IMPACTS OF JAPANESE COLONIALISM ON STATE AND ECONOMIC DEVELOPMENT IN KOREA AND TAIWAN, AND ITS IMPLICATIONS FOR DEMOCRACY

by

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# Impacts of Japanese Colonialism on State and Economic Development in Korea and Taiwan, and Its Implications for Democracy

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Promoting democratization has taken the forefront of international diplomacy in ensuring world stability. Determining how best to promote democracy is challenging, and requires a keen understanding of a developing country’s history. Of particular importance is the country’s colonial legacy, and how this legacy continues after independence. This thesis examines the impact of the Japanese colonial period in Korea and Taiwan, and how economic and bureaucratic development in these countries subsequently was affected. Examining the institutions developed during this period in these countries will better allow policy-makers to formulate similar (though non-colonial) programs in other developing countries, and this will give these developing countries a much better chance at success during the period of democratization.
ABSTRACT

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# TABLE OF CONTENTS

I. INTRODUCTION ...........................................................................................................1  
   A. MAJOR RESEARCH QUESTION .......................................................................1  
   B. IMPORTANCE .................................................................................................2  
   C. PROBLEMS AND HYPOTHESIS ....................................................................4  
   D. LITERATURE REVIEW .................................................................................7  
   E. METHODS AND SOURCES ..........................................................................13  
   F. THESIS OVERVIEW ...................................................................................14  

II. POLITICAL ECONOMIC INSTITUTION BUILDING IN KOREA AND TAIWAN ..........15  
   A. JAPANESE PATH TO ECONOMIC MODERNITY .......................................15  
   B. IMPACT OF THE COLONIAL LEGACY IN KOREA ...................................18  
   C. IMPACT OF LEGACY IN TAIWAN .............................................................21  
   D. COMPARISON WITH BRITISH COLONIAL LEGACY IN INDIA ............24  
   E. CONCLUSION ..............................................................................................28  

III. IMPACTS OF JAPANESE COLONIALISM ON STATE DEVELOPMENT IN KOREA AND TAIWAN ..............................................................29  
   A. BUREAUCRATIC FOUNDATIONS IN JAPAN .............................................30  
   B. COLONIAL IMPACT ON KOREA AND TAIWAN ........................................35  
      1. Korea ......................................................................................................36  
      2. Taiwan ..................................................................................................39  
   C. CONCLUSION ..............................................................................................41  

IV. POST-COLONIAL CHANGES AND THE INTERVENING FACTORS IN THE DEVELOPMENT OF DEMOCRACY IN TAIWAN AND SOUTH KOREA ..........43  
   A. POST-WAR KOREA ...................................................................................44  
   B. POST-WAR TAIWAN ...............................................................................46  
   C. DELAYING DEMOCRATIZATION? ..............................................................47  
   D. CONCLUSIONS ON DEMOCRATIZATION ..............................................51  

V. CONCLUSION ......................................................................................................55  

LIST OF REFERENCES ..............................................................................................57  

INITIAL DISTRIBUTION LIST .....................................................................................63
LIST OF TABLES

Table 1.  Major Colonial Laws and their Legal Sources ................................................24
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I. INTRODUCTION

A. MAJOR RESEARCH QUESTION

The prospect of economic growth and the development of democracy are of the utmost importance in international affairs, especially since the promotion of the democratic peace theory, which argues that no liberal democracy has ever gone to war with another. This, coupled with the strong history of democratic states in conducting profitable trade with one another, is a strong motivator for dominant democratic nations (such as the United States) to influence other states to pursue the development of their own democratic government.

The question of how this can be done effectively is essential, particularly in light of the failures and setbacks experienced by many countries in the process of democratization. Many political scientists have analyzed the circumstances surrounding the successful democratization of states in order to find a set of conditions and circumstances that are conducive to successful democratization.

Several theories have been proposed to explain why some East and Southeast Asian countries have developed stronger states, successful economies and ultimately more democratic governments. Some argue that the U.S. influence in the region during and after the Cold War was the most important determining factor in subsequent success. Some argue that cultural differences in East and Southeast Asian countries (as compared to countries in South Asia, Africa or Latin America) enabled their “miracle” growth.¹

While each of these arguments (and others) have merit, this paper will focus on the legacy of Japanese colonialism (or lack thereof) in these countries. To some degree, most of the East and Southeast Asian countries have enjoyed support from the United States, especially during the Cold War. All have historically been influenced by Chinese culture, and all have in some form or another felt the effects of both World War II, the

Korean and Vietnam wars. The colonial legacies in these countries, however, are markedly different, and this difference is essential to understanding why these countries have developed as they have since the end of World War II.

With this in mind, how did the experience of Japanese colonialism contribute to the subsequent success of Asian countries in their state and economic development? What implications did these developments have for subsequent democratization?

Upon initial inspection (as detailed below), the countries that experienced the Japanese colonial system—one that was more intrusive and more focused on complete modernization and transformation than other systems—appear to have been the most successful countries in developing modern states and economies (namely, South Korea and Taiwan). In comparison, the former French Indochina colonies (i.e., Vietnam, Cambodia and Laos), the former British colony of Malaya (which included Singapore), and the former Dutch colony of Indonesia have each experienced varying levels of success in state development, economic growth and democratization; yet none has reached the success of South Korea and Taiwan in any of these areas.

While there are undoubtedly many reasons for these results, this paper will show that the Japanese colonial influence played a key role, by completely altering the trajectory of modernization in Korea and Taiwan, to creation of successful modern, industrial states. The remainder of this paper will develop this concept in more detail.

B. IMPORTANCE

The link between strong states, economic growth and democratization has been studied extensively, but this paper will examine the link between a specific type of colonialism (i.e., Japanese) and its effect on the subsequent growth of both the strong, central state and a successful economy, which in turn have been taken to promote democracy, especially in developing countries.

While literature in this field of study frequently measures the correlation between colonial legacies and state development, not as much has been said on the effects of colonial legacy on democratization. Essentially, the colonial legacy represents the first
period of a developing country’s growth (say, Period A). In Period B, the subsequent economic growth and state development is analyzed. Period C is that period of successful democratization. The majority of the existing research concentrates on either the link between Periods B and C, or the link between Period A and the economics of Period B, as opposed to the state and institutional development.

This paper will complete the linkage between Periods A and B, by including more detail on political economy and institutional development. The intent is to show that the specific colonial legacy in Korea and Taiwan made them more conducive to developing a strong, central state and a modern economy, which is widely believed to be conducive (if not necessary) for successful democratization (thus linking Period A to Period C).

Structuralist theories in political science argue that in order for a country to become a functioning, successful democracy, it must first develop the proper institutions to sustain a liberal democracy. This includes an efficient bureaucracy within a state that has well-defined functions, and a dynamic political economy, which allows for national and local growth. Without these institutions, Structuralists argue, a liberal democracy cannot function and is destined to decline and most likely fail altogether.

