of a trained and disciplined working class. At the apex of the social pyramid and from the standpoint of the colonial legacy, several issues of long-term significance deserve our attention here: the style of development, especially a state-dominated, state-private sector alliance for production and profit that emerged under Japanese rule; the emergence of a significant entrepreneurial strata among Koreans; and a growing economy whose structure was already heavily export oriented.

The Japanese approach to Korea's industrialization went through three more or less distinct phases. During the first decade of colonial rule, Japan sought to protect the Korean market as an outlet for Japanese manufactured goods. Rules and regulations were thus created to inhibit the start-up of new factories in Korea by both Japanese and Korean entrepreneurs. The fact that annual growth rates in the manufacturing sector during this decade still averaged a respectable 7 percent reflected the very low starting base. This growth had several components. There were the new public sector investments in power, railways, and other infrastructure. The private sector growth originated mainly in food-processing industries—especially rice mills—that were initiated by Japanese migrants with the hope of selling rice back to Japan. Exchanging Japanese manufactured goods for Korean rice and other primary products was, of course, the initial colonial policy. The Government-General thus helped Japanese entrepreneurs start up these mills by providing both financial and infrastructural support. Finally, some of this early growth also involved the participation of Koreans. Small-scale manufacturing did not require the permission of the Government-General. Moreover, incomes of landowning Koreans had started to rise, and not all their demand could be met by Japanese imports. Emulating the Japanese migrants, Koreans set up small industries (often called household industries in Japanese colonial documents; they employed ten to twenty workers) in such areas as metals, dyeing, papermaking, ceramics, rubber shoes, knitted

69. This distinction can be sharpened by using the concepts of "idea gaps" and "object gaps" proposed in the "new" economic growth theory. Whereas the "object gap" refers to lack of concrete objects as factories, that direct attention to savings and investment bottlenecks in development, the "idea gap" refers to the knowledge base on which development rests. The "new" growth theory emphasizes (as did several previous growth theories) the role of knowledge and technology in economic growth. See, for example, Paul Romer, "Idea Gaps and Object Gaps in Economic Development," paper presented at the World Bank Conference, "How Do National Policies Affect Long-Run Growth?" Washington, D.C., February 7–8, 1993. One may thus argue that in Korean colonial economic history, even if "objects" were destroyed during decolonization, the legacy of "ideas" was substantial.

cotton socks, and sake and soy sauce. The number of small factories thus increased from 151 in 1910 to 1,900 in 1919; 971 of these 1,900 factories were owned by Koreans.[70]

The First World War transformed Japan from a debtor to a creditor country. With swollen company profits, the Japanese imperial government sought opportunities for Japanese capital overseas, including in Korea. Restrictions on manufacturing in Korea were abolished, and thus began a second phase in Korean industrialization. Japanese investors did not rush in. The competitive pressure from Japanese manufactured goods was considerable, and the Government-General wanted to encourage complementarities rather than competition between Japanese exporters to and Japanese investors in Korea. The colonial state supported a select few Japanese investors by helping them choose areas of investment, providing cheap land, raising capital for investment, guaranteeing initial profits via subsidies, and moving workers to out-of-the-way locations. As a result, major business groups such as Mitsui and Mitsubishi moved into Korea; others followed. The average annual rate of growth in industry during the 1920s was over 8 percent. A significant component of this was Japanese private investment in textiles, some in processing of raw materials and some rather large-scale investments in mining, iron, steel, hydroelectric power, and even shipbuilding. The number of factories employing more than fifty workers went up from 89 in 1922 to 230 in 1930.[71]

Korean participation in this second phase, while a distant second to the role of Japanese capital, was not insignificant. Relatively small-scale Korean "household industries" continued to mushroom. Their growth reflected several underlying trends: rising demand resulting from growing incomes of wealthy Koreans and Japanese in Korea, as well as economic growth in Japan; the role of Japanese factories as "Schumpeterian innovators" that were followed by a "cluster" of Korean imitators; and forward and backward linkages created by Japanese investments.[72] Moreover, after the Korean nationalist uprising in 1919, the colonial government liberalized its ruling strategy for several years and sought to co-opt some wealthy Korean businessmen. Enterprising Koreans with initial capital—often with roots in land wealth—were thus allowed to enter medium-to large-scale trade and manufacturing. Those willing to cooperate with the Government-General were also rewarded with credit, subsidies, and other public supports. Of the 230 factories that employed more than fifty work-

70. Soon Won Park, "The Emergence of a Factory Labor Force in Colonial Korea: A Case Study of the Onoda Cement Factory," Ph.D. diss., Harvard University, 1985, pp. 16–18.

71. Ibid., p. 42.

72. Young-Iob Chung, "Japanese Investment in Korea, 1904–45," in Andrew Nahm, ed., *Korea under Japanese Colonial Rule* (Center for Korean Studies, Western Michigan University, 1973), p. 93.

ers in 1930, 49 thus came to be Korean-owned.[73] Major Korean chaebols, such as Kyŏngbang—the Korean group which was most prominent during the colonial period and which began in textiles—Kongsin Hosiery, Paeksan Trading Company, Hwasin Department Store, and Mokpo Rubber Company, therefore got started during this time period.[74]

During the 1930s and well into the Second World War, Korea underwent very rapid industrialization. The rate of industrialization hastened and the process acquired considerable depth during this phase. The annual average rate of growth of industry was nearly 15 percent, and a significant component of new growth originated in heavy industries, especially the chemical industry. The moving force behind these developments was, once again, government policies. As the Western world went into a depression and protected economies sprouted, Japan aggressively sought growth by creating an import-substituting economy of sorts on an empirewide scale.[75] After annexing Manchuria in 1931, moreover, Korea became an advanced military supply base for the Japanese war efforts in China. The Korean economy was thus developed by the colonial government as part and parcel of an empirewide strategy to promote rapid growth, with a potential war always in mind.

