

Japanese Colonialism and Korean Development: A Critique

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Summary. — New scholarship on economic development in Korea has focused on the beneficial effects of Japanese colonialism and on certain continuities between Korea's growth strategy before and after World War II. We challenge this new revisionism. The growth record under the Japanese occupation was more modest than is often thought, there are greater discontinuities than continuities between the colonial and postwar eras, and political independence was an important factor in subsequent growth. We trace the turning point in Korea's long-term growth to political, policy and institutional changes that occurred following the military's seizure of power in 1961. © 1997 Elsevier Science Ltd

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1. INTRODUCTION

The traditional explanation for Korea's rapid growth focuses on policy reforms undertaken following the military coup in 1961: macroeconomic stabilization, which provided the basis for a unification and devaluation of the exchange rate; selective trade liberalization, primarily for inputs to exporters; a more open stance toward foreign investors; and tax and financial market reforms that increased both government and private savings (Balassa, 1981; Krueger, 1985).

The idea that "something happened" in the early 1960s is by no means limited to the neoclassical account. Amsden (1989)¹ and Haggard (Haggard, Cooper and Moon, 1993; Haggard, 1990; Haggard, Kim and Moon, 1991) have both argued that an export-oriented strategy was central to Korea's rapid growth after 1960, but part company with neoclassical accounts in the emphasis they place on the targeted industrial policy interventions and subsidies.

In an important essay, Atul Kohli (1994) argues that the focus on the policy changes of the early 1960s is misguided. Rather, it was Japanese colonialism that set the stage for Korea's subsequent

development. Not only did Japanese imperialism effect a profound transformation of the Korean economy *at the time*, but it contributed to Korea's long-term growth. In making these arguments, Kohli builds on a growing body of work, including a pioneering essay by Cumings (1984a), a history of the Korean financial system by Woo (1991), and business histories by Eckert (1991) and McNamara (1989, 1990, 1996). These revisionists seek to trace various political and economic continuities between the Japanese colonial period and the rapid growth that began—or began again—in the 1960s.²

This recent Western scholarship mirrors renewed debate among Korean scholars on the impact of Japanese colonialism. Nationalist Korean scholarship had traditionally defined the colonial period as a "colonial, semi-feudal society (*sikminji banbonggun sahoi*)," with the implication that capitalist transformation dated to the postliberation (1945) period (Ahn, 1977, p. 1981; Shin, 1977). In the late 1980s, however, the Naksongdae Research Institute began a

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massive project on the colonial period. Departing from his earlier writing, Ahn (1995), Ahn and Kim (1995) argued that colonial policies were a necessary, though not sufficient, condition for Korea's economic miracle, and pointed to the numerous structural similarities between Korean growth in the 1930s and 1960s.

The new revisionism posits three causal mechanisms through which colonial history influenced subsequent development. First, the Japanese transformed a relatively corrupt and ineffective traditional state into a modern, developmental one, "capable of simultaneously controlling and transforming Korean society" (Kohli, 1994, p. 1270; Cumings, 1984a, b; Ahn, 1995). Second, the Japanese established a pattern of business-government relations that facilitated industrial both through its influence on the formation of the Korean private sector and as a development model (Eckert, 1991; McNamara, 1996). Finally, the colonial bureaucracy effected a fundamental transformation of social relations that created "the framework for the evolution of a high-growth political economy" (Kohli, 1994, p. 1270).

There is an inherent attraction to the argument that the farther back in history one goes, the more fundamental the explanation of the present will be. But even if we accept the controversial proposition that temporally distant events should be weighed more heavily than temporally proximate ones, we face the difficult question of deciding which historical events are of lasting significance. Japanese colonialism was followed in rapid-fire succession by three wrenching and equally significant historical events: WWII, a hostile US occupation, and the peninsular war. Advocates of the continuity thesis have the difficult task of explaining why the Japanese legacy, like the Yi one before it, was not diluted by subsequent events.

We make four arguments. First, serious questions remain about the economic record *even at the time*; there are, however, even stronger reasons to doubt that any Japanese contribution was an *enduring* one. The end of Japanese rule was followed immediately by 15 years of severe social conflict, war, policy drift, and a decidedly mixed economic record. Only with the policy changes of the early 1960s was there a fundamental inflection in Korea's growth path.

Second, the belief in the continuity of the Japanese colonial state exhibits a technocratic bias. It is not the *bureaucracy* which ultimately makes policy, but the political elites who control it. The colonial bureaucracy was indeed a powerful instrument of social change, coercion, and extraction that was turned to imperial ends. Yet that same bureaucracy in the hands of Syngman Rhee and his cronies became the locus of unproductive rent-seeking activities. Only when once again transformed at the

hands of the military did the bureaucracy become an agent of change, though one directed to achieving the political objectives of Park Chung Hee and his allies.

Third, the extent to which either the origins of postwar Korean capital can be traced to Japanese involvement in Korea is questionable. To be sure, there are both firms and entrepreneurs who had their start in the interwar period. But such firms would have emerged had Japan *not* occupied the country. The Korean acquisition of Japanese assets played a role in the origins of some economic groups in the 1950s, but much of the Japanese-financed capital stock was destroyed or depreciated during 1945–53 and had to be built anew.

Nor is there much evidence of continuity in the nature of business-government relations from the 1930s through the 1960s. Despite some important exceptions, the basic stance of the colonial government toward Korean capital was discriminatory. Business-government relations during the 1950s were close, and politically-driven accumulation probably had a positive effect on the growth of the private sector. But this can hardly be attributed to a "developmental state," leaving the plausible, though substantially more modest argument, that one generation of Korean entrepreneurs gained experience under Japanese rule.

Finally, we are sympathetic with the claim that postwar Korean development rested on important social preconditions. With the exception of labor repression, however, these involved a *reversal* of the social legacies of Japanese colonialism, including increased attention to human capital and land reform (Shin, 1977; Ahn, 1981). Both of these developments were crucially important for subsequent economic growth, but were only possible because of political independence from Japanese rule.

2. THE ECONOMIC RECORD

Before turning to the causal arguments linking Japanese colonialism to subsequent growth, it is important to review the economic record. It is theoretically plausible that economic reforms, such as the fixing of property rights in land, and Japanese investment in both productive activities and infrastructure had a positive effect on aggregate growth.³ The Korean economy certainly grew under Japanese rule, and the structure of output in 1940 was markedly different than in 1910 (Table 1). Annual average growth rates for gross domestic expenditure (Table 2) show that mining and manufacturing saw particularly robust growth at both the beginning and end of the colonial period, though substantially more modest development in the middle years of the empire.