What this paper proposes is to link the Structuralist argument of the necessary conditions for a successful democracy to the legacies of the Japanese colonial system. Doing this will show how this style of colonialism produced these necessary conditions, and then show how similar conditions can be reproduced today. In essence, the Japanese colonial system sought to reshape the given colony at every level, from restructuring traditional power bases into a strong, central state, to modernizing the economy, with a focus on land reform, technical education, and industrialization. A state with an efficient bureaucracy, a growing economy, and modern institutions has all of the necessary conditions for successful democracy. A state without an effective bureaucracy or a solid political economy, especially one created as an outgrowth of a weak colonial legacy that
failed to establish these necessary functions of modern states (e.g., Nigeria\textsuperscript{2}), is far less likely either to develop democracy on its own, or to maintain a democracy that was supplanted into its political system.

The linkage of these two topics, while not entirely new, has been under-emphasized by many: Analysts of Japanese colonial legacies end their discussion with how these legacies produced economically thriving states, while Structuralist seek to explain the success of democracies based on institutions (not necessarily economic). By linking these two, this paper formulates conclusions for how best to apply the lessons of colonial legacies to the modern international norm of aiding countries in the promotion of liberal democracy, thus (arguably) ensuring the democratic peace. Specifically, certain types of economic and bureaucratic institutions were constructed in colonial Korea and Taiwan that could be constructed in modern developing states, and these institutions would be more effective at producing a thriving democracy than elections alone.

The importance of this topic goes beyond improving historic accuracy in a debated field of study (the substance of which will be described next). It also addresses one of the primary issues facing international organizations and U.S.: How does one build an effective economy? What institutions are required for a state to modernize their economy and integrate into the international system? Clearly, colonization itself is not the answer, but certain lessons can be learned that modern states can apply to promote stable, modern economic growth and development.

C. PROBLEMS AND HYPOTHESIS

Taiwan and South Korea show unique qualities as former colonies. They are among the wealthiest and most successful countries in the world (by any measure, including economic growth, state/bureaucratic efficiency, and democratization), and have progressed more quickly from their authoritarian beginnings to democracy than other developing countries. Indeed, when examining the many states in Asia, one finds cases of countries that are still in the process of democratization but appear to be moving in the

right direction, e.g., the Philippines or Indonesia. South Korea and Taiwan are strong cases of rapid economic growth and a strong, central state, both of which, over time, contributed to successful democratization. When one asks why these countries are successful when so many other countries in Asia (or even Latin America and Africa) have had slower, even marginal, economic growth and state stability, one finds that examining the differences in colonial experiences to be useful in explaining the current conditions in a given country.

Many Western countries had colonies in East and Southeast Asia, but a singularly important colonial power in Asia was Japan. Countries subjected to Japanese colonialism had very different experiences than countries under different colonial powers (e.g., England with Malaysia, France with Vietnam, or the Dutch with Indonesia). Not only were the experiences of the time different, but the legacies imparted by these experiences have led these countries to experience along different paths to, and towards differing success in, democratization.

It is useful to note a frequently-observed measure of democratic success: Freedom House Scores. Freedom House scores represent the summation of a wide variety of analytical indicators of successful democracy, keying specifically on the level of political and civic freedoms. These indicators are frequently used by social scientist in comparing the level of democratization in different countries. One can easily see that the former Japanese colonies score the highest (note that the scores are in x,y,z format, where x is political rights, y is civil liberties, and z is overall country status; the smaller the score, the more democratic): South Korea achieving (1,2,F) and Taiwan scoring (2,1,F). These two countries experienced the strongest and most intrusive colonial program.

Now look at countries who had a moderate level of experience with Japanese colonialism or Japanese expansionism during WWII: the Philippines—(3,3,PF),

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Indonesia—(2,3,F), Malaysia—(4,4,PF), Singapore—(5,4,PF). Now, look at the countries with little to no legacy: Vietnam—(7,5,NF), Laos—(7,6,NF), Cambodia—(6,5,NF), Burma—(7,7,NF).

All of the above data show a noticeable difference in the levels of democratization, and its associated success in different countries in East and Southeast Asia. There is a clear correlation between Japanese colonialism and subsequent success, but how does this work? How did the Japanese colonial period shape development in Korea and Taiwan, and why was this style of colonialism ultimately more successful in quickly producing modern states and strong economies?

The conventional wisdom in this area (see Stubbs 2005, Cumings 1987, and Kohli 2004) is that the colonial experiences of Asian countries (as well as other countries throughout the world) have a noticeable effect on the success or failure of states in their quest to become democratic. There is some debate over how and why these experiences affect countries the way they do, as well as the lessons to be learned from these experiences (i.e., how can we use this knowledge to more effectively promote democracy and economic growth, which are intimately linked, in countries throughout the world?).

No one argues with the idea that the experience of Japanese colonialism had a profound effect on the colonies themselves even after the colonial period was over, but how did the experience of Japanese colonialism contribute to the subsequent success of Asian countries in their economic development and democratization?

This paper argues that the particular style of Japanese colonialism, and the level to which it was enacted in different nations, had a tremendous impact on subsequent success in economic growth and democratization. In particular, the more intrusive the experience in creating a modern society, the greater the ultimate success in democratization. By creating a strong central state and developing a modern, industrial economy, both of which included solid institutions to guide future growth, these countries were able, after periods of authoritarian leadership during the Cold War, to develop into successful
democracies. Without these foundations (as is the case in many African countries), democratization is hindered and many states have regressed into authoritarian governments.

It is important to note that both South Korea and Taiwan did experience years of authoritarian rule before finally democratizing. While many historical, cultural, and even national security issues may have contributed to this period, when these countries eventually democratized, their transition was successful beyond expectation and, unlike many other former colonial states, they have not regressed into authoritarianism.

One may liken this phenomenon to simple agriculture: Consider a country’s economic and political culture as soil, and the idea of democracy as a seed. To coin the parable of the sower, a country with a colonial legacy that laid the foundation for a truly modern society has good soil, so that the seed of democracy, when finally planted, can take strong root and grow healthily. A country without a modern state, with all the institutions therein, has poor soil, so that even if the seed of democracy is planted, it will not take hold and, if it does initially grow, it will most likely whither and die. In this way, the soil alone is not sufficient to creating democracy, as can be seen in the case of China—which has a burgeoning economy and a strong, central state—but which is certainly not democratic.

This paper does not advocate the return to any of the harsh, oppressive methods employed by the Japanese, but useful lessons can still be extracted and shaped to fit a more modern (and certainly more acceptable) approach, particularly in countries whose forays into democracies have floundered, or even failed utterly.

D. LITERATURE REVIEW

To start with, it is important to examine what type of colonialism Japan employed and how (and why) this brand of colonialism was markedly different from those employed by other imperial powers (e.g., Britain, France, etc.). Countries that experienced Western colonialism, whether in Asia or elsewhere, saw powers whose many efforts were centered on the extraction of resources for the benefit of the mother nation without, for the most part, truly seeking to modernize the host nation. This was
especially true of French colonialism, as evidenced in Vietnam, where the French employed their “historically patrimonial” system of government in Indochina\textsuperscript{4}, developing an institutional legacy just sufficient for the extraction of resources and the reduction of local resistance.\textsuperscript{5} The Indochina experience was not unique in this respect, as this patrimonial style of limited colonialism was evidenced in almost all French colonies.

