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## The Complexity of Success : A Review of Korean Political Economy Literature

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# The Complexity of Success:

## A Review of Korean Political Economy Literature

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### Abstract

One of the more remarkable economic success stories of the past two generations has been the phenomenal growth of South Korea as an export-oriented economy, one of the “Four Tigers” of East Asia. Despite a brief recession in the early 1980s, the Koreans maintained nearly double-digit growth for most of the period from 1963 to 1990. Growth slowed by half in the 1990s, and Korea was hit by a more severe recession following the Asian Financial Crisis in 1997-1998, but remade itself as a major technology power in the following decade. Added to this widely heralded economic miracle was a kind of political miracle in 1987-1988, the establishment of a genuinely constitutional democracy with a peaceful transition of power. This paper considers the recent political and economic development of South Korea, with reference to scholarly work. It analyzes a selection of key political economy literature that attempts to explain Korea’s experience. The article examines scholarship from the 1980s, when Korea emerged as a developmental model.

**Keywords:** Political economy, Korea, economic development, political transition

### Introduction

One of the more remarkable economic success stories of the past two generations has been the phenomenal growth of South Korea as an export-oriented economy, one of the “Four Tigers” of East Asia. Despite a brief recession in the early 1980s, the Koreans maintained nearly double-digit growth for most of the period from 1963 to 1990. Growth slowed by half in the 1990s, and Korea was hit by a more severe recession following the Asian Financial Crisis in 1997-1998, but remade itself as a major technology power in the following decade. Added to this widely heralded economic miracle was a kind of political miracle in 1987-1988, the establishment of a genuinely constitutional democracy with a peaceful transition of power. This paper considers the recent political and economic development of South Korea (or ROK)<sup>1)</sup>,

with reference to scholarly work. It analyzes a selection of key political economy literature from the 1980s, as Korea studies scholars first attempted to explain Korea's rapid economic and political development, the nation emerged as a developmental model, and the nation began its process of democratization. This can provide a baseline point of reference for the Korean political economy as it became fuller developed in the past two decades, joining the OECD in 1995 and restructuring after the Asian Financial Crisis (1997-1998). A second paper will look at the literature of the 1990s and first decade of this century, as Korea consolidated its position as a developed economy. The two papers will also assess South Korea's future, in light of her current economic and political problems.

## Korean Political Development

**Background.** Many writers focus either on Korea's economy, or its politics, but in a fast developing country it becomes difficult for most to separate the economic from the political. Several articles have nonetheless tried to deal exclusively with Korean politics, stressing the primacy of the political process as a force in Korean society and the leading role of political actors in shaping the Korean economy. A number of these articles search for patterns in Korean political development. For example, Ahn Byung-Joon presents postwar Korean politics as a series of simultaneous crises (of participation, authority, and legitimacy) that, in combination with environmental factors peculiar to South Korea, i.e., a tradition of authoritarianism, external interventions, and geopolitical position, have significantly constrained Korea's constitutional development<sup>29</sup>.

Ahn sees a deeper pattern in these periodic crises. First, a regime tries to establish a constitutional basis for itself, but over time becomes increasingly authoritarian. Opposition parties and students protest, triggering a crisis of participation. Support for the protests grow among the masses, causing a crisis of authority. If the military remain neutral in the situation, a crisis of legitimacy ensues, and the president has to resign. The interim government cannot cope with growing polarization because of factionalism and weak leadership, so the military stage a coup, leaving economic leadership to the civilians. As international conditions become unsettled, the new president links his continuance in office with national security and seeks to extend his term through constitutional amendment. Disputes break out among the ruling elite about how to handle the opposition, as new protests arise. This amounts to a "vicious circle" where political conflict takes place within the elite, and involvement of wider segments of

society brings chaos. Strong leaders arise out of the necessity of restoring order, but the inevitable collapse of his personal regime once again brings chaos and factionalism<sup>3)</sup>.

Ahn Byung-young also stresses the importance of factionalism in Korean politics. He notes that Korean parties have functioned more like personal factions than real political parties. Most parties have not survived more than two parliamentary elections, and ruling parties have usually died with the demise of a particular regime. It was only with the founding of President Park Chung-hee's Democratic Republican Party (DRP) in 1963 that any party tried to develop a mass base for itself, and the Democratic Justice Party (DJP) of his successor, Chun Doo-hwan, attempted to create an even greater mass orientation. However, the opposition was chronically weak, under-funded and understaffed<sup>4)</sup>.