Table 1. *Distribution of net commodity product by industrial origin (percent, based on 1936 prices)*

	Agriculture and fishery	Mining	Manufacturing
1910-15	95.2	1.3	3.5
1916-21	93.1	1.4	5.5
1922-27	90.2	1.2	8.6
1928-33	87.4	2.0	10.6
1934-39	75.6	5.8	18.3
1940	69.7	8.3	22.0

(Source: Suh, 1978, p. 46, Table 18).

Even following the heavy industry drive of the 1930s, however, Korea was still predominantly an agricultural country. Kohli (1994, p. 1278) focuses particular attention on the concerted colonial efforts to improve rice production after the food riots in Japan in 1919. Rice production during 1920-35 grew at a remarkable 3% per annum. With very little expansion of either land or labor inputs (Yamada, 1988, p. 40, Table 4-6), this would imply the effects of other inputs and increased productivity as a result of the transfer of Japanese techniques of cultivation: the use of improved seed, fertilizer, and irrigation (Myers and Yamada, 1984; Suh, 1978, p. 73, Table 33 and p. 77 Table 34). According to Kohli, "rapid increase in agriculture production...provided both food and inputs to sustain an industrial drive on the one hand, and on the other hand, yielded high incomes and savings that found their way back into a growing economy" (Kohli, 1994, p. 1279).

By focusing on physical output of rice, Kohli puts the best face on a much more mixed agricultural picture.⁴ The apparent increase in output during the period of the cadastral survey (1911-18) is almost certainly an artifact of increased statistical coverage (Kimura, 1993, p. 631).⁵ Statistical work by Ban (1973), Suh (1978), and Yamada (1988, p. 36, Table 4-2) have all produced downward adjustments of the official data on agricultural production. Yamada, for example, finds the agricultural depression of the 1920s to be much deeper, with only 0.6% average

annual growth for the decade, and only 1.5% growth for 1920-35. The weak performance of agriculture reflects the fact that despite extensive protection (Anderson and Tyers, 1992), the relative price of rice was severely depressed in the empire during 1919-22 and again in 1926-33, due precisely to Tokyo's overzealous efforts both to control prices and to increase production. The higher growth reported at the end of the 1930s is partly explained by the tightening of controls, inventory accumulation in connection with the war effort, and the increasing diversion of supply into military consumption; these can hardly be considered favorable developments (Suh, 1978, p. 89).

Kohli also follows the convention visible in much Japanese scholarship of ignoring economic performance during WWII, when the gains in agricultural production in the second half of the 1930s were completely wiped out (Ban, 1973, pp. 13, 37, Table K-1). Agriculture contracted at a rate of 1.6% per year from 1939-45 due primarily to the diversion of resources into the war and the resulting decline in both working and fixed capital. In 1945, total agricultural output stood where it did in 1933.

The picture with respect to productivity—crucial to the claim that the Japanese exercised a lasting influence over Korean agriculture—is also mixed. The Japanese made very little effort to increase productivity in non-rice crops, despite the fact that these crops consistently accounted for over 40% of total agricultural output. Estimates of *overall* agricultural productivity vary, but they are by all accounts modest. Yamada (1988, p. 42 Table 4-8) estimates average annual growth in total agricultural productivity from 1920-35 at 1.1% when measured by unit of land, and 0.9% by unit of labor, about *one-third* the pace of productivity growth in Taiwan. Myers and Yamada find that overall productivity growth is negative (-0.2%) for all of the 1920s, turns positive (1.2%) in the first half of the 1930s, but is again negative (-0.3%) in the second half of the 1930s. Ban finds no productivity growth in agriculture during 1920-39, and even a decline if we compare 1920-44.

Table 2. *Growth of net domestic product (NDP) (1934-36 constant prices, annual averages)*

	Net domestic product	NDP by agriculture, forestry and fishery	NDP by manufacturing and mining	NDP by construction, commerce, and services
1911-15	6.2	5.7	26.8	4.3
1915-20	3.1	4.2	1.5	1.8
1920-25	1.7	0.5	3.7	4.2
1925-30	3.0	2.0	5.8	4.4
1930-35	4.9	1.9	18.2	5.8
1935-38	6.1	4.0	14.5	6.8
1911-38	4.05	3.17	10.8	4.3

(Source: Calculated from Mizoguchi and Umemura, 1988, pp. 238-239, Table 8).

Table 3. *Composition of manufacturing output (percentage shares)*

	Textiles	Metals	Machinery	Ceramics	Chemicals	Lumber/wood	Printing	Food	Others
1914	11.6	14.9	2.0	3.7	9.1	1.1	2.8	43.2	11.6
1920	16.0	6.0	3.6	4.1	44.5	3.8	3.8	38.0	16.9
1925	14.8	6.0	3.4	3.3	15.6	4.3	4.3	41.6	11.0
1930	16.1	6.2	2.0	3.4	15.3	1.7	1.7	46.2	9.2
1935	15.5	12.5	2.0	2.9	25.4	1.4	1.4	34.7	5.6
1940	18.6	8.0	4.0	3.7	33.7	1.9	1.9	25.0	5.0

(Source: Kimura, 1988, p. 48, Table 5–2).

As Kohli admits (Kohli, 1994, p. 1278), when we broaden our conception of “development” from output to income growth in the agricultural sector, the record becomes even more negative. Early work by Tohata and Ohkawa (1935) argued that Korean per capita consumption of rice and other grains declined in the colonial period due to Japanese emphasis on extracting an agricultural surplus and diverting it to exports. Since their “export famine” hypothesis, there has been a heated debate on consumption under Japanese rule (Suh, 1978; Terasaki, 1984). But new work by Kimura (1993) strongly confirms the findings of Tohata and Ohkawa. Real average farm income changed little during 1915–37, real wages for agricultural labor declined, and consumption of major staple foods and caloric intake from them fell.⁶

Kohli sees no contradiction between these findings and his claim that Japanese policy constituted a “state and propertied class alliance for production...that would of course repeat itself in subsequent periods” (1994, p. 1279). Postwar patterns of agricultural development in Korea bear, however, no resemblance to the colonial one. First, independence meant an end to the extractive export-oriented colonial model of development that limited consumption and diverted a substantial share of the returns to agricultural growth to large Japanese and Korean landowners. Second, agricultural performance in the postwar period was distinctly superior to the pre-war period in every regard. Ban, for example, estimates the annual compound rate of growth of agricultural output from 1920–39 at 1.62%. From 1939–53—the period covering the

two wars—this fell to –0.98%. During 1953–69, however, growth increased to 4.33% (Ban, 1973, p. 31, Table 1), almost 50% higher than colonial agricultural growth during its peak years of the 1930s. Moreover, the rapid growth of Korean agriculture in the postwar period reflected increases in agricultural productivity as well as increased inputs. There are good reasons to believe that this improved productivity was due to changes in politics, land reform, and incentives associated with the end of Japanese rule.