The British, perhaps the predominant colonial power in history, effected “colonial policies” that “led to the reestablishment of fragmented social control in societies in Africa and Asia…Once established, a fragmented distribution of social control has been difficult to transform.”\textsuperscript{6} In this regard, not only did the British follow suit in their limited colonialism (with the exception, perhaps, of the experiences of India, the Crown Jewel of the British Empire), but Migdal also describes how this fractured society remains to this day in post-Euro-colonial states, something very different that what we see from the Japanese colonial legacy.

While the structure created by the Western colonies “denied them the chance to see for themselves the tumultuous opportunities of the 20th century,”\textsuperscript{7} the Japanese colonial legacy was completely different. The roots of these differences are described by Atul Kohli: “First, the Japanese themselves had barely escaped being imperialized,”\textsuperscript{8} a strategic situation, especially when the Japanese saw the effects of Western intrusion in their neighbor, China. This compelled the Japanese not only to modernize their society but to also seek, in a very short period of time, to elevate themselves into an international power, so as to preclude such an unequal relationship (as existed during the years of the Treaty Port system) from ever happening again.\textsuperscript{9}

\textsuperscript{6} Ibid., 262–263.
\textsuperscript{8} Kohli, 32.
“Further, Japan colonized neighboring states with whom it shared racial and cultural traits.”10 This not only gave them much older historic ties to their colonies, but the added incentive of seeing this expansion of influence as an immediate strategic interest, as these countries were not halfway around the world but existed in their own backyard. This created in Japan arguably the first “regional hegemon” that East and Southeast Asia had ever experienced.11 Unlike the realities which Western colonial powers had to contend with, the Japanese “could realistically consider their rule to be permanent.”12 Not the least of these realities was the vast distances each country would have to travel to reach their colonies, making effective management more difficult and costly.

Perhaps more important, was the geopolitical situation that existed in Europe of the early 20th century. With the rise of a unified Germany and the concurrent relative decline of Britain and France, these colonial powers found it much more difficult to maintain tight control of their possessions as increasingly more time and resources had to be spent countering the German threat (particularly in World War I). Japan, largely insulated from these threats, was able instead to capitalize on these pressures for their own expansion.

Finally, Kohli notes that “the Japanese colonial strategy was deeply informed by its own successful domestic reform efforts following the Meiji restoration,” a model for almost immediate economic and political success that a) could find no parallel with Western powers, and b) could reasonably be expected to be followed by Japan’s neighbors, something not lost on post-World War II Asian-Pacific nations, who looked to Japan for this very model of success.13

10 Kohli, 32.
12 Kohli, 32.
So, we now come to the hallmark of Japanese colonialism: Korea. Korea’s colonial legacy was one of tremendous change and upheaval. "Colonialism … replaced the factionalized and conflict-ridden institutions of aristocracy (and dynastic rule) with a modern, highly centralized, and extremely capable state apparatus, one which was used to reshape Korean society."  

How does this affect modern Korea? Why should we care? Because "there is … increasingly little doubt that the (state-dominated) institutional framework created by the Japanese played a central, if not defining role in South Korea’s subsequent social, economic and political development." Increasingly, scholars are pointing to Japan’s legacy in Korea as the turning point in modern Korean history and ignited decades of economic growth.

Specifically, the Japanese created a central state with a modern bureaucracy in Korea and Taiwan, which included a strong central government (with ministries, merit-based technocracy, and modern education systems), as well as a new political economy. This was very much akin to what was found in Japan itself: strong government-corporate bonds, Meiji-style incentivized modernization, the Chaebol (equivalent of the Japanese zaibatsu), and even the strikingly unique style of diffusion in corporate ownership without the usual associated Minority Shareholder Protection (MSP). Additionally, "Japan is the only colonial power to have located various heavy industries—steel, chemicals, hydro-electric power—in its colonies." Japan created a unique colonial structure in Korea and Taiwan not found elsewhere in the world.

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15 Ibid., 604.
It is important to note that literature exists that seeks to counter Kohli’s arguments on the effects of Japanese colonialism in Korea (and by extension other colonies). Some call into question the actual data obtained from the period of Japan’s colonization of Korea, the actual effects of their institutionalization, and the connection of Korea’s postwar success with Japanese colonialism, given the great discontinuity that exists between the colonial period and the subsequent occupation by the U.S. For example, Stephen Haggard, David Kang and Chung-In Moon argue that the colonial period had limited value towards modernization in Korea for several reasons, including the effects of the Korean War in devastating much of what the Japanese had built during the colonial period, and that the bureaucracy constructed by the Japanese served the interests of Korean elites who were not necessarily interested in pursuing a path of modernization as proscribed by the so-called “Japanese model.”

While Kohli himself responded to these issues by providing additional detailed data and discussion on agricultural productivity, post-war reconstruction, and elite-level political developmental goals, some still question his analysis. The author’s readings of the literature (including most notably Stubbs and Cumings), however, show that the predominant opinion is in agreement with Kohli: that the Japanese colonial experience in Korea had a profound and lasting impact on their economic growth and development.

Moving from the Korean example, one finds similar literature discussing the colonial legacy of Taiwan in particular as another key colony of the Japanese Empire, as well as other countries that had either an early colonial experience with Japan, or at least some period of Japanese dominance during the Pacific War (i.e., 1937–1945). All of these nations, to a varying degree based on the intensity of their experience with Japan,

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20 Cumings, 482; Stubbs, 12.

seem to exhibit the similar traits as an outgrowth of their experiences with Japan: movement towards centralization of authority and the foundations of a modern, industrial society.22

Richard Stubbs, perhaps, sums the experience best:

The fifty years of Japanese rule brought many significant changes which yielded mixed outcomes. On the one hand, harsh treatment was compounded by subservient position…on the other hand, the Japanese brought with them to Taiwan many of the policies that had modernized the Japanese economy and produced such remarkable growth rates…extensive infrastructure… public education…investment capital and guaranteed resources…The overall result of Japan’s modernization of the island was a noticeable improvement in incomes and the population’s general standard of living.23

So, given the differences between the colonial experiences from Japan and Western powers, one can see a distinct advantage the Japanese colonies have had in modernization and industrialization. Yet, beyond simply creating a central, authoritarian government, how, specifically, did the Japanese create in Korea and Taiwan the framework of a modern state and economy? The answer to this lies in the evolution of specific bureaucratic and political economic institutions in Japan, which were later implemented in Korea and Taiwan.

Certain key institutions were implemented during the colonial period that enabled these countries to rapidly evolve into modern states. While existing literature discusses elements of these institutions and how they originated in each country, it does not systematically trace the linkage between the implementation of these institutions and the creation of the foundation necessary for successful states. Tracing the evolution of these institutions (e.g., the Japanese system of corporate governance, banking, and bureaucracy) will go to the heart of how (and why) the Japanese legacy was more successful (and what lessons can ultimately be learned for other countries seeking success).