The development of hydroelectric power in northern Korea during the 1920s and early 1930s had brought down costs of electricity and thus barriers to starting new factories. Raw materials such as coal and iron ore were also concentrated in the same part of Korea, reducing transportation costs. With wages for workers nearly half that in Japan and with absolutely no labor protection laws (more on this below), "market conditions" for investment in Korea, especially in northern Korea, were far from adverse during the 1930s. A "push" factor was also at work: the Japanese imperial government had tightened control on Japanese industry within Japan, while giving business a freer hand elsewhere in the empire. Nevertheless, the direct role of the Government-General in encouraging business into Korea was essential. The colonial state periodically laid out its industrial policy, indicating the preferred direction of economic change, especially, given war planning, where the government expected demand to grow. Moreover, government and business cooperated to an extent that contours of corporate policy were "indirectly fixed" by the government's economic plans.[76] Another analyst notes that "adaptability

73. Park, "Emergence of a Factory Labor Force in Colonial Korea," p. 42.

74. The point here is not that these same groups subsequently facilitated Korea's export-led growth. Some contributed to this process, others failed, and yet other new ones also emerged. The point here is that a "system" was being created. I am indebted to Chung-in Moon's criticisms that forced me to clarify this point.

75. Schumpeter, *Industrialization of Japan and Manchukuo*, chap. 21.3 and 22.8, by G. C. Allen.

76. Eckert, *Offspring of Empire*, p. 73.

to state economic priorities was a prerequisite for successful large-scale enterprise" in colonial Korea.[77]

The Government-General utilized several economic and noneconomic instruments to ensure compliance with its preferred economic direction. First, the colonial state kept a "tight control on the colony's financial structure."[78] The Chosen Industrial Bank, which helped finance new investments and which had controlling interests in a number of diverse industries, was under the jurisdiction of the Government-General. This issue was critical for Korean investors who had no other independent source of credit. Even for Japanese *zaibatsu*, who could raise some of their finances from corporate sources in Japan, cooperation with the state was important; for example, the Government-General floated compulsory savings bonds within Korea as a way of helping Japanese companies finance some of the gigantic investment projects (hydroelectric power and fertilizer plants) in northern Korea. Second, there were the perennial subsidies; one analyst estimates that these were of the order of 1 percent of "gross national product" per year.[79] These were used selectively to promote the government's priorities. For example, the highest subsidy for a time was provided to Mitsubishi to encourage gold mining; the Japanese imperial government needed the gold to pay for such strategic imports from the United States as scrap iron, copper, and zinc.[80] The next largest subsidy was provided to producers of zinc and magnesium, products necessary for manufacturing airplanes.[81] Tax exemptions were similarly used discriminately to both encourage and direct economic activity.

Although it is difficult to assess the significance of noneconomic factors in this state-directed, state-business alliance, they are nevertheless worth noting. The governor-general would periodically exhort businessmen to eschew narrow "capitalistic profits and commercial self-interest" and to consider the economic "mission" of Korea from the standpoint of the "national economy." The direction of influence between the state and business is also nicely captured by the fact that both Japanese and Korean businesspeople referred to the governor-general as *jifu* (a loving father), highlighting the benevolent upper hand of the state. In the words of Carter Eckert, businessmen were intricately incorporated into the policy-

77. McNamara, *Colonial Origins of Korean Enterprise*, p. 9.

78. Eckert, *Offspring of Empire*, p. 73.

79. Chung, "Japanese Investment in Korea," p. 91.

80. There is a great self-congratulatory discussion of how Governor-General Ugaki Kazushige thought of this scheme to provide subsidies for gold mining. See his speech in Government-General of Chosen, *Thriving Chosen* (1935), pp. 85–87.

81. Grajdanzev, *Modern Korea*, pp. 138–40.

making process, and what they lost in "autonomy," they made up for "magnificently" by way of "corporate profits."[82]

A few specific examples of government-business cooperation will further help flush out the nature of this mutually convenient alliance. The example of government subsidies for Mitsubishi to encourage gold mining has already been noted. Mitsui was similarly granted the ginseng monopoly by the Government-General in exchange for a healthy share of the sprawling profits as taxes on the monopoly. The case of the smaller Onoda cement factory has been studied in detail and is interesting.[83] The Government-General discovered large limestone deposits in Korea during its surveys. This information was provided to cement manufacturers in Japan. The Government-General also indicated its needs for cement within Korea, thus encouraging Onoda to invest in Korea. Most important, the Government-General laid the groundwork for Onoda's expansion by ordering provincial governors to buy cement from Onoda factories for all government construction projects during the agricultural expansion phase in the 1920s, regularly setting aside nearly 10 percent of the annual budget intended for agricultural production projects for purchase of this cement.

The level of cooperation between the Government-General and colonial Korea's largest Japanese business group, Nihon Chisso, was so intricate that it is difficult to tell where the public efforts ended and private efforts began. For example, the preliminary work for the construction of hydroelectric power plants—such as the necessary surveys, choice of location, soil tests—was conducted by the Government-General. Private energies of Nihon Chisso were then tapped, but again, the Government-General played a critical role in capital accumulation by putting at the company's disposal the service of the government-controlled Industrial Bank and by floating savings bonds. The government further helped move workers from the south to the labor-scarce northern region, where power generators were to be located, and subsequently remained deeply involved in the pricing and distribution of electrical power. What the government got out of all this collaboration was a ready supply of cheap electricity in Korea, which, in turn, became the basis for rapid industrialization. From Nihon Chisso's point of view, hydroelectric power was only one of numerous projects that the company undertook in Korea. What it

82. All the materials in quotations in this paragraph are from Eckert, *Offspring of Empire*, pp. 73–74. Note that the exhortations to businesspeople began rather early with colonial rule. A government report of 1914 notes that the governor-general called business leaders to a party, explained the government's policies, and urged them to be concerned not only with profits but also "to bear in mind the promotion of the interest of the state." See Government-General of Chosen, *Results of Three Years' Administration of Chosen* (1914), p. 13.