The most rapid period of agricultural growth in the postwar period, however, came after the transition to export-led growth in the early 1960s (Ban, Moon and Perkins, 1980). Contrary to Kohli’s implicit model, Korean growth was *never* fueled by agriculture, and certainly not during the Japanese period when capital formation was financed primarily by colonial government spending rather than domestic savings (Mizoguchi and Yamamoto, 1984, pp. 411–412). The period of highest agricultural growth came with the explosion of demand, investment and exports after 1960.

If the Japanese contribution to Korea’s long-term growth through its agricultural policy is questionable, the case must rest on the country’s industrialization.⁷ A review of this record also reveals an ambivalent legacy. Table 3 shows the composition of manufacturing output at various points under Japanese rule; Table 4 shows annual average growth rates for different periods. From 1914–18, industry grew rapidly, though from an extremely low base (Kimura, 1988). During 1918–31, industry experienced a long period of slow growth, before

Table 4. *Growth of manufacturing output (constant 1934–36 prices, annual average percentage change)*

	Textiles	Metals	Machinery	Ceramics	Chemicals	Wood products	Printing and other
1915–20	–1.30	25.54	10.25	1.17	4.44	30.10	0.07
1921–25	14.9	0.83	17.14	20.41	14.50	8.47	0.10
1926–30	13.11	40.15	–2.82	5.36	2.13	0.69	–2.45
1931–35	13.32	16.09	25.52	14.27	31.70	13.10	4.61
1935–38	7.8	13.43	13.19	26.49	24.62	–2.06	17.48
1914–38	9.22	18.94	10.98	11.34	15.02	13.32	5.04

(Source: Calculated from Mizoguchi and Umemura, 1988, p. 278, Table 43).

accelerating dramatically in the second half of the 1930s. As one would expect, the textile and food processing industries were important growth sectors but Japan also sited energy- and natural resource-intensive heavy industries in Korea as a component of its post-1931 push into Manchuria.

For three reasons, the rapid growth of manufacturing had ambiguous consequences for Korea's long-term growth. First, it is important to underline the high degree of concentration of ownership in industry. In 1941, the Japanese owned 58.6% of all firms in Korea. Though a number of these were in joint venture form, Japanese investors accounted for 90.9% of all paid in capital (Table 5, see also Suh, 1978, p. 110, Table 52). Naturally, this dominance was even greater in the capital intensive heavy industries—chemicals, metals and machinery—that accounted for the lion's share of manufacturing growth in the late 1930s. In 1941 Japanese firms accounted for 98% of paid-in capital in the metal industry and over 99% in the chemical industry (see Table 5). Painstaking work by Kobayashi (1975, p. 203, Table 3–28, pp. 207–210, Table 3–29) shows that output in these sectors was highly concentrated in a very small number of modern facilities as well.

The modern sector coexisted with a large number of weakly capitalized traditional establishments producing for the local market. Though there were certainly exceptions, it is difficult to believe that the linkages between these two sectors were, in general, extensive or deep. The number of these smaller firms did increase dramatically and some attained medium and even large size. In the aggregate, however, the average size of Korean-owned factories *decreased* during the period of Japanese rule (Kimura, 1988, p. 52). Even with the war effort in the early 1940s, the size of Korean factories never regained the 1911 level.

Table 5. *Korean and Japanese ownership, 1940 (by percentage and paid-in capital)*

	Korean %	Japanese %
Metallurgy	2	98
Machinery	42	58
Chemicals	*	100
Electricity and gas	—	100
Ceramics	—	100
Textiles	15	85
Lumber and wood	10	90
Foodstuffs	7	93
Printing and publishing	43	57
Other	6	92
Total	6	94

*less than 1%.

(Source: Kang, 1974, p. 123).

Moreover, Japanese dominance of manufacturing was also evident in lighter manufactures; 85.4% of paid in capital in textiles, 53.6% in beverages, 80.3% in rice mills, and 93% in food.

Nor is it clear that colonial industrialization made a particularly strong contribution to Korea's development through the employment channel. Despite important structural changes under the Japanese, Korea remained predominantly an agricultural economy; in 1940, only 5.4% of workers were employed in manufacturing (Suh, 1978, p. 51, Table 22). Moreover, employment in the manufacturing sector actually fell and real wages declined during the period of most rapid growth, the 1930s (Odaka, 1988). The benefits to Korean development were further truncated by the fact that a roughly constant share of total manufacturing employment during 1925–40—around 20%—was accounted for by Japanese workers (Suh, 1978, p. 117). Though we don't have data on the sectoral location of these workers, it is likely that they were employed in the higher paying, more technologically sophisticated heavy industries in which both skill requirements and the opportunities for learning were greatest. At the end of the war, all of these workers were repatriated to Japan.

In sum, it is difficult to see any parallel between the Japanese industrialization strategy and the period of sustained high growth in the 1960s. The imperial strategy was built around a pattern of industrialization dominated by a handful of foreign firms (Kobayashi, 1975, p. 335), exploiting cheap energy and natural resources, and making a limited contribution to both local value added and employment. Kohli makes much of the fact that 43% of Korea's exports were "manufactures" in the second half of the 1930s, but these exports included processed foods and the output of the heavy and chemical industries in which Korean participation was slight; in short, this export model looked more like the traditional colonial one than Kohli suggests. The export-oriented strategy of the 1960s, by contrast, fully exploited the country's comparative advantage by focusing initially on light, labor-intensive manufactures; employment grew dramatically as a result and real wages ultimately followed.

A second fact that is important for assessing the Japanese contribution to subsequent growth has to do with the geographic location of industrial activity. Because of their strategic interest in Manchuria, manufacturing gradually shifted northward under Japanese rule. In 1914, the first year for which data are available, the south accounted for 79.7% of real manufacturing production (Mizoguchi and Umemura, 1988, p. 276, Table 41). By 1920, the figure was just under 60%, where it stayed until the early 1930s, when it again began to fall as a result of the heavy and chemical push in the North.

Table 6 presents estimates of the distribution of

Table 6. *Geographic location of economic activity*
(Regional shares of net commodity-product, 1939–40)

	South	North
By Industry		
Fishery	63	37
Agriculture	60	40
Forestry	53	47
Manufacturing	46	54
Mining	24	76
Total	54	46
Manufacturing		
Chemicals	17	83
Metals	11	89
Ceramics	27	73
Wood products	56	44
Foodstuffs	64	36
Machines and tools	72	28
Textiles	83	17
Others	72	28

(Source: Suh, 1978, p. 137, 141).

economic activity between North and South in 1940. Kohli notes that the South was the beneficiary of the fact that it housed the lion's share of the textile and food processing industries as well as the machine and tool industry. The data also show, however, that the heavy and chemical industries, which are responsible for the largest share of aggregate manufacturing growth in the late 1930s, were located in the North. A number of entrepreneurs from the North fled South prior to or immediately following the partition the country, bringing their talent and expertise with them. But the physical plant located in the North obviously could have no effect on subsequent growth in the South.