23 Stubbs, 43.
E. METHODS AND SOURCES

This paper examines different cases of colonial legacies in East and Southeast Asia and how this led to their success (or lack thereof) in subsequent economic growth and democratic development. Specifically, it analyzes Korea and Taiwan as cases of countries with a strong, intrusive Japanese colonial legacy, as contrasted with British Colonialism in India, a country with a strong (yet decidedly different) colonial legacy.

Literature on the history of the colonial periods will supply evidence used to trace the evolution of these institutions in Korea, Taiwan and India. Sources include text on the origins of Japanese political economic systems and bureaucracy; historical text on the colonial periods of Korea, Taiwan and India; and articles detailing specific political economic institutions (e.g., central banking, civil codes, etc.).

The paper is divided into main lines of argument: the political economic implications and then the state-bureaucratic influence of Japanese colonialism in Korea and Taiwan (vs. British Colonialism in India). We have already discussed some key aspects in the Japanese colonial system by reviewing the current literature that exists on Japanese colonialism and how this style differed from other colonial legacies. Next examined are certain key bureaucratic and political economic institutions that evolved in Japan prior to the advent of Japanese power in Korea and Taiwan. These institutions include political economic institutions such as corporate governance, banking systems and their relationship to conglomerates; also, state-government institutions such as meritocratic bureaucracy and modern government ministries.

The paper then traces the evolution of these institutions in Korea and Taiwan as they were developed by the Japanese in both of these countries, linking the new institutions and systems to what existed in Japan. Korea and Taiwan were chosen as two important studies because these countries were the prime colonies of the Japanese Empire, and were consistently so all the way through the end of World War II. As such, they are the prime examples of Japanese colonial influence in Asia.
Finally, these institutions and legacies are compared to those economic institutions that were implemented by the British in India, and how the very different colonial legacy in India hindered it from experiencing the same rapid progress as Korea and Taiwan had enjoyed. India was chosen as an alternative colonial experience to contrast the style of British colonialism to the Japanese system. Furthermore, India was held as important to the British Empire as Korea and Taiwan were to the Japanese. So, each of these colonies was of prime importance to the respective powers, yet they provide a useful contrast with respect to how colonialism was implemented in each. The case of India illustrates how, despite an intrusive colonial experience, the specific institutions that were put in place were not conducive to developing a strong, central state and growing economy.

All of these cases and specific institutions show a direct link between the style of Japanese government and economy and that existed at the time, and how these institutions were implemented in Korea and Taiwan, completely changing the political, economic and governmental landscape of both countries in ways that affect them to this day.

F. THEESIS OVERVIEW

This introduction comprises Chapter I of this thesis. Chapter II analyzes the specific political economic legacies from the Japanese colonial period, and how these were absent in other colonies in East and Southeast Asia. Chapter III discusses the state-bureaucratic development that led to the strong state apparatus found in Korea and Taiwan. Finally, Chapter IV discusses the implications of these developments in Korea and Taiwan with respect to democratization and how these institutions may be implemented in modern states to promote success.

Organizing the thesis in this way expounds upon the three Periods earlier discussed in such a way that allows for the best formulation of my proposal that Japanese colonialism leads to strong states and economic growth, which provides developing countries with the best chance for successful democratization.
II. POLITICAL ECONOMIC INSTITUTION BUILDING IN KOREA AND TAIWAN

Chapter I of this paper described the general differences between Japanese colonialism and the colonial style of European states, indicating the broad differences in approach as well as the reasons for and origins of these differences. In particular, the Japanese colonial programs were much more focused on transforming the colonies of Korea (in particular) and Taiwan into modern, industrial states with strong central governments, capable of supporting Japan in its imperial conquests.

Yet, beyond simply creating a central, authoritarian government, how specifically did the Japanese create in Korea and Taiwan the framework of a modern economy? The answer to this lies in the evolution of specific political economic institutions in Japan, which were later implemented in Korea and Taiwan. This chapter examines these institutions in detail.

First examined are the key aspects of the Japanese path to economic growth and modernity, noting specific political economic institutions that evolved in Japan. Next, an explanation is given on how these institutions were implemented and developed in colonial Korea and Taiwan, showing the strong connection between the lasting institutions that have developed in these countries and their origins in Japan. Finally, the Japanese-style institutions are compared with those the British implemented in India, noting the differences in intent, construction and outcome between the British and Japanese systems. This comparison is useful since the British colony of India was at least as important to the British as Korea and Taiwan were to the Japanese, and the British designed a comprehensive colonial system in India which was of high importance to them (as opposed to subsequent colonies in Africa which were primarily based on extracting goods instead of truly modernizing the colony itself).

A. JAPANESE PATH TO ECONOMIC MODERNITY

Japanese modernization, beginning with the Meiji restoration (or revolution), carried itself at a rapid pace, far exceeding growth in any other area of the world from
1870 through 1931, and even from 1870 through 1986.\textsuperscript{24} While the reasons for this speedy modernization are many, the modernization of Japanese political economy was aided strongly by several key institutions that developed during the Meiji period, and further evolved in the period leading up to World War II.

The first of these institutions included the so-called “symbiotic relationship of Zaibatsu with the state.”\textsuperscript{25} That is, the formation of large business and industrial conglomerates called Zaibatsu, groups that began during the Shogunate period and continued into the Meiji restoration.\textsuperscript{26} The Zaibatsu “obtained government concessions…and took the lead in promoting Japanese economic expansion overseas.”\textsuperscript{27}

The Japanese government readily ceded power over these markets to the Zaibatsu, largely in an effort to maintain the support of the powerful elites who also strove to transition into modernity while still remaining relevant, giving the new government powerful partners. “The state lavished patronage on combines able to provide the capital, technical experience, and the national framework of banking, transport and heavy industry,” all of which the Zaibatsu provided exceptionally well.\textsuperscript{28} In addition to becoming the most powerful industrial conglomerates, the Zaibatsu played a prominent role in Japanese banking, another important aspect of Japanese modernization. Each Zaibatsu expanded beyond its initial base…since Japan lacked an organized capital market and public restraints on monopoly power, the Zaibatsu controlled most banks in the late nineteenth century;” they even “founded their own banks.”\textsuperscript{29} Four out of the five

\begin{itemize}
\item \textsuperscript{24} E. W. Nafziger, Learning from the Japanese, Japan’s Pre-War Development and the Third World. (New York: M. E. Sharpe, Inc, 1995), 6.
\item \textsuperscript{25} Ibid., 87.
\item \textsuperscript{26} Hidemasa Morikawa, Zaibatsu: The Rise and Fall of Family Enterprise Groups in Japan. (Tokyo: University of Tokyo Press, 1992), 32.
\item \textsuperscript{27} Nafziger, 85.
\item \textsuperscript{28} Ibid., 86.
\item \textsuperscript{29} Ibid., 86.
\end{itemize}
greatest banks in Japan were controlled by the Zaibatsu.30 The Zaibatsu became “vast concentrations of economic power and had huge resources apart from those associated with their banking interests.”31

The banking system was specifically created and tailored for supplying industrialists with loans, capital and security.32 These designs went hand in hand with “Japan’s policy of developing her resources in the interests of national power.”33 While other states have certainly utilized resources for their own national power, the Japanese were singular during this time period: while the majority of Western European and American economists were promoting laissez-faire government policies,