The weakness of parties, Ahn suggests, has been a central fact of postwar Korean politics. He tries to prove two "crude" hypotheses about parties. First, political parties have been shaped more by "political" factors than by the country's industrialization process. Secondly, if parties cannot cope with the impact of that industrialization, the political process breaks down. The political process is also under pressure from various crises, especially an "integration crisis", i.e., the security threat from North Korea, and a chronic crisis of legitimacy due to "failure to fully institutionalize democracy". Moreover, each of the five republics in the South from 1948 to 1984 experimented with different institutional arrangements. As a result, South Korea's political system was characterized by: 1) a lack of peaceful transition, 2) a two-party system, and 3) a "hegemonic party system" under the ruling party, even in the absence of clear ideological differences between the ruling and opposition parties; the major factor dividing the parties has been the ever-present legitimacy crisis.<sup>5)</sup>

**Political Parties.** Parties are not the only tightly controlled political actors in South Korea. Park considers the Korean manner of interest representation as a form of corporatism, as defined by Schmitter ("a limited number of singular, noncompetitive, hierarchically ordered and functionally differentiated categories [with] a deliberate representational monopoly...in exchange for observing certain [government] controls..."). The clearest example of Korean corporatism, he says, can be found in big business peak associations. Those organizations created before 1961 consciously courted the government's blessing, while those coming into existence after 1961 were largely government creations. Though influential, these organizations did not control the government because they are generally reactive and spend a large part of their time responding to government proposals. The degree of autonomy of business organizations depends on both the government's strategy for handling them and the ideology of the

group.<sup>6)</sup>

Korean professional organizations, especially those for higher income professions, also tend to align themselves with ministries concerned with their interests. The only exception is the Korean Bar Association, which pushed for protection of human rights. Lower income professions more successfully evaded cooptation, but have been subjected to more strict controls and have had to compete with government-sponsored organizations. Likewise, Korean labor unions proved a mixed bag. The government used election procedures to control the Korean Federation of Trade Unions (KFTU), the largest peak association of unions. It also employed strict labor laws to discourage formation of independent labor unions. Park claims that a degree of independence crept into local unions, and that the Ministry of Labor dealt more effectively with worker complaints in the 1980s. The main purpose of state intervention in labor organizations, he asserts, is to control demand articulation and thereby limit union activity.<sup>7)</sup>

**Corporatism and social interests.** Corporatism seems perhaps most apparent in the agricultural sector. Almost all farmers in the 1980s belonged to the Federation of Agricultural Cooperatives (FAC), which is the only recognized farmer organization. It provided services, and operated as a government agency, but did not represent farmers' interests to the government. The coops under FACs control had a monopoly on sale of fertilizer, and effectively held down commodity prices as the major buyer of farmers' crops. They also manipulated credit to support government macroeconomic policies, which often meant they provided inadequate loans or compelled repayment when the government tightened credit.<sup>8)</sup> Wade, discussed below, elaborates on this notion of the cooptation of farmers.

Where Ahn and Park play up the role of parties and interest groups, Steinberg states that Korean economic policy flows from "perceived political needs," and he emphasizes that patterns of rule peculiar to the various postwar ROK regimes determined the political economy of each era. The Syngman Rhee (Lee Sung Man) regime of the 1950s relied on land reform and U.S. aid to keep the economy afloat. Rhee unwisely refused to deal with Japan, the nearby economic phoenix, and avoided economic planning because he felt it should await what he thought was the imminent reunification of the peninsula under his rule. The brief, democratic Chang Huh government (1960-1961) had little effect on the economy, but it gave the people a "glimpse" of democracy, and convinced the military that the country was not ready for democracy. By contrast, the Park regime (1963-1979) transformed Korea's economy unlike anything in postwar Korean history. Park combined traditional authoritarianism with greater "administrative capacity" and control of the military, and thereby centralized direction of the

economy and launched his export drive, the latter in hopes of gaining both domestic legitimacy and reduced external dependence on the U.S. In the 1980s, Chun pursued basically the same export-oriented strategy as Park, but his legitimacy problem was “more profound.” Therefore, he depended much more on economic performance, and because of socio-economic changes during the Park years, was increasingly forced to confront issues of equity, e.g., declining farm incomes, the imbalance in industrial development between Cholla and Kyongsang provinces, and inadequate social services.<sup>9)</sup>