The most important point to make about Japan's efforts at industrializing Korea, however, is that they did not survive. Although the quality of the data is poor, it is clear that the immediate postwar period was one of virtual economic collapse. By one estimate, total industrial output in 1948 was one-fifth the 1940 level (Frank, Kim and Westphal, 1975, p. 8; Kuznets, 1977, pp. 28–34). Measured by sales, textile production dropped 74% during 1941–48, foodstuffs 93%, and machinery 84%. From June 1945 to December 1949, the number of manufacturing firms decreased by nearly 50% and employment in manufacturing declined by nearly 60%, falling from 300,520 to 122,159 (Kim, forthcoming, p. 85).

The departure of the Japanese was an important cause of the postliberation economic chaos. Not only did the repatriation of Japanese managers and workers leave an important vacuum, but an irresponsible monetary policy by the departing Japanese authorities fueled extremely high inflation. The departure of the Japanese also created a vacuum in external economic relations. Postwar trade dwindled

to very low levels, where it was to stay until the reforms of the early 1960s.

The peninsular war ushered in a second phase of economic chaos and destruction. Following the war, the Korean Bureau of Statistics made detailed estimates of total war damage by sector in 1953 prices. The estimates of total damage are 412 billion hwan, almost two times South Korea's total national production in 1953 (229 billion hwan). Contrary to what one might expect, transport and infrastructure were not the hardest hit; rather, housing, government facilities and industry bore the brunt of destruction.⁸ Private industry and banking accounted for over one quarter of all losses. Fully half of that (40 billion hwan) is accounted for by the manufacturing sector, split evenly between lost machinery and the destruction of buildings, furniture and other movables. Eckert *et al.* (1990, p. 300) summarize the destruction: "About 43% of manufacturing facilities, 41% of electrical generating capacity, and 50% of the coal mines in South Korea were destroyed or damaged." Given the economic chaos of 1945–50 period and the destruction of the war, any physical vestige of the Japanese colonial presence must have become relatively insignificant by the mid-1950s. During 1953–60, US aid became central to Korea's growth. Aid financed nearly 70% of total imports, and aid and counterpart funds accounted for 73% of the government's borrowing requirement. Infusions of US aid contributed to rapid growth of both manufacturing and commerce in the 1950s, comparable to the periods of most rapid growth under the Japanese; a number of Korean groups expanded dramatically in the cozy political environment of the 1950s. Nonetheless, the performance of the economy immediately after the war was erratic. Following a peak of nearly 9% growth in 1956, growth slowed steadily over the rest of the decade. The real inflection in Korea's economic performance, and the staggering growth of the manufacturing sector, came after 1963. To understand why demands closer scrutiny of politics.

3. CONTINUITY AND DISCONTINUITY IN THE SOUTH KOREAN STATE

Japan's role in constructing a developmental state in Korea lies at the heart of the revisionist thesis. For the revisionists, the Japanese form of imperial bureaucratic government was superior to the indigenous Korean institutional structure that preceded it. Bureaucratic reforms, including both internal incentives as well as patterns of recruitment, permitted the colonial state to penetrate and control society and pursue Japan's economic interests.

More controversial is the argument that this political form endured beyond the period of Japanese

rule. Kohli acknowledges that while 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." This "sizable cadre of Japanese-trained bureaucrats virtually took over the day-to-day running of a truncated South Korea," (1994, p. 1273) and, Kohli suggests, formed the nucleus of the state that was responsible for Korea's postwar growth. Following a line of argument first articulated by Cumings (1984a, b), he notes that a broader form of political and bureaucratic organization was implanted by the Japanese. As Woo-Cumings (1993, p. 11) puts it, "the 1930s bequeathed a set of patterns, a model, that could be the silent companion of Korean development."

Like much of the work on the "developmental state," Kohli and Woo-Cumings are not always clear about the explanatory weight they place on each of three, interrelated but distinct political variables: the *social coalition* that supports the state; the *political leadership* that holds power and gives direction to the government's activities; and the *government officials* who occupy positions in ministries, bureaucracies, and agencies. Kohli veers in the direction of placing particular weight on the last of these three. Yet whatever continuity in the bureaucracy existed between the Japanese and independence eras—and we will contest that as well—it was much less significant for Korea's development than the nature of the political leadership that sat atop that bureaucracy. Cumings (1981, p. 153) gets it exactly right when he enjoins us not to

overlook the question [of] the uses to which the state was put. [The post-independence state] was used not for rapid change and development, nor for channeling the highly motivated population into forward-looking disputes, but for the maintenance of outmoded privilege.

In short, the thesis of a persistent Korean "model" (Woo, 1991, p. 11), "system" (Kohli, 1994, p. 1291 fn. 40) or "legacy" (McNamara, 1996, pp. 178–179) must be jettisoned for a more political conception of the state. During 1930–70, we see five different leaderships in power—the Japanese, the US occupation, the Rhee government, the short-lived Chang Myon government, and the governments—both military and nominally civilian—of Park Chung Hee. Each of these periods corresponded to different political alliances, different economic policies, and different patterns of bureaucratic organization.

The discontinuities in the Korean state can be seen by focusing on the transition from the colonial bureaucracy to the Rhee government. Not surprisingly, Koreans did not play a central role in the bureaucracy, and certainly not at its upper levels

(Cumings, 1981, p. 154). Under the Colonial Governor-General, the highest bureaucratic rank was *Shinnin* (Emperor's personal appointee).⁹ No Korean was appointed to this rank throughout the entire Japanese period. The next rank was *Chokunin*, and below that *Sonnin*. In 1910, 55 Korean officials held the rank of *Chokunin*, which roughly corresponds to bureau chief or vice chief. By 1914, 49 had been dismissed, leaving only six Koreans at that level. By 1942 the absolute number of Koreans working at the vice-chief level or above had not returned to its 1910 level, even though the overall size of the government increased dramatically; as a result, the percentage of Koreans at the *Chokunin* or *Sonnin* rank dropped from 65.3% in 1910 to 18% by 1942. Korean participation was concentrated at the *Hannin* level, which encompassed primarily clerks and lower level functionaries (Dong, 1965, pp. 100–124). The absolute numbers of officials in these ranks increased sharply during the colonial period, although the Korean share never exceeded one-third of all employees in these grades.¹⁰

Not surprisingly, the coercive apparatus of the state was even more restrictive with respect to Koreans. The absolute number of Koreans working in some police capacity approached 8,000 by the early 1940s, however, only 2.6% of that total advanced beyond the lowest levels to become officers.