83. Park, "Emergence of a Factory Labor Force in Colonial Korea," pp. 83–99.

did buy in the process was the enormous goodwill of the Government-General, which subsequently translated into opportunities for expansion in a number of other lucrative fields, such as nitrogen and fertilizer production.

Several of the larger Korean business groups also benefited from a close cooperation with the Government-General. For example, new research has documented how the largest Korean business group, Kyŏngbang, financed its investments with the help of the Government-General.[84] The subsidies provided by the government between 1924 and 1935 added up to nearly "one fourth of the company's paid-up capital in 1935."[85] Furthermore, the main source of finance was loans from the government-controlled Chosen Industrial Bank. Personal relationships of key actors helped secure the bonds between Kyŏngbang, the Industrial Bank, and the Government-General. The terms of the loans were very favorable, indicating a comfortable and close relationship between the colonial state and a Korean business group. Another research similarly documents the close cooperation between the colonial state and the Min brothers in the field of banking and Pak Hŭng-sik in commerce; these ventures eventually matured into such major Korean chaebols as the Hwasin Department Store.[86]

Within the framework of a war economy, the planned government business cooperation became the basis of the very rapid industrialization of Korea during 1930–45. During some years the rates of growth were especially breathtaking: for example, between 1936 and 1939, industrial production more than doubled. By the early 1940s, agricultural and industrial production was nearly equal (each providing some 40 percent of the national production); by 1943, heavy industry provided nearly half the total industrial production.[87] Some specific patterns within this overall economic transformation also deserve our attention, especially because they proved to be of long-term significance.

First, the colonial state preferred to work with large business groups. Following the Meiji model, but with a vengeance in Korea, the Government-General utilized various means to encourage the formation of large-scale business enterprises: larger groups enjoyed preferred interest rates on credit, lower charges on electricity, direct price supports, and such indirect subsidies as lower transportation costs on government-controlled railways. Nearly two-thirds of the total production in the late 1930s was thus produced by only a handful of Japanese zaibatsu in Korea.

84. Eckert, *Offspring of Empire.*

85. Ibid., p. 84.

86. McNamara, *Colonial Origins of Korean Enterprise.*

87. Park, "Emergence of a Factory Labor Force in Colonial Korea," p. 51, tables 11 and 12.

Since the Korean, family-centered, but gigantic enterprises also came into their own under this regime, herein may lie the origin of chaebols.[88]

It is important to underline a second pattern, namely, that a significant stratum of Korean entrepreneurs emerged under the colonial auspices. If judged mainly by the proportion of total private capital or of large enterprises that Koreans owned, the Korean presence in comparison with that of the Japanese appears minuscule.[89] As has been pointed out by others, however, this approach is misleading. A significant minority of firms (nearly 30 percent) were owned jointly by Koreans and Japanese. More important from the standpoint of the emergence of an entrepreneurial class was the scale of Korean participation by 1937: "There were 2,300 Korean-run factories throughout the industrial spectrum, and about 160 of these establishments employed over 50 workers."[90] These figures are for all Korea, and because it is fair to assume that most of these must have concentrated in the south after the Communists took over the northern half, one may observe with some confidence that colonialism left behind a considerable density of entrepreneurship in South Korea.

A third pattern concerns the geographical distribution of industry. Those wishing to deny continuities with the colonial period again point to the fact that much of the industry was located in the north and was thus not inherited by South Korea. This is partly true, insofar as the largest chemical and other heavy industries were indeed located in the northern provinces. A number of qualifications, however, are also needed. The chemical, metal, and electricity-generating industries, which were concentrated in the north, constituted 30, 8, and 2.2 percent respectively of the total industrial production in 1938.[91] That adds up to some 40 percent, leaving a good chunk for the south. More than half the total industry was probably located in the south. The nature of southern industries was also distinct; they tended to be in such fields as food processing, textiles, machine and tools, and tobacco-related industries. By contrast, the industries in the north were highly capital intensive, high-cost production units that were not well integrated with the local economy. Northern industries were much more likely to evolve into white elephants, requiring continuous protection, rather than into nimble, labor-intensive exporters of consumer products.

The last pattern concerns the deep ties that came to link the colonial

88. This theme is well developed in McNamara, *Colonial Origins of Korean Enterprise*, esp. pp. 127–30.

89. This, for example, is the approach adopted in Suh, *Growth and Structural Changes*.

90. Eckert, *Offspring of Empire*, p. 55.

91. These and the subsequent facts concerning geographical distribution of industry are from Grajdanzev, *Modern Korea*, Appendix 3.

Korean and Japanese economies. This pattern is, of course, not unique to Japan and Korea; it tends to characterize many metropoles and their colonies. What is unique, however, is the degree to which Korea was already an exporting economy and the degree to which it was already exporting manufactured products to Japan during the colonial phase. If the average "foreign trade ratio" for a country of the size of Korea in 1938–39 was 0.24, Sang-Chul Suh estimates that Korea's boreign trade ratio in those years was around 0.54, suggesting that Korea was exporting twice as much as any other comparable economy. Moreover, 43 percent of these exports were manufactured goods.[92] How many other developing countries in the world emerged from colonialism with this type of an economic profile? Critical to note here is not only the structure of the economy that was inherited by South Korea but also the psychological legacy: whereas most developing countries emerged from the Second World War with a distrust of open economies—because they either associated openness with stagnation (as in India) or import substitution with successful industrial growth (as in Brazil)—many South Korean elites came to associate, rather early, an export orientation with a high-growth economy.