The net result of South Korea’s postwar political development, Steinberg suggests, has been the emergence of three tensions in the political fabric of the nation. The first is centralization vs. decentralization. Every Korean government tended toward centralization, and controlled important sectors of the society through either direct control or cooptation and regulation (the only exceptions being business and the Christian community). Nevertheless, there were glimmerings of decentralization in the 1980s, as the government gradually permitted more elections and political parties have moved away from pure factionalism to coalition building.<sup>10)</sup> Secondly, the “government-business nexus,” through liberal credit policies, created a form of private enterprise unique to Korea: the massive, government-supported *chaebol* as leaders in the economy. In the late 1980s, the government began to liberalize credit policies to favor small-and-medium-sized businesses, and business became less dependent on government for both credit and export direction.<sup>11)</sup>

Thirdly, military-civilian relations created a question mark hovering over South Korean politics. After adoption of a new constitution in 1987 and relatively free elections for both the President and the National Assembly, the military kept quiet. Military influence remained strong throughout the government during the Roh Tae Woo administration (1988-1993), but military attitudes were not “monolithic” and many younger officers favored moderate government policies.<sup>12)</sup>

Where Steinberg is concerned with political patterns of various regimes, Yoo restricts himself to the policy process within the government, specifically as manifested in three relationships: 1) the President and the National Assembly, 2) the Blue House and the ministries, and 3) among different ministries. Basically, he finds that the Korean policy process tends to omit important steps. For example, general goal-setting (establishment of what he calls “megagoals”) was carried out well at the national level, but “subnational” goals were often unclear or “hidden.” Problems might be readily identified, but were only selectively addressed, and intelligence agencies had priority when disputes occurred. Policy development was

somewhat more thorough, but options were derived “spontaneously,” the wishes of the Blue House took precedence, and implementation strategies were “almost non-existent,” and not thought out in “real situations.” Moreover, even the all-important “megagoals” were often “discontinuous” because of the frequent turnover of government over the course of postwar politics. Policy goals could be superimposed on national goals, e.g., when the government cut back college enrollment in the mid-1960s to forestall student demonstrations, despite need for educated personnel in the country’s industrialization drive.<sup>13)</sup>

The President’s office was always the most important actor in the policy process, closely supervising all government agencies. Even so, there was continuous rivalry among the President’s staff, the presidential guard, and the Korean Central Intelligence Agency (KCIA), with the KCIA serving as chief identifier of political problems. However, political parties and the legislature became more active in the 1980s.<sup>14)</sup> Unlike the structural approaches above, Kim focuses on the cultural bases on Korean politics. He asserts that kinship and territorial interests, along with the importance of leadership in the Korean context (or lineage, locality, and mediation), were the key factors shaping Korean politics from the 1960s onward.<sup>15)</sup>

## The Korean Political Economy

**Class changes.** Various scholars emphasize the connection between politics and economics, or stress the primacy of economics over politics. An example of the latter is an article by Hamilton and Tanter, which lays out the major socioeconomic changes in the Korean economy from the mid-1960s. The first of these changes is “the rise of the working class.” The 1980s witnessed the resurgence of unofficial unions, as unions joined opposition to the Chun regime. Labor became more sophisticated in its methods, and workers now saw themselves as a distinct class. Both the government and the workers accepted the idea of minimum wages, and health, safety, and employment security emerged as important issues.<sup>16)</sup>

A new middle class, crucial to both the student movement and the mainstream opposition, also began to view itself as a distinct social entity. Many of the newly affluent resented the government-derived benefits accruing to the capitalist class. Most of the students who demonstrated against the military regime were middle class children who interpreted traditional Confucian ideals as promoting activism and moral responsibility. The middle class was also the social base of the main-line opposition, which divided into a parliamentary party and a broad opposition coalition. There was constant tension between the party and the coalition, since the

party did not wish to be associated with the more radical demands of the component groups of the opposition: labor, students, churches, and intellectuals. This was one of the reasons why opposition leaders Kim Dae Jung and Kim Young Sam split with the main opposition Reunification Democratic Party (RDP) to form the New Korean Democratic Party (NKDP) in 1987.<sup>17)</sup>