These data on Korean participation in the colonial bureaucracy call into question the contention that there was substantial continuity in bureaucratic personnel following liberation. Cumings (1981, pp. 152–153) documents how the American occupation forces followed a policy of moving Korean bureaucrats up to fill posts held by departing Japanese; this policy was particularly in evidence in the agencies of law and order (Cumings, 1981, pp. 158–169). Up to 30% of Rhee's cabinet appointments during his tenure were former collaborators (Im, 1991, p. 42; Pan, 1994).

Given the overwhelming dominance of the Japanese in the bureaucracy and their complete and total withdrawal following liberation, however, it is also clear that there must have been a huge influx of new bureaucratic recruits. Where did they come from? Cumings (1981, pp. 154–156) suggests the answer: they came from the allies of the right-wing politicians grouped in the Korea Democratic Party (KDP), and later allied with Syngman Rhee. The crucial period for understanding the origins of the postwar South Korean state is not the Japanese colonial period, but the period of occupation when a new conservative coalition was forged with US assistance.

The interests of these postindependence politicians and their bureaucratic allies were very different than those of their Japanese colonial predecessors.

The postwar political elite was preoccupied with political survival; the main advantage of seizing control of the state was that it could be used to crush political rivals, particularly on the left, a task on which the Americans and their Korean allies agreed completely (Cumings, 1981, chapters 3, 5 and 6; Cumings, 1990, chapters 6–8).

The bureaucracy also served a number of other political objectives that it had not under the Japanese, including as a source of patronage. Higher civil servants were increasingly recruited on a political basis with only perfunctory screening. During 1949–61, only 336 men passed qualifying tests, compared to 8263 “special appointments” (Bark, 1961; Song, 1960; Yi, 1966). A detailed study (Bark, 1967, pp. 221–222) of US efforts to export meritocratic norms concludes that it “was difficult to find any effect of the American effort on the personnel system in Korea.”

Not only is there little evidence of a Japanese-style developmental state in the 1950s, but efforts to reconstruct a more rational policy-making process were continually undermined by Rhee’s political concerns; unifying the peninsula, marginalizing the opposition, and extracting the maximum aid from the Americans while making as few policy concessions as possible (Haggard, Cooper and Moon, 1993). In 1955, Rhee established the Ministry of Reconstruction (MOR), primarily as an instrument of nailing down US aid commitments. A second island of innovation was the Bureau of the Budget within the Ministry of Finance (Lee, 1982, pp. 172–177). Despite these reforms, it was not until 1958 that a serious domestic planning effort got underway (Lee, 1966; Wolf, 1962). Preoccupied with political problems, Rhee reviewed the Three Year Plan only twice during the two-year period of its formulation, once to order arbitrarily that the growth projections of the plan be increased. Besieged by political difficulties in 1959, the Liberal Party approved the final draft of the plan only a few days before the student revolution that ended Rhee’s presidency.

In short, the Rhee period suggests a number of obvious *discontinuities* with the Japanese period. First, the extent of continuity in personnel between the Japanese and postindependence period has almost certainly been exaggerated. A large number of Koreans who had served under the Japanese retained government posts, but the US occupation and independence created the opportunity for a flood of political entrants. Second, the bureaucracy was turned to very different purposes under the post-independence government. “Technocratic” components of the bureaucracy lacked both the instruments and the executive support required to implement their ideas; the bureaucracy was subordinated to politics. Finally, it is worth noting that the reformers did not have experience in the colonial bureaucracy.

The average age of the four major reformers—Lee Hahn Been, Cha Gyunhui, Yi Gihong and Jong Jaesok—was only 36 in 1960.¹¹

It is only with the intervention of the military in 1961 and Park Chung Hee’s ascent to power that a more coherent economic policy-making process emerged: the concentration of executive authority, a fundamental reform of the economic decision-making structure, and the seizure of new economic policy instruments (Haggard, 1990, pp. 61–74; Haggard, Kim and Moon, 1991; Kang, 1995). Fundamental reforms of the civil service moved it in a more meritocratic direction (Cho, 1968; Jong, 1987; Bark, 1982; Lee, 1985). While only 4.1% of higher civil servants under Rhee entered the bureaucracy through merit-based examinations, fully 20% entered that way under Park and the number of internal promotions, increasingly governed by merit considerations, also increased at the top ranks.

If the evolution of the Korean state has in fact been punctuated by a series of important political and bureaucratic discontinuities, this leaves the revisionists with the argument that either Japan or the colonial administration constituted a model which Park and his allies sought to emulate. This argument is plausible, but the testimony of a number of principals suggests a much more eclectic process of institutional borrowing. Park’s (Park, 1962) intellectual autobiography, *Our Nation’s Path* makes reference to the Meiji restoration as a model, but also to Bismarck and Atatürk. Kim Chong-nyom, Minister of Finance and one of the chief architects of the Bank of Korea and the Treasury, claims that he was influenced by a mix of Japanese and French models (Kim, 1990, p. 32). These influences on the central bank were subsequently diluted by wholesale changes in the central bank law drafted by two US advisors from the Federal Reserve Bank of New York (Maxfield, 1995, chapter 7), whose arguments for central bank independence were in turn further diluted by the play of Korean politics.

The most important institutional innovation of the Park period, the creation of the Economic Planning Board, has no parallel whatsoever in Japan nor in the Japanese colonial administration. The combination of both budgetary and planning powers with control over foreign borrowing and direct investment appears to have its inspiration in the model of indicative or mixed-economy planning that was popularized among developing countries by India. In addition to these diverse influences was the persistent pressure of US advisors (Haggard, Kim and Moon, 1991). Yet even if Japan did constitute one available model on which the Korean military was able to draw, we would still need a political explanation of why such organizational forms were shunned throughout the 1950s, and readopted in the early 1960s. Suggesting parallels between the

colonial era and the Park era does little to further our historical understanding of this issue.

4. THE COLONIAL ORIGINS OF SOUTH KOREAN CAPITALISM

We have argued that industrial growth in Korea in the 1930s took a dualistic form, with structural transformation driven primarily by Japanese firms. Nonetheless, a number of Korean businesses and individual entrepreneurs had their start during this period, fueling a heated debate among economic historians in Korea on the historical origins of South Korean capitalism. Yong-sup Kim and others (Kim, 1974; Kang, 1974; McNamara, 1996), for example, suggest that the seeds or "sprouts" (*maenga*) of Korean capitalism were sown in the late Yi dynasty, while Dae-keun Lee (1987) points to the role of the US military occupation.