The laissez-faire prescription was not for her. Moreover, she feared for her security, and her leaders could not neglect the strategic aspect of economic development. Hence the active part played by the State in the early and middle years of Meiji in the founding of the new industries.34

Japan was keenly aware of its strategic situation, especially when compared with the situation it saw in China, which, having a very weak central power and disjointed regional policies, could not hope to stand up to the West.35 This view played a tremendous role in Japan’s centralization of state power during the Meiji restoration, which carried on through World War II, even in its programs in Korea and Taiwan (which will be discussed later): “It was the state that conceived modernization as a goal and industrialization as a means that gave birth to the new economy in haste and pushed in unrelentingly.”36 Problematically, though, “the zaibatsu system, while promoting growth … contributed to high industrial concentration, high income inequalities, and slow growth of a politically independent middle class.”37 This last point is particularly

31 Allen, 109.
32 Ibid., 54.
33 Ibid., 50.
34 Ibid., 165.
35 McClain, 293.
36 Cumings, 486.
37 Nafziger, 47.
important in comparison to the cases of Korea and Taiwan. While a strong capitalist class emerged in Japan (especially the ultra-class of the Zaibatsu), the emergence of an independent middle class was hindered by this very development. Each of these aspects of Japanese economic development (the Zaibatsu—government connection, banking and financial policies) had profound effects on the rapidity of Japanese progress. These institutions left a legacy not only in Japan, but also in the colonies they controlled for nearly half a century.

B. IMPACT OF THE COLONIAL LEGACY IN KOREA

In this section, the role of these political economic institutions in colonial Korea and Taiwan is analyzed, as well as their effects on subsequent growth in these countries. The key aspects of the Japanese path to economic modernity were taken from Japan and implemented in Korea and Taiwan during a particularly harsh period of colonial rule.

In the preceding section, several key indicators of Japan’s economic evolution were detailed, elements that were unique to Japan as compared to other modernizing countries. These included the particular style of government—corporate relationships, the bank system that developed in Japan and its relationships to powerful conglomerates (i.e., Zaibatsu), and finance and trade policies enacted in Japan that helped to shape their political economy. This section shows how these were implemented in Korea and Taiwan during their colonial periods.

The Korean state in particular all but copied the Japanese model, forcibly at first and later by choice (during the presidency of Park Chung Hee in the 1960s).38 The Japanese first changed the very structure of Korean institutions, from the top down, molding Korean society into an image of Japan, and in so doing promoting Japanese style government. “Both Korean states have had strong bureaucracies at the center and relatively weak political impulses flowing up from the periphery.”39

38 Kohli, 32.
39 Cumings, 480.
The colonial experience in Korea was as planned as it was intrusive: “Like reform at home, the colonial effort...was anticipatory, preconceived and planned,”40 and succeeded largely in changing the political economic framework tremendously. “It might even be said that the Japanese period structured the post-war political spectrum.”41

Comparing Korea to the Japanese trajectory already discussed show the formation of the central state as a key aspect of the modernization of Korea. In particular, the government—corporate relationships in Korea smacked of Japanese influence. “In Korea the colonial power emphasized not only military and police forms of control, but also the developments of the peninsula under strong state auspices...Japan utilized a mighty trio of state organization, central banks and Zaibatsu conglomerates to industrialize Korea.”42

“The colonial state, Japan-based Zaibatsu, and local Japanese and Korean firms each played a role in the growth, but the holdings of both the state and local firms paled in comparison with Zaibatsu interests. The share of capital on the peninsula that the leading Zaibatsu controlled by 1942 has been estimated as high as three-quarters of the total capital investment in Korea.”43

So we see the influence of the Zaibatsu even in the colony of Korea, from the heavy industrial sector and even into small business: “Local Korean entrepreneurs in large-scale enterprises learned to adapt to a distinctive format of business-state relations.”44 The economic infrastructure created by the Japanese Zaibatsu during the colonial period directly contributed to the formation of the Korean Chaebol, which drove “Korea’s economic development...largely characterized as conglomerate driven.”45

40 Cumings, 483.
41 Ibid., 480.
42 Ibid., 486.
44 Ibid., 318.
“A number of large business groups called Chaebol were formed which were similar in form to prewar Zaibatsu in Japan.”46 Almost a carbon copy of the Zaibatsu, the Korean Chaebol drove economic growth during the Park presidency, much as the Zaibatsu had from the Meiji period through World War II. “The government’s drive to create general trading companies on the Japanese model was built on an array of special incentives to the trading arms of the largest manufacturing conglomerates known as Chaebol.”47 This is clearly an influence of Japanese colonialism on Korean political economy, one that persists to this day in spite of the reforms of President Kim Dae-Jung in the late 1990s.

The Japanese influence continues in the second aspect previously discussed in Japanese economic modernity: the shaping of the bank system in Korea, which paralleled the bank system of Japan. “The prominent role of state-affiliated institutions such as the Bank of Chosen and the Chosen Industrial Bank in large-scale finance, industrial and commercial enterprises deeply affected the direction and scale of private large-scale Korean enterprise.”48

“The Japanese government achieved control over the Korean economy by 1920.”49 As such, creating a new banking system, one ran by Japanese financiers with Koreans in notable positions (in which they could learn the trade) fostered the institutional legacy of the Korean banking system. The Japanese government even reformed Korea’s currency in an effort to help unify and modernize Korean economy. “The Bank of Korea was established in 1909 to carry out the currency reform,” and was modeled in the fashion of the National Bank of Japan.50

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48 McNamara, 316.


50 Chang, 169.
Thus, the Japanese reshaped Korea’s political economy to match their own experiences, producing on the peninsula what had already proved successful on the home islands. “This thirty-six years occupation of Korea by Japan had a tremendous influence on the development of the modern Korean management system. Japan’s influence in the early days remains salient in the organizational structure of modern Korean firms. Some writers suggest that organizational structures in Korea are duplications of those in Japan.”

C. IMPACT OF LEGACY IN TAIWAN

Moving to Taiwan, one encounters similar creations in the colonial state, but with less of the intensity seen in the Korean case. “The colonial state in Korea bulked much larger in the economy than in Taiwan.” Taiwan (or Formosa) was the first colony of Japan, won from the Chinese after the First Sino-Japanese War, 1894–95. As such, their colonial program was not as developed as what was implemented in Korea. Ultimately, the Korean colony proved of greater military-strategic importance as a stepping-stone into continental Asia directly, and thus the colonial program in Korea was driven with much greater ferocity than in Taiwan.

Still, the early legacies of Japanese colonialism can be seen. “It was in Formosa that Japan was to create the pattern of colonialism which was...to be applied in the administration and exploitation of such later conquests as Korea and Manchuria.” Taiwan’s colonization was driven by Japanese strategic interests, which included “economic prosperity and income from Formosa.” The same factors later induced the intensive colonization of Korea. One might even say that Taiwan was a testing ground for policies later to be enacted in Korea.