To sum up this section, the highly authoritarian and bureaucratic state that the Japanese constructed in colonial Korea was effective in promoting growth. The state utilized its bureaucratic capacities to undertake numerous economic tasks directly, anywhere from collecting more taxes to building infrastructure, to promoting production. More important, the state incorporated property-owning classes in production-oriented alliances. The colonial state was a highly purposive state; it put increasing production near the top of its priorities. Propertied classes were offered various rewards—especially, handsome profits—for cooperating with the state in fulfilling this economic agenda. The state, in turn, utilized numerous means—including promotion of technology, control over credit, subsidies, capital accumulation, and even noneconomic exhortations—to ensure compliance from both Korean and Japanese landlords and businesspeople. As a result of this state-business alliance, the economy was successful in exporting manufactured goods. Moreover, as documented by revisionist historians, a substantial stratum of Korean entrepreneurs developed, individuals who either flourished while cooperating with the state or who wished for larger government support so they could also flourish. In either case, a "model" of development—inspired by Meiji Japan but also transformed in a colonial setting—was in the making that would situate a state-directed economy with state-business alliance at the heart of the strategy of transformation.

92. Suh, *Growth and Structural Changes*, pp. 120–21, table 58.

The Colonial State and the Popular Sector

The colonial authorities sought to transform Korea in accordance with Japanese imperial needs. Controlled involvement of the popular sector—peasants and workers—was essential for the success of this project, and both the colonial state and the propertied classes collaborated to ensure their compliance. While English-language studies of popular sector in colonial Korea are meager, the available evidence suggests that both peasants and workers benefited little from the colony's rapid economic transformation. This was part of a deliberate plan that served important political and economic interests. From a political standpoint, the highly repressive and penetrating colonial state succeeded in putting the lid on Korean society and focused its attention on economic growth. Incomes and wages generally lagged behind productivity gains, facilitating higher profitability, savings, and investments. Moreover, because much of the growth was export-oriented, lagging incomes and the limited mass demand did not become a constraint on growth.

Because repression and exclusion of the popular sector was integral to the colonial political economy and because critical components of this "model," especially the harsh political control of the working class, continued well into the future, it is important to analyze the structure and the dynamics of the labor-repressive strategy. First, as far as trends in the colonial countryside were concerned, Yi Korea was hardly a haven for the lowly tenants, peasants, or others at the bottom of the social hierarchy. As late as 1800, Yi Korea was a slave society, and even though the practice of slavery declined sharply through the nineteenth century, it was the Japanese who abolished slavery in Korea. The recurring fiscal crises of the Yi state had also led Korean rulers to squeeze the peasantry, especially via indirect taxation, thus contributing to misery, rebellion, and brigandage. What the Japanese did in this situation was rationalize the strategies of both extraction and control.

While well-organized gendarmes subdued pockets of the openly rebellious peasant population and continued to do so for quite some time, the bulk of the peasantry was systematically brought under state's domination. First, the legalization of private property in the hands of landlords, as well as a regularization of land rents, created a legitimate basis for tenancy as the modal relationship adjoining the tiller and the landowner. Although tenancy had been practiced in Korea for a long time, probably forever, given steady population growth, tenancy increased throughout the colonial period; toward the end of the period, nearly 70 percent of farming households worked under tenancy arrangement of one type or another.[93] And as most students of agrarian societies understand, tenancy

93. Robinson, in Eckert et al., *Korea Old and New*, p. 307.

as the main mode of production makes tenants dependent on landowners, and dependencies tend to be especially severe where tenants are not legally protected, where attempts to forge a tenants organization are met with swift retribution, and where the weight of the state is mainly behind the landowners.

The Japanese strategy for controlling the peasant population was twofold: direct and effective downward penetration of the state, and incorporation of landowning or other influential local groups as ruling allies. While sporadic peasant rebellion never died out, the ruling strategy was effective at establishing a repressive order.[94] In addition to severe economic dependencies, which sap the rebellious energy of any social group, the effectiveness of control rested on a combination of direct and indirect rule. The traditional system of influence within villages, as well as of information flows, was buttressed by a well-organized bureaucracy: local police with uniforms and telephones; tax collectors, also replete with uniforms; and an intelligence service that periodically prepared reports for the provincial and central governments on a wide variety of issues.

The Korean working class originated under Japanese rule. Although Korea was still largely an agrarian country in the 1940s (more than 70 percent of the population still derived its livelihood from agriculture), a considerable working class had also come into being by then. For example, if there were less than ten thousand industrial workers in 1910, the population of industrial workers had reached 1.3 million in 1943.[95] Assuming a minimum family size of four, a good 20 percent of the population must have thus depended on industrial work for their livelihood. Moreover, another 15 percent of Koreans lived outside Korea in the Japanese empire, a significant minority working as unskilled urban labor in Japan and some in Manchuria. Because many of the workers within Korea had been moved from the populated south to factories in the north and because most of the Koreans working in the empire returned to Korea when the empire disintegrated, a significant minority of the population in colonial Korea found itself moved around and uprooted from its traditional social niche.[96]

The colonial state collaborated with both Japanese and Korean capitalists to devise the structures of control for this working class. The state provided the broad framework, which, in its essence, was brutally simple: at-

94. For evidence on the nature and extent of lower-class restiveness, especially as expressed through the communist movement, see Robert Scalapino and Chong-Sik Lee, *Communism in Korea*, pt. 1, *The Movement* (Berkeley: University of California Press, 1972), esp. chap. 3.