The rise of the laboring and middle classes was a domestic phenomenon, while other changes occurred in South Korea's economic relations with the outside world. The altered international perception of Korea's position, combined with growing dependence on foreign markets, put pressure on Korea's export-based economy. For export industries to remain competitive, labor costs could grow only so much. Dearer labor costs forced Korean industry into higher value-added production, but also put Korean industry in direct competition with the advanced industrial countries (AICs). The government was also concerned about labor militancy, over-concentration of production in a handful of companies, and the ROK's external debt.<sup>18)</sup>

Another external tension that dominated Korean thinking from the beginning was the security threat from the North. Militarization of the society gave a justification for economic development, just as it provided the coercive power by which the state so effectively functioned. The ROK also derived much prestige for its key role in U.S. containment policy, which of course implied a distinctly junior role for South Korea in the bilateral relationship. However, the perceived decline of regional U.S. hegemony in the 1980s caused the Korean government to reconsider the alliance, and so the relationship became "more fluid and open to ... bargaining." Accordingly, military planners had to focus on military self-reliance, as nationalist complaints about the American-dominated command structure gained a better hearing.<sup>19)</sup>

**Economic policy and BA regimes.** Other writers suggest that economic affairs are in the saddle and ride Korean politics. For example, Soh outlines what he calls the "political business cycle" in which election dates were selected by the government to take advantage of favorable economic conditions. He draws a relationship between economic variables and political events, and asserts that inflation was the most significant variable explaining both student demonstrations and labor disputes. He also states that labor disputes and student demonstrations did not have an effect on each other.<sup>20)</sup>

Unlike Soh's economic determinism, Im relates politics and economics within a well-known theoretical model of political science. Examining O'Donnell's concept of bureaucratic



authoritarianism (BA) in the Korean context, he asks why a BA regime came about in the ROK during the early 1970s, and in the process reformulates O'Donnell's model. O'Donnell had suggested that BA regimes arise due to structural changes in dependent capitalist economies, particularly when bottlenecks occur. The BA regime then becomes a "functional requirement" if the economy is to move beyond ISI to "deepening" of the industrial structure, i.e., heavier ISI industrialization. There have been, he notes, many critiques of O'Donnell's ideas; Serra, for example, shows that BA regimes are not necessarily the most efficient means for achieving growth and other economic objectives.<sup>21)</sup>

Im suggests more prosaic political explanations can be given for the imposition of BA regimes. Economic crisis occurs when class conflict cannot be effectively compromised. Democracy is often weak in dependent capitalist countries, with the industrial bourgeoisie a creature of the state and the working class under a form of corporatist control. If an "authoritarian power bloc" throws out an election, the legitimation function of democracy is destroyed, and the power bloc may feel free to move toward more direct authoritarian controls over the economy.<sup>22)</sup> The changing Korean class structure of the late 1960s--referred to by Hamilton and Tanter above--made compromise difficult. The unlimited supply of labor ended with the decline of migration from rural areas to the cities. Demands for higher wages and popular activism in the 1971 election seemed to threaten the export path, and the kind of suppression of labor that the government deemed necessary would have been incompatible with the restricted democracy then in place.

The power bloc set up a BA regime to preempt opposition to the export-oriented economic strategy adopted only a few years before. The necessity to the ruling elite of the export-oriented route became apparent with the heady growth of the late 1960s. Neither the local bourgeoisie, dependent for its position on the state export program, nor the working class, consisting at that point of "social marginals" from the countryside, was yet in a position to challenge imposition of a BA regime. The state, meanwhile, remained "overdeveloped" because of the continuous military threat from the North. The military-led regime of the 1960s, moreover, thought it had a mandate to carry forward the export platform strategy. To the Park government, then, a BA regime seemed like the only choice, and so it promulgated its *Yushin* (Revitalization) constitution that gave almost unlimited power to Park.<sup>23)</sup>

Like Im, Wade stresses politics as a determinant of both economic policy and economic result. Wade says that Korean economic success was not necessarily a vindication of neo-classical economic nostrums. Rather, it was the result of conscious state economic policy in

support of the security policy of the nation. There are two primary manifestations of state economic policy. The first is creation of a single capital market for all of South Korea. Subjected to administrative control in the domestic market and at the mercy of the government-monopolized bank sector, companies were not independent units of capital, but parts of a “One Capital.” As such, they were expected to use their resources in support of national objectives.