51 Lee, et al., 633.
52 Cumings, 486.
The Japanese colonial leaders set about the centralization of the Taiwanese state in similar fashion as was later developed in Korea: “the establishment of a highly centralized and authoritarian colonial administration in Formosa...whose greatest joy was the annual financial statement.”55 The Japanese system of colonialism was similar to other powers in their quest for greater resources, but Japan accelerated their colonies’ economic development. Japan, as a country with relatively few natural resources of its own and with imperial conquests that far outreached their initial capacity, had a vested interest in developing Korean economy to the maximum extent possible. “Korea, together with Taiwan, was called upon to develop the non-agricultural sectors of her economy.”56 Importantly, the Japanese trained and educated Koreans and Taiwanese in their system of government and finance.57

Hence, the focus on rapid industrialization in Taiwan was as clear as in Korea. Yet, an important difference between Korea and Taiwan was the lack of conglomerate-driven progress, a key aspect of both Japan (with the Zaibatsu) and Korea (with the Chaebol). Taiwan, for largely political purposes, did not develop the same powerful infrastructure of conglomerate businesses.

While early roots for centralization of industry were laid during the colonial period, the subsequent Chinese Nationalist Party (KMT) leadership wanted to maintain a strict monopoly on economic (as well as political) power, and thus hindered private ventures into heavy industry by economic elites. Rather, the KMT promoted the already burgeoning Small and Medium sized Enterprises (SMEs), which became the most important part of Taiwan’s economy. While not Zaibatsu-like, the education of these workers and the shaping of the medium-sized enterprises did take form during the Japanese colonial period, and indeed were encouraged by the Japanese colonial government as a way to easily transition Taiwan’s primitive economy into a functional market economy.58

55 Koblin, 78.
56 Chang, 176.
57 Stubbs, 43.
58 Campos, et al., 61.
Looking at another important aspect of Japanese and Korean development, the case of Taiwan was also different: banking. “Banks are prohibited by law from taking shares in the companies to which they lend or from having representatives on the board of directors, in sharp contrast with Japan.”

The corporate—bank connection was a key element of the growth trajectory of both Japan and Korea. In the case of Taiwan, subsequent political effects driven by the KMT overruled colonial legacy, much as it had for the suppression of major business conglomerates.

Still, even with the subsequent changes driven by politics after the Chinese Revolution, the Japanese colonial infrastructure played an important role in Taiwan’s development. “The most important achievement of Japanese rule…was a high degree of socioeconomic development together with the construction of a modern infrastructure.”

“The Japanese had invested heavily in industry and infrastructure.” This included creating a central banking system (albeit without the powerful influence of Zaibatsu-like conglomerates), unified weights and currency, and common civil law.

Indeed, the greatest number of laws shaping modernization in Korea and Taiwan were, by far, created in the Japanese government, and modeled after the fashion of laws and reforms that drove Japan’s success. Table 1 illustrates several of these laws and reforms, as well as their sources:
Table 1. Major Colonial Laws and their Legal Sources

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<th>Korea</th>
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<td>Currency Law</td>
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<td>Bank Laws</td>
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<td>Commercial Laws</td>
<td>Japanese Law</td>
<td>Japanese Law</td>
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<tr>
<td>Laws Concerning Taxation</td>
<td>Seirei*</td>
<td>Japanese Law</td>
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*Seirei were laws issued by the Governor-general, and specifically pertained to the colony in question (i.e., did not have basis in formal Japanese Law) [After Ref. 64]  

Thus, the political economic institution of civil law (concerning economy and finance) was modernized during the colonial period of both Korea and Taiwan. And, having examined the other key political economic institutions of government—corporate relationships and the formation of the modern banking system, the effects of Japan’s colonial legacy in Korea and Taiwan can be clearly seen.

D. COMPARISON WITH BRITISH COLONIAL LEGACY IN INDIA

The impact of the Japanese colonial experience on economic development in Korea and Taiwan has been described thus far. Now, this experience is compared with the British legacy in India. Specifically, a brief description of the ineffectiveness of British colonialism when compared with the Japanese is provided. Then, specific political economic institutions are analyzed that were previously discussed with respect to Korea and Taiwan and see how they were shaped in colonial India.

Atul Kohli describes the British colonial period: “the laissez-faire colonial state was partly responsible for India’s sluggish economy in the first half of the [20th] century.”  

He describes his main arguments for India’s relatively poor colonial

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65 Kohli, 219.
construction: “First, the state that Indians inherited from their colonial past was modern and democratic yet not all that effective as an economic actor...Finally, the subcontinent has for a long time been characterized by a low-technology, low-productivity agrarian economy...low rates of savings and investment, primitive technology, and a poor economy with limited internal demand.”

Kohli further characterizes British rule as indirect, with British accommodations made with “regional and local strongmen,” and this legacy continued on into the post-colonial period. This accommodation reduced the effectiveness of British (and later Indian) rule, limiting the penetrating ability of both governments. This differed from the Japanese system in that it did not promote change in the type of governance in India at the local level, whereas the Japanese instituted changes in governance at every level. The British subsidized the behavior of regional strongmen in an effort to ease their own governance.

Not all British developments were as weak as the economic institutions; in particular, the Indian Army was a professional, centrally directed organization which provided an example for later attempts at centrality. Still, the indirect rule of the British during the colonial period left a legacy of poor penetration of state power, which adversely affected economic growth. Contrasting India with Korea and Taiwan, one can see that both of these countries also had a largely agrarian society prior to colonization, yet the Japanese colonial masters instituted invasive colonial programs to rapidly modernize and industrialize Korea and Taiwan. In particular, the political economic framework was radically changed, especially in the formation of a central, authoritarian government which drove modernization from the top down, penetrating every level of society in the same way the Meiji restoration had in Japan. This is the antithesis of laissez-faire economic policy, so at a fundamental level the British and Japanese colonial programs were starkly different.

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66 Kohli, 221–222.
67 Ibid., 226.
68 Migdal, 250.
69 Ibid., 251.
Now, the specific political economic institutions previously discussed with respect to Korea and Taiwan are examined and shown how they fit in the Indian colonial experience: government—corporate relationships, especially with respect to large conglomerates that drove economic growth; the formation of national banks, as well as those controlled by the conglomerates; and the evolution of specific laws and regulations regarding political economic institutions.

Beginning with conglomerates, the only strong corporate body that existed within colonial India was the British East India Company. The East India company “established the essentials of empire over the subcontinent: centralized authority, backed by organized armed forces and a civil service.”70 In addition to being the main economic power, the East India Company was also a political power, one more directly involved in Indian policy than the Zaibatsu in Korea.

