Japan’s Post-Colonial Legacies and the Developmental State

Hailed as one of the most successful cases of late-industrialization, Japan saw economic growth and development in a rather heterodox manner. Chalmers Johnson’s seminal work on Japan’s developmental state – i.e., the Ministry of International Trade and Industry (MITI) – noted that Japan’s experience was a uniquely rapid process compared to its predecessors and that this growth was led by a powerful developmental state. However, this rapid industrialization does not imply that state formation was also rapid in nature. Rather, the “internal development of state machineries and synergies between state and society take time.”[[1]](#footnote-1) In other words, state-building is a process, and the institutions that accompany a successful developmental state are forged over time and are often a product of historical legacies – and in the case of Korea – imperial legacies. I argue that Japan’s colonial legacy left necessary state institutions that would subsequently become the East Asian model of the developmental state. These imperial legacies are most apparent in South Korea and even Japan itself. Tracing the imperial legacies of the Japanese empire in its colonies, and conversely, examining cases of development without these Japanese legacies, gives historical context to the rise of the developmental state. Using an institutionalist approach, this paper seeks to shed light on how post-imperial legacies impact economic growth and state formation. The remainder of the paper is structured as follows: First, I outline the current literature and debates around colonial legacies and the origins of the developmental state. I then explore Japanese imperial institutions and their connection to the developmental state. Finally, I address alternative explanations of Korean development and discuss the counterfactual case of Vietnam.

1.1 *Imperial Legacies:*

Central to the topic of imperial legacies is the contested debate between colonialism, nationalism, resistance, and modernization. A central question is whether these colonial and imperial legacies produce modernity or simply exploit and impoverish the periphery. From a nationalist point of view, there is no such thing as a good colonial legacy, and therefore the contribution of imperialism to growth was zero.[[2]](#footnote-2) For instance, Japanese, British, and French empires all built infrastructure like railroads, ports, and canals, but specifically for imperial and often economic interests. From this view, the imperial power retarded colonial development in that native built infrastructure would eventually have been built not from exploitation but national modernity. In the most extreme case, colonial legacies – in the case of French Algeria – produce collective violence and revolutionary counterforces, often grouped under decolonization literature like Fanon. Alternatively, colonial legacies can have a normatively good effect on modernization. Scholars often view these legacies as building institutions that later foster economic growth. For instance, Japanese dominance in colonial Taiwan saw transportation networks in the ports of Kaosiung, Keelung, and Hwalien.[[3]](#footnote-3) That this existing infrastructure and established commercial hubs later became important export processing zones (EPZs) during Taiwanese development state efforts is not a product of chance. The institutional approach of this analysis falls into the latter point of view, stressing the role of colonial legacies in positive economic development. This is not to wring the hands of imperial power’s dry of the brutal subjection and death caused by colonialism, or to claim that this suffering was necessary for development. Rather, it is to contextualize late-development of colonies into a broader history of empire and state-building. Ultimately, economic growth and development – especially in the case of East Asian rapid-industrialization – does not manifest from thin air, but rather from colonial legacies of Japanese institutions. In fact, there are striking similarities between the Japanese empire’s political economy and statecraft, and the modern developmental state of the 1960-1980s.

1.2 *The Developmental State:*

The concept of the developmental state emerged to explain the rapid growth of several countries in East Asia in the postwar period – including Japan and South Korea. In comparative politics, the term generally refers to the political causes of economic growth and the role of the state in industrialization. At the core of the concept of the developmental state is a strong state that plays a leading role in guiding capitalist development; using an economic pilot agency, the state intervenes judiciously in the pursuit of national goals while maintaining a cooperative relationship with the private sector.[[4]](#footnote-4) James Lee distills the concept of the developmental state into six primary features: (1) Economic development is a political priority, not as an end in itself or only as an index of welfare, but in order to maintain national security, (2) the emphasis of development is on growth of domestic private industry as the basis of national power, (3) an economic bureaucracy, led by a pilot agency or an economic general staff, stands at the apex of the political economy and possesses instruments for guiding development, (4) although the state intervenes in the economy, there is a fundamental respect for private property and exposure to competition, as evidenced by early success in land reform and later orientation toward international trade, (5) there are institutions in place for the state to engage in consultation and coordination with the private sector, (6) the political system, whether democratic or authoritarian, is characterized by a weak labor movement.[[5]](#footnote-5) Johnson stresses similar elements citing an elite bureaucracy, a pilot agency like MITI, and a political system capable of delegating these entities.[[6]](#footnote-6) In an authoritative synthesis of the developmental state literature, Stephen Haggard stresses two points: (1) the presence of strong firm-state relations to overcome collective action and knowledge flow, with institutionalized forms of accountability and input-output linkages, and (2) an “embedded”, autonomous, “Weberian”-like bureaucracy.[[7]](#footnote-7) These two features – firm-state relations and an embedded Weberian bureaucracy – get at the core institutional features of a developmental state, which carries similarities in Japan’s colonial political economy and state-building. While these similarities point to a correlation, it is worth exploring the debated origins of Korea’s late-industrialization and development in the postwar period.