A growing number of US and Korean scholars give particular attention, however, to the Japanese colonial period. The outstanding English-language statement of this position is Carter Eckert's monumental historical account of the rise of the Kyongsong Spinning and Weaving Company. Eckert (1991, p. 65) writes that "from 1876 on Korea saw the emergence of a native entrepreneurial class that eventually turned its attention to industry. Far from stifling such growth, colonialism advanced it...the Japanese permitted and abetted the development of a native bourgeoisie class." Earlier Korean scholarship such as Jun-bo Kim's (Jun-bo Kim, 1967, 1970) analysis of the imperial period reaches similar conclusions, as do a series of monographs on the diversification of traditional landowning families into commercial farming, trading, and manufacturing (Hong, 1988, 1992; McNamara, 1996).

One way of evaluating these arguments is to pose counterfactuals. What might have happened in the absence of Japanese colonialism? Kohli emphasizes the factors that accelerated the formation of a Korean capitalist class, though he does not always distinguish clearly between measures that are responsible for expanding Japanese penetration of Korea and those that have an effect on the development of a domestic commercial and manufacturing bourgeoisie. Nonetheless, the development of infrastructure, including particularly power, opportunities to secure technology and machinery from Japan, some provision of finance, and the forging of backward and forward linkages to Japanese firms can be counted as "accelerators."

But against these must be placed the features of Japanese imperial design that served either to impede the development of Korean enterprise or to push patterns of capital formation and industrialization along an undesirable track. These factors bear

reiterating because they are a reminder that while Japanese imperialism differed from its European counterpart it also bore some important similarities.

Japan's initial objectives were driven by a grand strategy that combined a military interest in railroad building with economic concerns: developing exclusive export markets and a profitable site for investment and providing an outlet for surplus population (Duus, 1995). Such a strategy had two central components: exclusion of other major powers; and establishment of a privileged position for Japanese firms *vis-à-vis* their local rivals.

Despite the fact that Japan initially chose not to establish preferential tariff barriers in Korea, Duus (1984) documents how "a coalition of manufacturing, trading, and banking interests organized themselves to drive Western cotton textiles completely out of the Korean market" (1984, p. 153). In the process, as has been true in a number of imperial settings, the indigenous industry underwent a steep decline. McNamara (1996) traces a parallel process of steady Japanese incursion into the rice trade. In 1920, tariffs on commodity trade between the two countries were eliminated, formally establishing a preferential system that served to limit trade with other countries. The Corporation Law of 1911 insured a monopoly position for Japanese business in Korea by giving the colonial government the power to license new firms and restrict investments outside of agriculture.

Thus, we can conclude that the early period of Japanese colonialism was characterized by policies that explicitly sought to discourage the development of Korean business. Eckert notes two major reasons why the Japanese reversed course and gradually acquiesced to the development of a Korean business class. Larger imperial objectives dictated a more developmentalist policy toward the colonies, but so did problems of social control. Following the March 1, 1919 demonstrations against colonial rule, and in the spirit of the more liberal politics of the Taisho period, the Saito administration sought to coopt segments of the Korean private sector into the colonial project. As Eckert (1991, p. 49) puts it, the reversal of the Corporate Law in 1920 and the inclusion of Koreans in the industrial commission of 1921 "opened the door to a limited but real efflorescence of Korean industrial capitalism."

This liberalization, however, hardly meant the end of discrimination against Korean firms. Most of the examples of close business-government relations that Kohli cites involve *Japanese* firms, and constituted precisely an exclusive and discriminatory set of relationships. The historical accounts of Eckert (1991) and McNamara (1990, 1996) show definitively that the largest Korean groups did find a place in this system. It is important to point out, however,

the problem of selection bias inherent in these accounts: it is precisely those firms that did gain access to the colonial state that are the object of study. The numerous firms which were too small to access the government, the formal financial system, or which were weakened or displaced by the entry of government-backed Japanese competitors receive no attention.

The point is a simple one: different aspects of colonial rule had offsetting effects. The provision of infrastructure encouraged the development of Korean capital, and a small number of firms gained through privileged ties to the colonial bureaucracy. But these must be weighed against other policies that discriminated against Korean enterprises.

A second way of assessing the significance of the interwar period for the development of the Korean private sector is to examine developments in that era against other periods. At any given point in time, the historical origins of the firms contributing to current output are distributed across past years: some were born yesterday, some have long historical roots. Thus the real question is not whether there are Korean firms that had their origins in the Japanese period, but whether their share is unusually high when compared to others.

Here, we are fortunate to have the work of Eunmee Kim (forthcoming), who has collated data on the founding dates of the 50 largest *chaebol* as of 1983. Table 7 summarizes this information, both for the largest 10 groups, which dominated the economy, and for all 50. Of the top 10 groups in 1983, only one was formed during the Japanese period; of the top 50, only six. What is particularly striking is the importance not of the post-1960 "take-off," but of the 1945–60 period. Fifteen of the top 50 *chaebol* were formed in the immediate aftermath of liberation—most likely prior to 1950—and another 14 had their origins in the period of reconstruction and the beginnings of import-substitution in the 1950s. Political liberation from Japanese rule and the formation of an independent government provided dramatic new opportunities for the expansion of domestic capital.

The problem with the excellent historical accounts

we have is, again, one of selection bias. Eckert and McNamara focus their attention on Korean landlords (Kyungbang), traditional commercial entrepreneurs (Doosan), and new entrepreneurs (Hwasin, Kongsin, and Paeksan) which were permitted to form large enterprises under Japanese rule. Yet the contribution of these firms to subsequent growth must be placed in context. Kyungbang (later the Samyangsa Group) and Doosan were not major exporters, but focused their attention primarily in import-substituting sectors (sugar, salt, textile yarn). Hwasin, Kongsin and Paeksan all subsequently went bankrupt, and played no role in the export push of the 1960s. Prominent among the firms that led the export drive of the post-1960 period were firms which transformed themselves from small commercial ventures into manufacturing in the immediate postindependence period (e.g., Samsung, Hyundai, Lucky Gold Star). Far from being fostered by a developmental state, these firms got their start through import-substituting activities, the enormous opportunities for rent-seeking under Rhee, and government and US military contracts (Lee, 1987; Paek, 1991).