Complementing “One Capital” was “One Farm.” Government pricing decisions and use of the *Saemaul* agricultural movement as a tool to gain compliance with government objectives constrained individual farmers’ decision making ability. South Korean farmers, Wade claims, were like South Asian tenant farmers because of the “multistranded relationships with a single landlord” and the “system of interlinked markets and resource domains.”<sup>24)</sup>

Like Park, Wade paints the Korean administrative process as one producing essentially cooptation of interests, in this case the farmers. The Farmland Improvement Associations (FLIA) were his prime examples of such cooptation. Farmers were excluded from its operations, and did not feel that they have influence on the organizations. Appointments to important positions were made from above, and there was a rigid hierarchical control of FLIA operations. Nonetheless, because of a strong sense of groupishness in the organizations and absence of differentiation with farmers, local bureaucrats tried both to protect themselves against pressure from above and to deal fairly with the farmers.<sup>25)</sup>

## Discussion

In the end, what can be said about the South Korean political economy? The pre-1990 literature on the Korean political economy raises a number of vital questions that must be answered before one can adequately characterize the Korean political economy—and that is why the period is a useful baseline for the analysis of the 1990s and beyond. For instance, is there a general pattern of South Korean political and/or economic development? If so, does this constitute a Korean “model”; is such a model unique, or can it be applied elsewhere? Does Korean experience really amount to success? If so, how can one explain this success? Which has been a more important driving force in postwar Korean politics, politics or economics, or are the two integrally related? Due to space limitations, two topics are most important to the Korean economy before 1990: patterns of the political economy and the Korean economic model.

**1. Patterns of the pre-1990s Korean Political Economy. A. In favor of patterns.** Can one distinguish patterns in Korea's politics or economy, if by pattern one means a repeating set of occurrences? Some of the authors cited here think so. Ahn Byung-Joon most clearly sees a pattern at work in South Korean politics, with its recurrent crises, dominant environmental factors, and persistent factionalism. A government, he says, makes a limited effort at constitutionalism, which is undermined by an increasingly autocratic president. Student riots lead to a crisis of participation, or when other sectors join the students, a crisis of legitimacy ensues and the president makes a hasty exit (or alternately, internal factionalism leads to the assassination of the president). A brief democratic government is not able to cope with spreading polarization, and the military step in to restore order. Under a new strongman, the economy takes off, but unfavorable international conditions make the president feel he must solidify and extend his tenure by amending the constitution. Students riot again, and the process repeats.

At a certain level, this pattern describes Korean political development--with variations, of course--from the late 1950s to 1987. Ahn deftly sketches major Korean political developments of the past thirty years, but methodological problems with his pattern are immediately obvious. First, the pattern does not explain, it merely describes events. Secondly, it does not even describe what happened prior to, say, 1955 or since 1987; because it is inapplicable to any other time period, and the pattern repeats but once, it is no pattern. Thirdly, the pattern itself is only skeletal, in any case. The heart of the matter resides in the "revolution" of 1960-1961 and the events of 1979-1980; while sharing certain common elements, such as student riots, broad opposition, short-lived democracy, and military intervention, these two set pieces of post-Korean War history differed in fundamental ways. For example, the 1979 round was triggered by an assassin's bullet, not students' Molotov cocktails, and the most notable act of opposition, the Kwangju Uprising, was part of a regional dispute with rival Kyongsang Province and the central government.