95. Park, "Emergence of a Factory Labor Force in Colonial Korea," pt. 1.

96. See Cumings, *Origins of the Korean War*, vol. 1, chap. 2, for a moving discussion of the human toll exacted by the large-scale movement of Koreans under Japanese rule.

tempts to create a labor union were prohibited; trespasses were met with severe retribution; and few, if any, laws existed to regulate and protect workers.[97] These restrictions did not fully succeed in eliminating unionization attempts and even strikes—especially in the somewhat more liberal 1920s and again in the late 1930s, when with a war economy, labor demand and thus labor's bargaining power increased—but they do help underline the highly antilabor stance of the colonial state.[98]

Within this broad framework, individual companies had a fairly free hand in setting down labor management practices (at least until the war years, when the state became actively involved in the control and mobilization of labor). Not surprisingly, Japanese companies, such as the Onoda cement factory, adopted a Japanese labor management style.[99] Japanese managers sought to create a skilled, disciplined, and hierarchically organized workforce in exchange for decent wages—wages were often higher than earnings in both Korean-owned factories and in agriculture but lagged way behind the steady productivity gains—and job security. Young Koreans of peasant origins, with only little education, were hired at a rather early age (say, at from eighteen to twenty-two), provided on-the-job training, occasionally sent to Japan for more specialized experience, punished hard for lack of punctuality or diligence, rewarded for loyalty and steady performance, and, for those who survived the various tests and hurdles, given assurances of continuous service pension and retirement fund benefits. The carrots and sticks appear to have been quite successful: in this one specific case, at least, over a few decades, young Korean peasants were transformed into "Onoda men," who, in spite of such social problems as being treated second to Japanese workers, took pride in their skilled industrial work in a Japanese company.

Because there is very little research available that does not depend on company documents, one has to be wary of how "satisfied" and "loyal" Korean workers really were. There was very little real increase in wages throughout this period of high growth. Moreover, when economic opportunities increased during the hypergrowth of the 1930s, workers voted with their feet; for example, the rate of turnover in the Onoda cement factory during the 1930s rose sharply as skilled workers took their skills elsewhere for higher wages.[100] Most important, workers were totally forbidden to form any organizations of their own. Any efforts were met with

97. Grajdanzev, *Modern Korea*, p. 182.

98. Park, "Emergence of a Factory Labor Force in Colonial Korea," pp. 60–80; Asagiri, "Korea: Labour Movement," *Labour Monthly* 11, no. 9 (September 1929): 568–70; and Ta Chen, "The Labor Situation in Korea," *Monthly Labor Review* (November 1930): 26–36.

99. The following account is based on the case study of Onoda cement factory in Park, "Emergence of a Factory Labor Force in Colonial Korea," pt. 2, B, sections 1, 4, 5, and 9.

100. Ibid., p. 142.

dismissal, arrest, and a permanent police record. Industrial relations in colonial Korea were thus "absolutely one sided," favoring the management.[101] Workers were closely supervised. The factories themselves were "very closed, isolated, and protected place(s)." The workplace was "closed to outsiders by a wire fence, the constant patrol of its guards, and the availability of police protection in case of an incident." Finally, closing the state and company cooperation loop, the Japanese management "kept radical elements out by tight inspection and in doing this they were fully supported by government policy and a strong police posture."[102]

Workers' conditions in Korean-owned factories were certainly no better, and may have been worse. One case study of the largest Korean business house that is readily available would certainly support this view.[103] For example, 80 percent of the workers at Kyŏngbang's textile mill were unmarried peasant girls in their late teens, some even recruited from tenant families who worked the lands owned by the mill owners. The factories operated around-the-clock, each girl working a grueling twelve-hour shift, with one forty-minute rest period. Since labor control was deemed essential, work was under "intense labor supervision." Discipline inside the factory was "severe" and extended to personal lives. All the girls lived in dormitories within a factory compound and needed permission both to leave the compound and to receive visitors. The system resembled "a low-security prison." Whenever labor conditions in this and other plants became turbulent, "strikes were repressed with the same energy as was used to repress communism." State "intimidation and force" were thus central to this relatively simple and "crude approach to social control."

During the war years social controls on workers tightened as the state got directly involved in labor management. A *sampo* system was established, whereby, "industrial patriotism clubs," involving employers and employees, were created and aimed at increasing production. Workers' representatives—paid full-time salaries by employers—and employers formed associations that designed programs of "educating the workers, making the production process more efficient and preventing disputes among workers."[104]

In sum, a bureaucratic and penetrating authoritarian state collaborated with property-owning groups in colonial Korea to carve out a rather repressive and exclusionary strategy to control the laboring classes. This

101. Ibid.

102. Ibid., p. 184.

103. See Eckert, *Offspring of Empire*, chap. 7, from where the account in this paragraph is drawn.

104. This quote and the materials in this paragraph are drawn from George E. Ogle, *South Korea: Dissent within the Economic Miracle* (London: Zed Books, 1990), p. 6.

strategy of control, moreover, was necessary for rapid economic transformation. To repeat, with the majority of the lower classes subdued, the colonial state was free to concentrate its architectonic energies on devising and pursuing a strategy of economic transformation. Moreover, the political capacity to hold wages behind productivity gains facilitated high rates of profitability and thus continued investment and growth.

General Inferences

If Korea at the turn of the twentieth century was a mini-China, by mid-century, Japanese colonialism had transformed it into a mini-Japan. While this statement both oversimplifies and distorts, the grain of truth in it is essential for understanding the subsequent high-growth political economy of South Korea. And if this claim is acceptable, a number of general inferences follow. To draw these out, I address three themes below: the implications of the historical materials discussed above for a comparative understanding of Korea; the insights that can be derived from these historical materials for the study of the nature and origins of "developmental states"; and some general thoughts on the importance of reopening the issue of the variable colonial pasts of developing countries, so as to appreciate fully the roots of the divergent paths that these countries are now traversing.

Korea in a Comparative Perspective

It is clear above that Japanese colonialism in Korea helped establish some basic state-society patterns that many now readily associate as integral to the later South Korean "model" of a high-growth political economy. These patterns include a highly bureaucratized, penetrating, and architectonic state; a state-dominated alliance of state and property owners for production and profits; and repressive social control of the working classes. Demonstrating parallels between historical and contemporary situations, however, is clearly not enough to sustain an argument for historical continuity; one also needs to point out the mechanisms whereby continuity was maintained.