The founding of a Korean firm in the Japanese period, however, may constitute too rigorous a test of Japanese influence; two other mechanisms bear exploration. The first is the fact that when the Japanese departed, they left a substantial stock of physical capital, access to which might have played an important role in getting Korean industrial growth started in the 1950s. To our knowledge, no one has yet completed an authoritative study on the disposition of the vested properties (Ahn and Tetsuo, 1993, chapter 8; Koh, 1975; Hwang, 1976). Though it probably played a role in the growth of some groups in the 1950s, the magnitude of these effects should not be overestimated; the Japanese capital stock was largely dissipated through mismanagement and neglect in the immediate postwar period and was subject to the devastation of the Korean war.

Even if the share of firms with origins in the colonial period is not overwhelming, and even if the Japanese capital stock did not prove of particular significance, there is still the more intangible factor that Korean entrepreneurs may have learned about management through their contact or collaboration with Japanese managers. We do not yet have the detailed compilation of biographies of corporate leaders required to form an overall judgment about how important such experience under the Japanese was for later development, but it is clear that a number of Koreans gained business experience either in Japanese-owned factories or in their own companies during the colonial period. Yet against these must be weighed others who had their start in the postwar period under the protection of an independent Korean government.

Table 7. Fifty largest *chaebol*, 1983 (by sales and founding dates)

Founding date	Top 10	Top 50
pre-10	0	1
1910-44	1	6
1945	1	5
1946-53	6	10
1954-60	1	15
after 1960	1	13

(Source: Kim, forthcoming).

5. THE SOCIAL TRANSFORMATION: THE STATE AND SUBORDINATE CLASSES IN THE KOREAN MODEL

Kohli's approach to the colonial state's relationship with subordinate classes consists of two parts: one centering on the transformation of the Korean class structure; the second on the effects of this transformation on subsequent economic development. Kohli (1994) argues that the Japanese government pursued a ruthless strategy of social control *vis-à-vis* the peasantry and working class. However, "this freed the state to focus its political energies in the pursuit of a narrow, production-oriented agenda." (p. 1283) This strategy, in turn, had two longer term consequences for Korean growth: the state-landlord "alliance for production" fundamentally transformed Korean agriculture; and labor-repressive, export-oriented development provided a model for later development.

We have already aired our differences with Kohli over agricultural performance, but that disagreement invites a deeper question: was Japanese strategy toward agriculture "developmental" at all? The Japanese instituted a system which squeezed higher rice production out of fundamentally predatory relationships while institutionalizing numerous *disincentives* to peasant effort (Shin, 1977; Ahn, 1981). This strategy probably had the effect of facilitating capital accumulation by landlords and certainly contributed to the social polarization that spilled over into rural rebellion in the postwar period; however, this is a much more indirect causal link to the later development of Korean capitalism than that suggested by Kohli's emphasis on the strategy of the colonial state.

Kohli follows Myers and Yamada (1984) in placing great weight on the gains in productivity that arose from the reform of property rights instituted by the Japanese. The early cadastral surveys had two main purposes (Koh and Park, 1989, chapters 1 and 2). The first was fiscal; the survey provided the foundation for a reform of the tax system. But Hochin Choi (1970, p. 219) notes that the Japanese living in Korea also used the "reporting system" to claim title to lands in the hands of Korean peasants who did not report or assert their ownership, and thus legally deprive them of their land. Tenancy *increased* under the Japanese, from 37.7% of the agricultural population in 1918 to 53.8% by 1932 (Kang, 1974, pp. 90-93 and 118-121; Grajdanzev, 1994; Shin, 1977; Ahn, 1981). Cumings (1984a, p. 10) notes the effects of this strategy: "By 1945 most Taiwan landowners held less land than their Korean counterparts and were far more productive...In other words, Korea betrayed most of the features associated with colonial underdevelopment, Taiwan did not."

Rather than being a "necessary" concomitant of a developmental strategy toward agriculture, the Japanese emphasis on concentrating land ownership is partly responsible for the relatively *poor* agricultural record of the colonial period. Nor was this system politically sustainable. Peasant dissatisfaction was already apparent under the Japanese; with independence, rural grievances spilled over into a series of rebellions that continued until the eve of the peninsular war (Cumings, 1990, chapter 8). The work of Bruce Cumings has sparked an important controversy over whether these rebellions constituted a failed revolution; for our purposes, it is only necessary to note that a change in the political status quo was required for land reform to occur. US disposition of vested properties, a modest reform effort by the Rhee government, and the war itself served to effect a quite substantial redistribution of land in the South. It is no coincidence that agricultural output and productivity improved following these fundamental reforms in ownership.

When we turn from the countryside to the city, the repression of labor does seem to constitute an enduring social fact of the Korean model. Controlled by the Japanese, labor was politically defeated in the upheavals of the late 1940s and subject to new controls under both the Rhee and Park governments. There is one crucial difference, however, between the Japanese and independence periods, and that concerns the level of attention given to human capital.

Kohli (p. 1277) writes that "the Japanese made significant investments in Korea in primary education," and Kimura (1993) cites a dramatic increase in primary school enrollments and literacy on the plus side of the colonial ledger. In the realm of education, however, it is particularly important to pose the counterfactual by looking closely at the trajectory of the Korean educational system prior to the Japanese occupation. It was certainly not the Japanese who made educational attainment a social priority: since the 14th century, education had been revered as the chief means to political and economic success, and for over 500 years access to the civil service had come through attendance at the *Songgyun-gwan*, or National Academy (Kimura, 1986; McGinn *et al.*, 1980). It is also clear that the precolonial period saw a burst of educational development that the Japanese subsequently curtailed (Lee, 1984, p. 285; Henderson, 1968, p. 88). Eckert *et al.* (1990, p. 263) write that "In 1907 missionaries alone operated 508 primary schools and 22 high schools...by 1917 this number had been halved, and by 1937 only 34 schools of all types remained."

Thus while the Japanese were busily founding Japanese schools, they were also subjecting Korea to a harsh cultural policy that restricted Korean language use and dismantled the indigenous Korean educational system. Primary enrollment rates for

boys did jump sharply under the Japanese, from roughly 20% in 1912 to over 60% in 1940 (Kimura, 1993, pp. 641–642). Yet much of this increase came in the second half of the 1930s, and thus the overall educational legacy is somewhat more limited. By 1944 less than 14% of Koreans had received any schooling at all, and only 2% of Koreans had advanced beyond the primary levels.

The real inflection point in educational achievement comes following liberation. By 1960, almost 20% of Koreans advanced beyond primary school and 56% of all Koreans had received at least primary education. The explosion in educational achievement in the postwar period reflected pent-up demand and new political incentives for public investment in education.