After the “mutiny” (or First Revolution) of 1857, the British Crown took direct control of the Indian colony. This had several implications for colonial development, but the particular impact we are interested in is the formation of modern business conglomerates within India. The British strategy after the Revolution was to “ally with and strengthen the position of traditional Indian elites, especially the gentry and aristocrats.”71

These “strongmen” (as Joel Migdal would call them) were not the same as the modern corporate conglomerates that the Japanese helped create in Korea, or even the SMEs that took hold in Taiwan, which, while smaller than Zaibatsu or Chaebol, were still modern in their business approach. This modernity was a direct result of the Japanese colonial programs, which were strongly penetrating and reshaping; whereas the British, to maintain their legitimacy, subsidized the power of the pre-existing elites in India. The

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70 Kohli, 227.
71 Ibid., 229.
program served to inhibit the formation of large corporations, even with the legacy of the East India Company. This pattern of striving to maintain legitimacy continued even after the British period ended, plaguing the governments of both Nehru and Gandhi.\textsuperscript{72}

Modern banks did exist in India, including the central Imperial Bank of India, which was “an amalgamation of the three ‘Presidency Banks’ of Bengal, Bombay and Madras.”\textsuperscript{73} This bank, though modern and similar to the central Bank of London, was configured largely to promote British interests in the region and, during the colonial period, was somewhat limited in their capacity as a central bank.\textsuperscript{74}

While Japanese banks in “Chosen” (i.e., Korea) were developed in much the same fashion (i.e., to facilitate Japanese interests there), the important difference was the lack of partnership with powerful conglomerates that used the banks as a means to raise capital to extensively develop colonial India. Rather, while the banks did promote basic economic modernity, they failed to be as much of a driving force in Indian development as their counterparts in Korea and Taiwan.

When we analyze the political economic institutions developed by the British in India, we find that they were not enabling of Indian economic growth, but rather hindered progress. Indeed, “little was done to encourage Indian industries and there was only an imperfect provision of technical and industrial education,”\textsuperscript{75} quite in contrast with the Japanese model. These differences directly contributed to India’s stagnant economic growth during and after the British colonial period, and left a legacy quite unlike the one found in Korea and Taiwan.

\textsuperscript{72} Migdal, 250.
\textsuperscript{74} Ibid., 170.
E. CONCLUSION

The legacy of Japanese colonialism left a strong mark on political economic development in Korea and Taiwan. Beyond simply creating a strong, central state, specific economic institutions evolved in these colonies that were a direct result (and, one might call, a descendent) of the Meiji restoration in Japan itself. These institutions helped pave the way for rapid economic growth that, coupled with several conflicts after WWII and significant aid from the U.S., made these countries among the most successful economies in the world.
III. IMPACTS OF JAPANESE COLONIALISM ON STATE DEVELOPMENT IN KOREA AND TAIWAN

A country’s success can be discussed with respect to economy (i.e., having a growing economy with stable and supportive economic institutions), democracy (i.e., having more personal liberties, civic and political freedom), or even in terms of the effectiveness/efficiency of the state itself (i.e., bureaucracy, civil service, other state/government institutions). By any of these measures, both South Korea and Taiwan have enjoyed great success. This chapter focuses on the performance of state mechanisms and asks the questions: how did the Japanese colonial period affect the subsequent success of South Korea and Taiwan as states? Specifically, how did the Japanese system contribute to forming a modern, central government with institutions suited towards continued economic growth?

The key to understanding this is in analyzing the specific state institutions that the Japanese constructed in Korea and Taiwan during their colonial periods. The Japanese colonial legacy in Korea and Taiwan directly contributed to the subsequent success of these countries’ state governance. In particular, key bureaucratic institutions in Korea and Taiwan were derived directly from the Japanese colonial experience, enabling their governments to modernize and industrialize each country at a very rapid pace. In some respects, these institutions (even as they existed in colonial Korea and Taiwan) were more ‘Japanese’ than ‘Korean’ or ‘Chinese/Taiwanese.’ In effect, Japan’s colonial programs completely changed the trajectory of state growth and development in Korea and Taiwan, so that even after World War II both countries continued to utilize the Japanese model of development. This chapter first examines the key government bureaucratic institutions that evolved in Japan prior to the advent of Japanese power in Korea and Taiwan. Next, the emergence of these institutions in Korea and Taiwan during the colonial period is traced.

The importance of this focus goes beyond improving historic accuracy in a debated field of study (the substance of which is described next); it also addresses one of the primary issues that international organizations and U.S. efforts must address: how
does one build an effective state? Many countries throughout the world have good supplies of goods and capital that should promote healthy economies, yet have failed due to the lack of a general government structure. What institutions are required for a state to become truly integrated into a country’s society, allowing it to penetrate each level to a sufficient degree that the state apparatus actually works, providing a framework for which the country grows and expands? Clearly, colonization itself is not the answer, but certain lessons can be learned that modern states may apply to promote a stable, modern, and functional state.

A. BUREAUCRATIC FOUNDATIONS IN JAPAN

The most important aspect of the Japanese state that was constructed in Korea and Taiwan was the foundation of a modern bureaucracy. The bureaucracy is the major institution that allows the power of the state to permeate throughout society (via many other institutions such as banking, military, education, etc.), and is considered by most political scientist to be an important part of modernization and state development.76 Max Weber, who was the first to study large organizational behavior, describes bureaucratic governance as a necessary prerequisite for modern government, particularly one that bases its authority on “rational grounds” (as opposed to “traditional” or “charismatic” grounds).77 Furthermore, in bureaucracy “the regular activities required for the purposes of the organization are distributed in a fixed way as official duties;”78 also, “the organization of offices follows the principle of hierarchy;”79 finally, “operations are governed by a consistent system of abstract rules...[and] consist of the application of these rules to particular cases.”80 All of these have been deemed as important by sociologists to the creation of a modern state apparatus.

76 Kohli, 2004; Ertman, 1997; Migdal, 1988.
80 Ibid., 330.
Far from the pre-modern societies that existed in these countries at the outset, the Japanese created and shaped this system not for the betterment of Koreans and Taiwanese, per se, but rather to construct a functioning government apparatus that would prosper, grow, and efficiently provide the resources (particularly food, oil, rubber, etc.) that Japan needed to sustain its own growth and continue its conquests (especially in China). They used the bureaucratic system that had been developed in their own country in order to more efficiently utilize the benefits that modernization would bring in their colonies, given the functions (described above) and order that such a bureaucracy would bring to their governance.

Before tracing how bureaucratic developments in colonial Korea and Taiwan shaped their modernization even after the end of the colonial period, it is important to examine the growth of the modern bureaucratic system that existed in Japan during the colonial period. Prior to the Meiji restoration in the late 19th century, Japan had been ruled for centuries by a military governor called the Shogun, and this particular system (sanctioned by the Emperor) was called the Tokugawa Shogunate. At the outset of the Tokugawa system, Japan, though intentionally closed off to outside influence from Westerners, already had the seeds of a modern bureaucracy with the advent of the central control and governance of the Shogunate, which lasted from 1603–1867 and shaped Japanese society at every level of civilian administration, including tax collection, justice, finance, construction, and religious supervision.  

Joel Migdal directly connects the establishment of these institutions with the power of states over the societies they govern. Hence, the Shogunate, in its quest to maintain dominance over the various daimyo (feudal lords) within Japan, established the first (though primitive) form of state control over feudal Japan. Under the Shogunate, a truly centralized system emerged, one with all the daimyo paying tributes to the Shogunate, as well as other strictly-regulated duties (such as the requirement for daimyo to periodically visit and confer with the

Shogun in Kyoto, the requirement for strict audits of financial records, etc.). The system involved into a relatively smoothly operated structure which paralleled the development of bureaucracy in the West.