Other authors avoid the trap of over-generalization by restricting themselves to specific issues. Steinberg skirts any mention of above patterns, and simply contrasts the styles of the various postwar regimes. Yoo limits himself to description of patterns he perceives in the policy process, and Kim restricts his discussion to mostly intangible traditional factors, such as kinship and territorial interests. Ahn Byung-young's analysis of parties is a stimulating survey of their role in South Korean politics, and his sketch of the institutional patterns in the five Korean republics echoes Steinberg. His characterization of the South Korean political process

as lacking peaceful transition, having only two parties, those parties being dominated by a single “hegemonic party,” and both parties riven with personalist factions, fits Korean realities up to 1987.

**B. Alternative voices.** Most damaging to Ahn’s argument is the existence of more rigorous alternative explanations. The best one examined here is Im’s application of O’Donnell’s bureaucratic authoritarian approach to South Korea. Im’s article is masterful: following a simple introduction of O’Donnell’s basic scheme, he briefly presents the most telling criticisms of it and necessary amendments to it; he then lays out three simple reasons for the advent of bureaucratic authoritarianism in the ROK. Essentially, the “power bloc” under Park felt that it had to preempt potential opposition because the end of the labor surplus had made compromise with the proletarianized labor force difficult and the mainstream opposition began to demand redistribution programs that could threaten the export-oriented economic strategy.

Similarly, Park’s application of Schmitter’s corporatist paradigm (applied to Latin America) to South Korea is pregnant with analytical possibilities. Analysts have long looked to Latin America (and to a lesser extent southern and central Europe) as the expected arena of fulfillment of corporatism, ignoring other areas of the world. Park makes an excellent case for at least partial corporatism in the Korean state’s manipulation of peak associations. Business and labor organizations have been particularly effective instruments for carrying out state will. Of course, this began to break down with the advent of the democratic Sixth Republic in 1988.

In perceiving patterns in postwar South Korean politics, analysts are on the same shaky ground as historians who profess to find cycles that connect ancient dynasties with modern democracies. It is usually better to describe and analyze particular events for what they are than to generalize from them to all history. Unfortunately, the state of domestic Korean social science may not have attained the level of analysis employed by Im and Park. Authors such as Ahn fails to rise above gross generalization and national solipsism. Korea scholarship of the 1990s gradually moved away from leftist analysis, though world systems theory remained popular among scholars in Korea. As Korea democratized, the BA concept never caught on.

**2. The Korean Model. A. The liberal model.** In any case, it is probably easier to talk about South Korea’s economics than its politics. Economics yields much clearer empirical evidence: by most conventional economic measures, conditions were vastly better in South Korea in 1989 than in 1960. Even such prominent non-capitalists as Mikhail Gorbachev conceded the spectacular economic performance of South Korea, as well as the usefulness of Korea’s experience as an economic model. There have been at least four explanations for this generally conceded

success. The first, the neoclassical approach mentioned by Wade and the favorite of political conservatives, asserts that Korean performance is a simple working out of liberal economic principles. The second, discussed by Im and well worked by leftist economists and political scientists, contrarily suggests that South Korean is one of the most obvious examples of dependent economic development. The third, hinted at by Steinberg says, no, both left and right are wrong, and Korea's development has all been due to state orchestration through an autonomous bureaucracy, using such tools as allocation of capital. The fourth insists that the conditions that gave rise to the South's post-1960 progress were unique and unrepeatable, especially the legacy of Japanese colonialism, the infusion of U.S. aid and advice in the 1950s, the over-development of the ROK state due to the ever present security threat since the Korean War, the well-educated and motivated populace, and the cooking world economy of the 1960s and early 1970s. Which one provides the most effective analysis? Korean economic performance has been due at least partially to each of these factors, and perhaps others. Acceptance of these ideas depends on one's academic discipline and ideological perspective on the "Korean miracle." A better question is which one has been more dominant in the literature. The statist approach dominated political science literature before the Asian Financial Crisis, and then underwent serious questioning. Neoclassical or free market approaches among economists were similarly questioned in the wake of the crisis.

**B. Refinements to the liberal model.** What do the authors discussed here add to this argument? Mostly, they provide refinement, but no major departures. Hamilton and Tanter, for example, paint some of the recent trends and "contradictory political pressures" arising from Korea's economic success. Foremost among them are the the increasing presence of the working class, the creation of a vibrant middle class and its importance to the opposition and student protests, and continued dependence on the international economy along with success and affluence. Along with these socioeconomic strains came various economic and security bilateral frictions with Korea's long-time big brother, the U.S. Hamilton and Tanter suggest these trends have subtly altered Korean politics, but do not attempt to predict how these developments would change the Korean political environment of the 1990s.