In sum, the Japanese colonial model rested on a variety of social controls that served to increase social inequality; this is certainly true of the system of agrarian social relations and arguably of the educational system as well. Analysts of the colonial experience such as Odaka (1988) have echoed the long-standing view of Kuznets (1955) that increasing inequality is a natural concomitant of the growth process itself. New crossnational statistical work, however, is finding the opposite; that inequality constitutes a drag on growth (Persson and Tabellini, 1994; Alesina and Rodrik, 1994; Fishlow, 1995). To the extent that Japanese colonialism exacerbated inequality in Korea, it contributed to the social conflicts of the immediate postwar period and had a stultifying effect on long-run growth. These legacies were not reversed until political independence permitted land reform and more sustained attention to education.

6. CONCLUSION

The new approach to Japanese colonialism has had a number of benefits, particularly in providing new evidence about the growth of Korean capitalism during the Japanese occupation and in underlining organizational continuities between the colonial and postcolonial states. Yet on a number of important issues, nationalist Korean scholars have seen things more clearly than their detractors. The Japanese system was an imperial one in which Japanese and Korean interests coincided neither in the short or long run. The growth record was more modest than is sometimes thought, and based on a model characterized by numerous distortions. Some of these are similar to European colonial practice, including uneven attention to agriculture and human capital formation, restrictions on indigenous business activity and limited employment possibilities in both the public and private sectors. Other features of Japanese imperialism are unique, including the depth of

bureaucratic penetration and the greater attention given to industry, yet these are not necessarily laudable. The bureaucracy was turned primarily to the goal of extracting an agricultural surplus and the industrial strategy emphasized heavy industry at the expense of light and Japanese firms over Korean ones. Investment decisions were skewed in line with military rather than economic imperatives.

The revisionist interpretation of the Japanese empire raises important methodological issues in the study of long-run economic performance. It is easy to concede that Korea was more developed in 1945 than it was in 1910, but is that comparison relevant? What we ultimately want to know is what Korea might have looked like under some alternative development path. Though we can never know this for sure, we do have good reasons to question the benefits of Japanese rule in Korea, including the superior performance of Taiwan during the same period and the even more overwhelming evidence of Korea's success as an independent country.

It is on the political economy of growth that we find the revisionist interpretation weakest. One objective of the work of Cumings (1984a, b) and Woo-Cumings (1993) has been to show how the incorporation of Korea into a regional system in the 1930s had lasting consequences for its growth. Kohli's (1994) assessment of Korea is part of a larger comparative project that emphasizes the enduring legacies of colonialism.

Yet these historical accounts have the unintended consequence of neglecting more proximate and compelling causes to the phenomenon to be explained. If Korean growth was erratic during 1945–60, and accelerated thereafter, why should we weight the colonial past heavily in constructing an explanation for the inflection? One reason might be if there were, in fact, substantial continuities in strategy; if, as Kohli (1994, p. 1270; see also Ahn, 1995) puts it, "Park Chung Hee fell back into the grooves of an earlier origin and traversed along them well into the 1980s." But history is not well explained by "grooves," particularly not in a country so fundamentally transformed by events in the postwar period. In the space of barely 15 years, the colonial state—once the tool of the Japanese imperial government—fell into the hands of a clique of nationalist and rightist politicians in the South, went to war with its Northern counterpart, and ended up under military rule. The strategies that Rhee and Park adopt were quite different, but both responded to short-term political exigencies created by a competitive political environment at home and a new international setting in which the United States, not Japan, was the dominant power. Far from being passive recipients of an institutional and social legacy—of slipping into "grooves"—both were pushed to act in ways that fundamentally reshaped

the polity, the economy, and the social order itself. The puzzle for political analysis is to understand how the incentives facing Park Chung Hee led to the adoption of a development strategy which yielded

unprecedented increases in investment, manufacturing output, and exports. Progress in answering this question is more likely to come from studying the postwar period than the colonial one.

NOTES

1. Amsden summarily dismisses the influence of the colonial inheritance (1989, pp. 31–35) and even of the reconstruction period in the second half of the 1950s, finding for example that firms located in “traditional” sectors such as textiles did not prove to be the engine of subsequent economic diversification (chapter 7).

2. This approach also parallels that of Chalmers Johnson (1982) on Japan, who emphasizes long-standing historical continuities in that country’s political economy.

3. The primary data on output available in official sources for the Japanese period cover only the commodity-producing sectors: agriculture, forestry, fishing, mining and manufacturing. The omission of construction, trade, services and public utilities might well create a downward bias in the growth figures and in the extent of economic transformation. See Suh (1978, p. 15) and the excellent compilation of statistics in Mizoguchi and Umemura (1988).

4. For a compilation of different series on agricultural output, see Mizoguchi and Umemura (1988, p. 271, Table 36).

5. This can be seen, for example, in the incredible increases in nominal output during 1917–18; see Mizoguchi and Umemura (1988, p. 271, Table 36).

6. Even these estimates may be optimistic because official statistics include Japanese residents in Korea. As Mitsuhiro Kimura (1993 p. 632) writes, “in 1930 the [Japanese settler] population was 2.48% of the total population in Korea. However, their average income was about ten times larger than Koreans. Suppose that, on a per capita basis, Japanese settlers spent eight times as much on consumption as Koreans did. In 1930 Korean per capita consumption would then be 14.79% smaller.” Anderson

and Tyers (1992) also stress the negative effects of protection on rice consumption.

7. We ignore here the role of the mining sector, but if we were to include it would only further buttress the arguments made here. A substantial portion of the structural change that occurred under the Japanese came as a result of the expansion of the mining sector, but it was located overwhelmingly north of the 38th parallel and was thus irrelevant for South Korea’s subsequent development.

8. A report by Ralph Watkins to the US Secretary of the Army notes “near miraculous road construction by the Engineers,” and praises the smooth logistical transportation facilities across the southern half of the peninsula. [President Harry S. Truman (1991) Office Files 1945–1953, Part IV: Korean War Files, microfilm reel No. 4.]

9. Until 1919 the Governor-General was independent of the Diet, answerable only to the Imperial throne. After 1919 the Governor-General came technically under the control of the Diet, but in practice the Governor-General had little oversight.

10. Nor were other formal channels of influence of any significance. In 1910, the Governor-General established the *Chusuin*, or Central Advisory Council, composed of 65 Korean *yangbans* (elites). The purpose was to provide Koreans a forum with which to give advice to the Governor-General, should the Governor-General choose to consult with the body. In 30 years the *Chusuin* was consulted only nine times (Dong, 1965, pp. 218–19; Henderson, 1968, p. 101).

11. At the beginning of 1961, Yi Gihong was chief of the planning section, MOR; Lee Hahn Been was director of the budget bureau, MOF; Jong Jaesok was chief of the research section, MOR; Cha Gyunhai was vice-minister of MOR.

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