1.3 *Post-Colonial Korean Development*

There is plenty scholarly debate as to the origins of the developmental state growth of Korea in the 1960s. Some prominent scholars – like Atul Kohli, Bruce Cummings, and Ahn and Kim – argue that Japanese colonialism set the stage for Korea’s subsequent development, profoundly transforming the Korean state and economy at the time and in long-term growth. Ahn and Kim argue 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.[[8]](#footnote-8) Scholars of this colonial point of view point to three primary causal mechanisms. First, the introduction of Japanese colonialism systematically transformed a relatively corrupt and ineffective traditional, agrarian state into an effective and autonomous one, “capable of simultaneously controlling and transforming Korean society”.[[9]](#footnote-9) Second, the Japanese established a pattern of business-government relations to facilitate industrialization and growth, drawings connections to the preformation of firm-state relations under a developmental state.[[10]](#footnote-10) Finally, the colonial bureaucracy created a fundamental transformation of social relations that created the framework for the evolution of a high-growth political economy, effectively establishing public-private sphere.[[11]](#footnote-11) These scholars point to a clear origin of the developmental state and late-industrialization in Korea, that of Japanese colonial legacies.

Others argue that this view is either misleading or does not capture the whole causal framing. Stephan Haggard argues that political independence and macroeconomic policies after 1961 were the driving factors, and that there are greater discontinuities than continuities between colonial and postwar eras.[[12]](#footnote-12) Others point to geopolitical factors and international relations of the Cold War. Lee addresses the often-overlooked role of American geopolitical strategy in North East Asia. Rather than Japanese imperial legacies, the developmental state is credited in part by a US grad strategy focused on accelerating economic development among allies that were under the greatest threat from Communist China and North Korea, noting American state-building influence in Japan, South Korea, and Taiwan that supported economic planning.[[13]](#footnote-13) Lee ultimately argues that US foreign policy interacted with the legacy of Japanese colonialism to produce a developmental state, which is important and correct to point out. However, these political independence and geopolitical explanations of developmental state ultimately overlook the substantial role of state transformation under colonial rule and its similarities between developmental state institutions. The next section explores these similarities and highlights the specific Japanese legacies that caused subsequent developmental growth in Korea.

1.4 *Japanese Staatswissenshaften*

Ito Hirubumi, the Meiji oligarch charged with running the Korean protectorate in the early 1900s, famously returned from Germany and stated, “I understand the secret of the state, now I can die a happy man”.[[14]](#footnote-14) Influenced by *Staatswissenshaften* (state science) and Prussian bureaucracy, Ito represents the essence of Meiji Japan political economy and how the state should be configured. Meiji political economy of the early 1900s greatly influenced Japanese colonial statecraft in later conquests. This political economy was centered around the creation of a centralized state capable of controlling and transforming Japanese society, deliberate state intervention aimed at agrarian development into rapid-industrial growth, and creating a disciplined, obedient, and educated work force.[[15]](#footnote-15) This emphasis on state-building and using state capacity to facilitate socioeconomic change would go on to drive Japanese imperial legacies in colonial Korea. The most immediate and clear effect of Japanese colonization was complete state transformation.

Characterized by corruption, ineffectiveness, and patronage, the Yi monarchs of pre-colonial Korea ran an agrarian bureaucracy, uncapable to collect taxes and compartmentalizing the modern distinction between public and private realms.[[16]](#footnote-16) Kohli summarizes the Yi state succinctly, stating that “the ineffectiveness of the Yi state was rooted in part in the pattern of state-class linkages and in part in the design of the state itself… A personalistic apex, a factionalized ruling stratum, and a limited downward reach of central authorities were all significant factors in the state’s powerlessness.”[[17]](#footnote-17) Thus, just as the Meiji political economy changed the Japanese state, the Japanese pursued state transformation into a highly authoritarian, penetrating organization, capable of controlling and transforming Korean society. This was done through creating what Cummings coins a “Bureaucratic-authoritarian industrializing regime” (BAIR): establishing a Weberian bureaucratic state with embeddedness from the central state all the way down to local autonomy, education of masses to create a necessary and disciplined workforce, effective surveillance and police state, emphasizing antiwesternism in favor of an organic conception of state-society without civil society, and a political economy of administrative guidance to facilitate import substitution and subsequent export-led industrialization.[[18]](#footnote-18) This transformation and creation of an embedded and autonomous bureaucracy and coordinated industrialization saw an immediate and striking difference in economic growth and education. Total revenue in 1905 – the year Japanese influence began in Korea – was 7.3 million yen; by 1911, one year after formal annexation – and the formation of Japanese imperial state institutions – the total revenue jumped to 24 million yen, or an increase of more than 300 percent.[[19]](#footnote-19) Education, while taking longer to manifest, saw the same effect. 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.[[20]](#footnote-20)