The Steinberg article is a bit more balanced. To be sure, he only touches on the major economic changes of the past thirty years, principally the industrialization of the nation, the rise of per capital incomes, the shifting of employment from agriculture to industrial production, and the jump from ISI to EOI. His discussion of political tensions in 1988 also differs from Hamilton and Tanter, and he focuses on what he considers the three most serious issues facing

Korea: centralization versus decentralization, government-business relations, and military-civilian relations. However, he does list a few of the issues with which Korean politics came to grips in the 1990s, i.e., security, trade and investment, foreign debt, and international prestige.

Hamilton-Tanter and Steinberg really do not have much new to add, though their pieces are well argued. Wade, however, presents the most provocative thesis of the above economic authors. Though his study ostensibly concerns itself with irrigation and agricultural policy in South Korea, he widens his focus to the entire political economy of the ROK. His notions of “One Capital” and “One Farm” accord with statist explanations of Korean performance, while their originality mark them as concepts that may prove useful in other national cases. His discussion of bureaucratic procedure parallels Park’s examination of Korean corporatism and echoes Yoo’s dissection of the top-heavy policy process.

Soh’s approach also is an original contribution. He courageously examines the links between economic performance and political behavior. While his explication of the concept “political business cycle” is quite muddled, while he mixes conceptual apples and oranges, i.e. government-planned actions such as elections and more spontaneous behavior such as strikes and student demonstrations, and while he never really proves his assertion that such a cycle really exists, some of the relationships he draws may fertilize future research on Korea. For example, he concludes that inflation may be the most important economic variable influencing both worker strikes and student demonstrations. It may not be appropriate to suggest as he does that these economic variables definitely explain Korean political behavior, but their influence may be important. Soh’s research presaged much work of the past decade on Korean politics, as scholars looked for links between Korean electoral politics and economic behavior.

## Conclusion

**South Korea in the 1980s.** South Korea of the late 1980s was in a curious position. It was wildly successful in the international economy, but comparatively few people had written seriously about its politics or economics, let alone its political economy. It was a highly developed country, yet still considered part of the Third World and not quite part of the First. It shared many developmental features with Japan, yet was also one of the perennial Cold War hot spots, a divided nation like Germany, and a continuing defense commitment (or burden, depending on one’s point of view) for the U.S. Among developing nations, it was one of the most egalitarian, but it is also among the most highly dependent on international finance and trade.

It prided itself on democratic forms, and yet experienced authoritarian rule for most of the forty-plus years the Republic of Korea had been in existence. With such contradictions in mind, the unalloyed economic miracle of Korea appears a bit less one dimensional.

As indicated above, there are at least four schools of thought on the Korean economic “success.” Which has provided the most useful analysis? It is probably more appropriate to ask which one is less or more right. For the pre-1990 period, as Wade notes, the neo-classical explanation may be the least useful explanation, since the Korean economy was in many ways carefully controlled by the state. South Korea’s economy was relatively free, but the heavy hand of the state planning and finance guided the economy from the beginning, and the dependent nature of pre-1990s Korean development must be conceded. Scholars of the 1980s moved beyond the simplistic notions of liberal economics put forward by the World Bank and other international organizations as applied to East Asian development. By contrast, while statism and dependency may have more explanatory power than the Neoclassical approach, their inherent determinism limits their theorization. The Korea-is-unique explanation, combining as it does minimal explanation with eclectic selection of factors for analysis, has the virtue of flexibility, but it ignores the key insights contained in the other three approaches. Clearly, one needs a more universal explanation that takes in all four approaches. Perhaps this can be had with even further eclecticism, focusing on the words “political” and “economy” in political economy: Korea is one of the best examples showing how the developmental process depends on both politics *and* economics.