It would take a separate essay to demonstrate fully exactly how and why there was a fair amount of institutional continuity between colonial Korea and subsequent South Korea, especially under Park Chung Hee.[105] In any

105. I am currently involved in writing such an essay, but in the context of a larger study from which the present essay is drawn. The larger study is a comparative analysis of the "state and economic development" in four countries, namely, Korea, Brazil, India, and Nigeria.

case, elements of such an argument already exist in the literature, and for our present purposes, a brief outline will suffice.[106] More than a fifteen-year interlude, a traumatic interlude one may add, occurred between the Japanese leaving Korea and when a truncated South Korea settled on a high-growth path under Park Chung Hee. This interlude was marked by an American occupation, a civil war, a division of the country into a Communist and an anti-Communist half, establishment of a government with some nationalist and democratic credentials in the south, and then a degeneration of this government under diverse pressures, leading up to a military coup. In spite of all this social drama, when diverse historical legacies were simultaneously unleashed and when the future was anything but certain, how did South Korea under Park Chung Hee end up resembling colonial Korea in its basic state-society outlines?

The answer revolves in part around the structures that were simply never altered in any fundamental way and in part around conscious choices made by leaders of South Korea. For example, Cumings has demonstrated with great care how and why the American occupying forces in Korea left the colonial state more or less intact; the alternative would have been to unleash a popular revolution of nationalist and radical forces. As a result, the bureaucracy, the police, and the military that sovereign South Korea inherited were essentially colonial creations. In Cumings's own words, in spite of a prolonged American involvement in Korean affairs, "it was Japan's impact that lasted," and "whether it was in the military, the bureaucracy or the polity, Americans during the occupation found themselves playing midwife to a Japanese gestation, rather than bringing forth their own Korean progeny."[107]

Not only were state structures kept intact but the state's capacity and willingness to direct economic change, as well as the economic instruments used by the state—for example, control over credit—continued from the colonial to the postcolonial period.[108] There is little evidence, moreover, that Korean businesspeople in South Korea made much of a fuss over these arrangements. On the contrary, there was a fair amount of continuity in the state-dependent nature of Korean capitalism as well. For example, Carter Eckert has found that "60 percent of the founders of South Korea's top fifty *chaebol*" had participated directly in business under colonial auspices.[109] Because these businessmen had either flour-

106. Cumings, "Legacy of Japanese Colonialism"; Eckert, *Offspring of Empire*; and McNamara, *Colonial Origins of Korean Enterprise*.

107. See Cumings, "Legacy of Japanese Colonialism," pp. 479–80. For his detailed analysis of why and how Americans left the colonial state more or less intact in Korea, see Cumings, *Origins of the Korean War*, vol. 1, chap. 5.

108. See Woo, *Race to the Swift*, for the specific issue of state control over credit.

109. Eckert, *Offspring of Empire*, p. 254.

ished with the help of the colonial state or complained and periodically petitioned the colonial state for more support, it is likely that their political preferences strengthened the state-directed, state-business alliance for production and profit. Finally, the corporatist patterns of worker control were also colonial in origin: the employer-employee "clubs" for promoting "patriotism" and production, in the words of a labor analyst, became "one of Japan's permanent contributions to Korea's industrial relations system."[110]

None of these continuities were inevitable. North Korea, a product of the same historical legacy, clearly went on a very different path. In South Korea, the chaos of the Rhee period could have continued indefinitely; alternatively, a new leadership could have undertaken basic changes and put South Korea on a totally different path. However, the postcoup leadership chose continuity with colonial patterns. Complex motivations of national security and of protecting sectional social interests were at work, but it was the nature of the leadership that finally undergird the choice of continuity. Park Chung Hee was a product of the Japanese colonial Korean army, trained in Japanese military academy in Manchuria. Chong-Sik Lee, one of the leading Korea scholars in the United States, describes him as a "Japanophile," fascinated by the "Meiji model," and bent on steering Korea along the Japanese path to modernity.[111] South Korean leaders often covered such proclivities with an anti-Japanese rhetoric here and a nationalist flourish there. Desirous mainly of high economic growth, however, such leaders as Park Chung Hee knew well that the key elements of the "model" left behind by the Japanese were still intact in the early 1960s: a highly pervasive and penetrating state that could be turned authoritarian, purged of corruption, and made to refocus attention on matters economic; a state-dependent business stratum that understood the benefits of cooperating with a purposive state; and a highly controlled working class. Because this "model" had worked in the past, until proven to the contrary or forced to abandon it, there was no reason why it ought not to work for sovereign South Korea as well. Moreover, the extent to which postwar Japan remained a "reference society" for South Korea was itself, in part, a product of considerable colonial contacts that had created links of language and economic structures as well as a shared understanding of how to construct high-growth political economies.

If the case for considerable continuity is thus persuasive—and this does not necessitate denying either some important changes in the subsequent

110. Ogle, *South Korea*, p. 6.

111. Chong-Sik Lee, *Japan and Korea: The Political Dimension* (Stanford: Hoover Institution Press, 1985), pp. 62–63.

political economy, or the credit due to Koreans for their economic achievements, before and after independence—it follows that the roots of the high-growth Korean political economy lie deep in a unique colonial experience. Two further implications follow. First, quite a few development scholars compare South Korea's economic performance to that of other slower-growing developing countries. The underlying assumption often is that all these countries began from more or less the same starting point of very low per capita incomes in the 1950s, but somehow South Korea (and a few other NICs) rushed ahead. The question then becomes, Why South Korea? In light of the discussion above, this manner of posing the question appears inappropriate. The starting point for comparison has to be deeper in history, especially in the formative colonial phase. Even if South Korea's low per capita income in the 1950s was similar to that of an India, a Brazil, or a Nigeria, South Korea's starting point was very different: it had a much more dynamic economy in the half a century preceding the 1950s, and by the 1950s its deeper state-society configurations were relatively unique.