Institutional legacies of an embedded state and education were important, but equally important – especially in establishing the foundation for later developmental state models of economic growth – was the Korean state-capital industrialization and firm-state alliances. Korean capital began to flower under colonial rule, as major chaebols such as Kyongbang, Kongsin Hosiery, Paeksan Trading Company, Hwasin Department Store, and Mokpo Rubber Company began to form during this period. An embedded state that prioritized building alliances with firms and facilitating capital accumulation began created a bedrock for linkages between private Korean capital and the state. In fact, many would go on to establish major chaebols of modern South Korea, such as Samsung, Hyundai, and Lucky.[[21]](#footnote-21) Key to this architectonic capitalism in Korea was the Korean Industrial Bank – adopted from Japan’s political economy growth model – and the main source of capital for the chaebols. In sum, this colonial legacy of Japanese *Staatswissenshaften* left Korea with virtual replicas of Japanese forms of industry, state policies towards the economy, education, police state, military affairs, and its civic culture.[[22]](#footnote-22) These Japanese imperial institutions – an embedded, autonomous bureaucracy and business-state alliances -- provided a historical origin of the developmental state that subsequently led to rapid economic growth in North East Asia. However, it is often difficult to identify causal mechanisms in colonial legacies, as much of the academic debate shows. The following section, then, addresses some alternative explanations for the origin of developmental state, and the counterfactual case of Vietnam.

1.5 *Alternative Explanations and Cases*

Outlined in earlier sections, US geopolitics had a pivotal role in Korean economic growth. In the context of Cold War international relations, US foreign policy was focused on developing South Korea given the threat of Communist China and North Korea. A central question then, is would a developmental state in Korea have been possible without American hegemony and state-building? Although US geopolitics did play a role, its role was secondary to that of the established imperial institutions. In this sense, US influence in Korea enabled a developmental state – creating a friendly economic environment for export-led growth and state aid – but the fundamentally embedded Weberian bureaucracy and business-state alliances that were established during colonial rule were the primary source of development. The benefits of US-led economic liberalism were not exclusive to Korea, yet Korea – due to its established developmental institutions -- was able to capitalize on and experience rapid-growth. American hegemony that saw the rapid economic and industrial growth of Korea simply made the developmental state more of a success story, rather than its origin.

In assessing the causal effects of Japanese colonial legacies, we are naturally given a strong case to compare to in French colonial Vietnam. Japan, as a late comer to imperial competition, made extensive use of state power for development. Japanese colonial impact was thus more intense and deeply architectonic in comparison with European colonialism. French colonialism was based on a more extractive economic model (not to say Japanese colonialism was not extractive) and focused less on state-building. In French Vietnam, there were virtually no embedded and autonomous institutions or public-private alliances that would lay the foundation of a developmental state. As Kohli notes, there were some 10,000 officials in the Japanese-Korean government in 1910; by 1937 this number had reached 87,552. More than half of these government officials in 1937, or 52,270, were Japanese. Contrast this with the French in Vietnam, who ruled a colony of similar size with some 3,000 Frenchmen; In other worlds, there were nearly fifteen Japanese officials in Korea for every French administrator in Vietnam.[[23]](#footnote-23) Education was also generally left alone with little emphasis on fostering native industrial and administrative skills that Japanese imperial legacies produced. Thus, French imperial legacies based on a money economy and extraction left post-colonial Vietnam with a lack of an embedded Weberian bureaucracy, virtually zero native capital and state-fostered alliances, and minimal industrial and administrative education. Korea and Vietnam, despite their pre-colonial differences, had similar pre-colonial endowments with drastically different colonial legacies. Although more pervasive and authoritarian, Japanese colonialism fostered pre-developmental state institutions that would subsequently lead to post-colonial growth. Conversely, while less pervasive, French colonialism largely ignored this statecraft and left the colony with no pre-developmental state institutions that would later enable effective state-led rapid industrialization like Korea.

To conclude, in evaluating potential legacies that empires left on colonies, I argued that Japanese imperial legacies left state institutions that later fostered subsequent Korean economic growth under a developmental state model. Efforts by the Japanese to transform the Korean state into an effective, pervasive, and embedded state, along with fostering business-state alliances left the institutional framework for a successful developmental state in the postwar period. While rapid-growth was facilitated and aided by US-led development, this geopolitical effect was simply aiding state institutions and a political economy left by a Japanese colonial legacy. This legacy stands in contrast with other East Asian countries which experienced different colonial legacies and did not see similar rapid industrialization and state-led development.

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