**Political economic approaches to South Korea.** Based on the readings presented here, how does one begin the task of broadening the political economic approach to Korea? First, there is need for more and better concepts applied to Korea. Im’s application of the Latin American BA concept to Korea is an excellent example of the kind of work that applies lessons of comparative development to Korea. The ROK may well be unique in many ways, but it shares elements of political economic patterns of behavior with the rest of the world. Why not, then, borrow concepts and measuring tools applied to other countries? Secondly, there is a strong need for more of the kind of sectoral study carried out by Wade for agricultural policy throughout the Korean economy. Much has been written about the Korean macro-economy, but not a great deal about the micro-economy. The Korean macro-economy depends to a large extent on the micro-economy, but until Wade we knew little about it. As Hamilton-Tanter and Steinberg note, the 1980s were times of great change in Korea; one wonders what was going on among the new working and middle classes they only briefly describe? Recent scholarship has more

fully looked at changing Korean values as the economy has matured. Thirdly, the peaceful transition of power in 1987-1988 brought a sea change in postwar political development.

**Applications to other developing economies.** Finally, there was a crying need for more analyses comparing Korean development to that of other nations. During the same period, a few authors compared South Korea with Taiwan due to perceived similarities. Koo compares the two countries by suggesting that both the Korean and Taiwanese economic successes have been molded by the “interplay” of the international economic system, class structure, and the role of the state. Of these, he says, the state has been the most important, but the function of the state cannot be understood apart from the other two factors. He also indicates that dependency has operated in these two countries differently than in Latin America, depending especially on geopolitics. For example, both countries were largely Cold War creations of the U.S. Moreover, both states were relatively strong vis-à-vis society, and the class structures of both have been much more egalitarian than in Latin America. Increasing industrialization also transformed the class structure by spawning a working class and a state-sponsored bourgeoisie.<sup>26)</sup> Other articles, such as by Chan and Clark, focus exclusively on Taiwan. Chan suggests that the Taiwanese state has been successful at playing off Taiwan’s international weakness by trading ideological allegiance with the West for market access and avoidance of protectionism.<sup>27)</sup> Clark outlines the state-directed “structural transformations” of the Taiwanese economy from the 1950s to 1970s, specifically 1) land reform in the early 1950s, 2) import substitution in the late 1950s to early 1960s, 3) export-oriented industrialization from the mid-1960s to 1970s, and 4) movement toward high technological industrialization since the 1970s. The Kuomintang-led government promoted limited democratization along with industrialization.<sup>28)</sup>

Also, more attention needs to be paid to the democratic transition of the late 1980s. Developments before, during, and especially after the decisive moments in summer, 1987 need to be carefully analyzed. One of the few studies of Korea’s democratic transition is an edited volume by Kim and Kihl, but these do little more than describe the events of 1987-1988 and add a helping of postwar political history. An article by Kihl, for example, is basically a straightforward rendering of events as they happened, with brief mention of a few factors that made a difference: 1) the personalities of the “three Kims” (Kim Dae Jung, Kim Young Sam, and Kim Jong Pil, who were the key leaders of the 1990s) and Roh Tae-woo, 2) regionalism, especially the age-old Cholla-Kyongsang feud, and 3) urbanization.<sup>29)</sup> Another article by Kihl describes the breakdown of constitutional revision in 1986 as a prelude to the drive for a new constitution the next year.<sup>30)</sup> Dong draws a parallel between the relative ineffectiveness of



student unrest and the division of opposition forces in 1987 and the failure of the 1960 revolution. Specifically, in 1987 the students could not translate their early success against the Chun regime into a link-up with the mainstream opposition, and the opposition wasted time and energy on the factional dispute between Kim Young Sam and Kim Dae Jung, thereby losing the presidential election.<sup>31)</sup> Subsequent scholarship would examine this breakdown in terms of competitive regionalism and game theory.<sup>32)</sup>

South Korea enjoyed phenomenal growth from the 1960s to 1980s, yet its politics have shifted only at the end of this period, prompting what Calder calls economic growth with political stagnation. Like Taiwan, Korea in the 1990s haltingly entered a new era of affluence with democratization. Along with the major socio-political changes came a more rigorous scholarly examination of the Korean political economy. The analyses of the 1990s and beyond present a more nuanced and skeptical approach to the Korean economy, and will be discussed in the second part of this paper.

notes

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32. See Manwoo Lee, *The Odyssey of Korean Democracy: Korean Politics, 1987–1990* (New York: Praeger Publishers, 1990).

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