Second, some development scholars pose the puzzle of South Korea's phenomenal economic success in the following terms: Why was South Korea able to switch to an "export-oriented policy" in the early 1960s, whereas many other developing countries continued on the "import substitution" path?[112] Again, this manner of framing the comparative question is somewhat misconceived. South Korea indeed made some important policy changes under Park Chung Hee, but their significance can easily be exaggerated; moreover, the state-society configuration that enabled these policies to succeed had deeper historical roots. In this sense, South Korea under Park Chung Hee did not so much "switch" as it fell back into the grooves of colonial origins or, to be more precise, chose one of the two or three main alternatives that were available to it from its complex historical legacy. Revolutionary communism, a corrupt and wasteful autocracy of the Rhee type and a more American-style open democracy were all realistic possible paths along which South Korea could have traveled. The key elements of the eventual path it adopted, however,—a Japanese-style, state-driven export economy—were deeply etched into the social fabric. More specifically, the Korean economy, especially the southern Korean economy, had already been export oriented, its entrepreneurs had considerable experience in selling abroad, and the state within this economy had learned from its own history that strong support for business and exports, along with tight control over labor, was a route to high economic growth.

112. For example, see Haggard, *Pathways from the Periphery*.

Nature of "Developmental States"

Among scholars who share the view that states have played both a positive and a negative role in economic development, a pressing subsequent question concerns the comparative analysis of "developmental" and "predatory" states.[113] More specifically, what distinguishes patterns of state intervention in the economy, and why do some developing country states end up successfully transforming their economies, whereas others end up as "rent seekers," preying on their own society's scarce resources? While detailed comparative analyses are the best route to develop answers to this complex but important question, the single country materials presented above also speak to the issue, especially because the Korean case is central to any such analysis and because the Korean state was itself, at the turn of the century, transformed from a "predatory" to a "developmental" state.

Peter Evans has described "developmental states" as exhibiting the characteristic of "embedded autonomy"; "autonomy" of bureaucratized states from social entanglements gives them a capacity to direct social change, and social "embeddedness," in turn, especially the links these states forge with business and industrial classes, enable state elites to incorporate these powerful groups in the state's economic project.[114] The historical materials analyzed above are not inconsistent with this account of "developmental states." Nevertheless, the Korean historical materials also suggest some qualifications and further specification.

The first important qualification concerns the issue of where the policy goals of any state-directed economy come from. Arguments about "developmental states," whether in Peter Evans's or in other versions, often focus more on explaining a state's capacity to implement goals and less on where these goals come from in the first place. The latter issue requires an explicit focus on the political process of a society. Policy goals of any society reflect complex processes involving how the highest authorities balance their own preferences against national and international pressures. In the colonial Korean case discussed here, it was clear that the major shifts in policy goals—trade of raw materials for manufactured goods, followed by encouragement of food production in the early phase; encouragement of Japanese investments in manufacturing, along with some Korean participation during the middle phase; and finally, in the last phase, a war economy with rapid industrialization—mainly reflected Japanese priorities, with an occasional concession to Korean pressures. In sovereign polities, this process of policy prioritization is often highly com-

113. For one insightful analysis of this question, see Evans, "Predatory, Developmental, and Other Apparatuses."

114. Ibid.

plex and would require a more detailed study than the colonial type of case discussed here. Nevertheless, the general point ought to be clear: since efficacious states can be used by their leaders to accomplish various goals, including nondevelopmental goals, the politics of how developmental goals emerge as a priority must be an important component of any study of "developmental states."

The juxtaposition of the late Chosŏn or Yi state against the colonial state also yields some further insights about "predatory" and "developmental" states. The late Chosŏn state was personalistic and factionalized at the apex, with very little downward reach in the society; it was also deeply penetrated by landowning classes. These characteristics bequeathed political incapacity. The result was that the Yi state was quite incapable of laying out and pursuing an agenda of socioeconomic change. By contrast, the colonial state turned out to be highly efficacious. While this was no developmental state in the sense that it helped develop the whole society—on the contrary, it was a rather brutal, exclusionary state, not to mention colonial—it nevertheless could establish order and facilitate economic growth. How did it achieve this capacity? The changes introduced by the Japanese that helped increase state capacity can be best thought of as changes along three dimensions: changes in the state structures; creation of new economic instruments in the hands of the state; and new patterns of state-class relations. Because all these have been discussed in some detail above, they now require only a brief reiteration.

First, the significant changes in the state structure were three: creation of centralized authority with a clear agenda of change; depersonalization of authority structures, so that public and private interests were first separated and only then reintegrated on a new basis, with public goals mainly in command; and downward penetration of the state's authority in society via the creation of a disciplined bureaucracy.[115] These changes enabled the new political authorities to formulate specific public goals and to implement them in the far reaches of the society.

Second, the state also created a number of economic instruments that did not exist before and that enhanced the state's capacity to direct the economy: a rationalized currency system, banks and other credit institutions that the state controlled, long-and short-term economic plans, production-oriented new technology, and a variety of direct and indirect subsidies. Finally, the state and social classes established a new relationship. In both the countryside and the city, the state and property-owning classes entered an alliance which was set mainly on the state's terms but which was nevertheless mutually beneficial: the state desired and suc-

115. Note that Peter Evans's "autonomy" component of the "embedded autonomy" formulation mainly directs attention to the second of these three structural components. See ibid.

ceeded in securing steady increases in production, whereas the property-owning groups received enough political support to ensure healthy profits. The state and property-owning classes also collaborated to control peasants and workers in what amounted to a successful, labor-repressive strategy.

This last point directs attention to another important modification in Evans's type of formulation of "developmental states," namely, the significance of downward penetration of systematic political control. Far too much analytic attention is being devoted in contemporary attempts to understand "developmental states" to the apex of the political economy. This is unfortunate because the relationship of the state to laboring classes, especially the modalities of participation and control in the process of production, is a central part of the "story" of how and why some states succeed in industrializing their economies. For example, it is clear in the account above that the colonial state and Japanese and Korean businessmen collaborated not only to strictly control any demand-making or dissident actions of workers but also to train them at work, pay a living wage, transmit some pride in their endeavors, and provide job security. This combination of "carrots and sticks" generated considerable control over the lives and behavior of workers. While hardly conducive to the creation of a free and desirable society, this control, in turn, both contributed to productivity gains and, more important, enabled the state to single mindedly pursue economic growth.

A bureaucratized and penetrating authoritarian state with clear, growth-oriented goals, armed with a panoply of economic instruments and allied with propertied but against laboring social classes, is the stuff of which transformative power in the hands of the state is made. Or so, at least, such emerges from the study of this one specific case. Neither the brutal, controlling nature nor the colonial origins of this specific "developmental state" can be recommended to others on normative grounds. And yet, for those who believe that states have an important role to play in facilitating economic development, the question remains: how can power to develop be generated without outside forces remolding state structures or without states that repress and control large majorities of their own citizens? The study of other cases and imaginative rethinking may yield insights into how to approximate "developmental states" without acquiring some of their worst features.

Rethinking Comparative Colonialism

Finally, I wish to conclude with some speculative thoughts concerning future research directions. Developmental success has always ignited intellectual inquiry: Why did "they" succeed? Why not the "others"? Marx

and Weber struggled over these questions, trying to understand the early rise of capitalism in northwestern Europe. Ever since, successful industrializers have attracted scholarly attention. It is hardly surprising that in our own times the successful NICs should attract similar attention. The puzzle is especially appealing when, in a group assumed to be more or less similar, some move ahead, while others are left behind. Scholarly imagination then wants an explanation for both the speedy growers and the laggards.

A variety of answers have been proposed in more recent years as to why some developing countries have better-performing economies than do others; these vary from sharply market-oriented answers, through more state-focused analyses, all the way to religion and culture as the real variables. What many of these efforts in the hands of "developmentalists" lack, unfortunately, is historical depth. Large-scale processes of historical transformation often tend to display long historical continuities; when they do not, ruptures, new beginnings, and shifts in path are dramatic. Establishment of sovereignty or, at least, the post–Second World War beginning is often assumed by development scholars as the "new beginning" from where comparative analyses of developing countries must begin. This trend is unfortunate, because it is likely that a significant component of the explanation for why countries traverse different developmental paths lies in their colonial heritage.

An earlier generation of "dependency" scholars was well aware of historical continuities. That body of scholarship lost its intellectual sway for a variety of reasons, however, including the tendency to homogenize the antidevelopmental nature of all colonialism. A central question in the minds of a new generation of scholars became, Why are developing countries traversing such different paths? Any framework that mainly drew attention to a universal constraint (for example, "world capitalism" or "neocolonialism") was thus likely to loose appeal; satisfactory answers would rather have to explain why countries dealt differently with the same set of constraints. Unfortunately, however, in rightly discarding dependency propositions, scholars also threw out the proverbial baby with the bathwater. They threw out the colonial pasts of the developing world. Instead of asking, Could the roots of varying performances be located in a variety of colonial pasts? most developmentalists now focus on the nature of post–Second World War states, social structures, and policy choices as the primary explanations of divergent performances.

If the historical discussion in this essay is persuasive, it suggests that the roots of economic dynamism in the critical case of South Korea are located, at least in part, in the state-society relations created under the auspices of Japanese colonialism. This finding, in turn, directs attention to unique aspects of Japanese colonialism: as a late developer, who had per-

fected a state-led model for catching up in the world economy, Japan in its colonies constructed a political economy that also turned out to be well suited at catching up. In other historical cases, different colonial powers, in different time periods, pursued a variety of colonial ruling strategies. They thus left behind a variety of political economies: distributive politics and a slow-growing economy in India; incomplete states that readily turned into predatory states in much of Africa; and semisovereign political economies that came to be dominated by foreign investors and agrarian oligarchies before the onset of deliberate, state-led developmental experiments in large parts of Latin America. Is it not possible that the legacy of colonialism, though varying from case to case, especially from region to region, was of long-lasting significance in much of the developing world? If so, it behooves scholars interested in understanding divergent paths of contemporary developing countries to pay attention once again in their comparative analyses to the colonial pasts of these countries.

Chapter Five

The Developmental Regime in a Changing World Economy

T. J. Pempel

The phenomenal economic performances of Japan, South Korea, and Taiwan have attracted great attention from both policymakers and academic analysts. How, it was asked, were countries such as Japan, South Korea, and Taiwan (as well as, in some analyses, Singapore, Hong Kong, and, sometimes, Malaysia and Thailand) able to achieve their high levels of macroeconomic growth while most other so-called less developed countries have languished in the world's economic backwaters?

For many, interest in Asian success has been largely fear-driven: would Northeast Asian economic success come at the expense of the economic well-being of the West? For others, the response has been a call to "look East" for replicable models.[1] Still others have examined the Asian experience with an eye toward validating preconceived notions about the relative power of "markets" or "the state."[2]

Economic slowdowns in much of Asia abated some of the fears and blind admiration. Then, in the wake of the financial crises of the late 1990s, the world began to look to Asia more as a potential source of an "Asian contagion" that might threaten the world's economic stability than as a model for emulation. But only the most myopic policymakers have returned to past assumptions about East Asian successes as little

1. The phrase "Look East" was advanced by Malaysian prime minister Datuk Seri Mahathir Mohamad. On Latin America, a good example of looking toward East Asia is Jorge Castaneda, *Utopia Unarmed* (New York: Knopf, 1993).

2. A well-known example of the former is the World Bank policy research report entitled *The East Asian Miracle: Economic Growth and Public Policy* (New York: Oxford University Press, 1993).

3. Compare Paul Krugman, "The Myth of Asia's Miracle," *Foreign Affairs* 73, no. 6 (November/December 1994):62–78.