This transformation of national leadership was all predicated on the burgeoning bureaucracy that was only enhanced during the Meiji Restoration, a period which had taken all the initial steps towards a modern bureaucracy and crystallized them into a coherent whole. Japan modeled its bureaucracy (as well as its constitution) on Bismarck’s Prussia. This system was labeled by Thomas Ertman as “Bureaucratic Absolutism.” This type of system was characterized by a strong, centralized state with a deep-reaching bureaucratic organization, one that had established ministries and a well-defined power structure, which allowed the transmission of policy into real results that were permeated into all levels of society. This system was different from other European states (such as Britain) due to the lack of a strong, democratic (and effective) political organization (e.g., the Parliament); rather, the various bureaucratic institutions (led by the Kaiser via the Chancellor), not the German Diet, were the supreme authority of the state. Japan took this model and adapted it to its own context, with the Emperor replacing the Kaiser, and the oligarchs leading the bureaucracy in a highly authoritarian state. (It should be noted that while the Emperor had authority to rule as the Kaiser had, the oligarchy of leadership in Japan exercised the real day-to-day power and decision-making, much as Chancellor Bismarck had).

This authoritarianism had its roots in the cultural traditions of feudal Japan, traditions which Japan was not far removed from even as it underwent its rapid and sweeping modernization. “Civil and military bureaucrats were the direct heirs of the samurai ‘oligarchs’ who carried out the Meiji Restoration.” Hence, the power of these bureaucrats was deeply rooted in Japanese society. The restoration forced the transition from the primitive bureaucracy of the daimyo into the more modern structure of the

83 Pempel, 19.
84 Ertman, 224–225.
oligarchy, which made the principal decisions in Japanese society, with the Emperor providing legitimacy for their operations. This is different from the more strictly representative system that evolved in England, as the Japanese Diet did not have the real power of decision-making (i.e., they had de jure power from the constitution, but de facto power resided with the oligarchy).

As time progressed and the middle class became more prominent in Japanese society, the old social class barriers were less limiting with respect to government work, yet this only succeeded in creating a new, technocratic elite within the bureaucracy, one which vied for power with other control centers in Japan. This evolution coincided with Japan’s conquests in Korea and Taiwan, and thus these colonies were heavily shaped by the prevailing style of governance in Japan of that time.

This governance was affected by a combination of three power groups, the military, the monopoly capitalists (zaibatsu) and the bureaucrats. An important example of the authoritarian nature of the Japanese state was the specific relationship between the bureaucracy, the Diet and the Emperor. Modern and professional, the bureaucracy never operated within the context of party control over the state apparatus as had happened in most other states; rather, the bureaucrats were technically servants of the Emperor. Furthermore, “although parliamentary democracy was also set up in a somewhat limited fashion toward the end of the 19th century, the policy apparatus remained firmly under the control of the bureaucracy.” While this was changed during the American occupation after World War II, the preeminence of the bureaucracy was an important facet of Japanese government at this period of time (a fact not lost to the Japanese in their colonial conquests).

In the context of the security situation Japan found itself in during this period (i.e., beset by European powers that had already defeated and embarrassed China), “a strong executive was imperative to protect Japan against both potential external aggression and internal disorder. The effect of this situation was to establish the executive, the bureaucracy, as the all-important and omnipotent branch of the government.”

Hence, the bureaucracy was a powerful force in Japanese government, given power and legitimacy directly from the Emperor, and thus they (and not landed classes) controlled policy. Many argue that the strength of this authoritarian bureaucracy was precisely what Japan needed to rapidly modernize. “The civil bureaucracy through a variety of activities played a major role in the diversion of Japan’s resources toward successful growth-producing activities.” Additionally, “one of [the bureaucracy’s] major charges was to carry out the technical aspects of the country’s industrialization and modernization.”

The bureaucracy created modern financial institutions (as discussed in Chapter II), formed the government apparatus and its ministries that would provide for greater efficiency in day-to-day operations, modernized the Japanese military and education system, modeled the modern system of diplomacy after the Western powers, and created many other institutions that allowed Japan to modernize rapidly. Of particular importance were the modernization of trade and the opening of Japanese borders to foreign influence, which allowed the Japanese to have access not only to more advanced goods and services, but also to key knowledge factors that would enable Japan to compete with the Western powers.

Hence, the bureaucracy played a central role in modernizing Japan, allowing it to move beyond a traditional agrarian society, and enabling it to employ modern techniques.

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90 Maki, 394.
91 Nafziger, 93.
to rapidly improve their society, such to the extent that post-colonial Korea and Taiwan (in spite of their anger over colonial brutality) willingly utilized the Japanese model in their development, seeing how successful the Japanese had become (loss in World War II notwithstanding) and this success allowed Korean leaders to overcome anti-Japanese political sentiment enough to give way to the adoption of Japanese-style governance.

B. COLONIAL IMPACT ON KOREA AND TAIWAN

The bureaucracy, as discussed previously, played a central role in the Japanese government and its efforts towards rapid modernization and growth, and this centrality was imbued in the colonial governments of Korea and Taiwan. This section shows how the Japanese transplanted these institutions in Korea and Taiwan, and how this legacy survived after World War II and continued to play an essential role in both countries.

Migdal describes South Korea and Taiwan as being “among the highest in state capabilities” in developing countries after World War II, and attributes this success to the power of the colonial state construction (in combination with the subsequent threat of war during the Cold War acting to galvanize the state into a functional, central authority). The Korean state in particular all but copied the Japanese model, forcibly at first and later by choice (during the presidency of Park Chung Hee in the 1960s). The Japanese first changed the very structure of Korean institutions, from the top down, molding Korean society in an image of Japan, and in so doing promoted Japanese style government. “Thus, a highly articulated, disciplined, penetrating colonial bureaucracy substituted both for the traditional Yi Dynasty and for indigenous groups and classes that…would have accomplished Korean development themselves.”

94 Kohli, 32.
95 Migdal, 269.
96 Kohli, 32.
97 Cumings, 487.
1. Korea

Korea had an agrarian past, one that hardly resembled the Japanese system of bureaucracy at the outset of the colonial period. Furthermore, “Korea had a centralized and ostensibly strong bureaucracy, but the Yi was in fact a relatively weak state.”\textsuperscript{98} So, while a bureaucracy did exist in Korea before the advent of the Japanese colonial system, it was weak and certainly not modern. Much of what passed for institutionalism in Korea was steeped in ancient traditions, and officials had little conception of scientific application of finance, administration, etc. that would have allowed them to transition easily into the modern age (e.g., modern education, financial system, military, etc.). The system implemented by the Japanese created a bureaucracy that was not only modern and efficient, but was inherently more “Japanese” than “Korean.”

Colonialism…replaced the factionalized and conflict-ridden institutions of aristocracy (and dynastic rule) with a modern, highly centralized, and extremely capable state apparatus, one which was used to reshape Korean society.\textsuperscript{99}

The Japanese colonial administration instituted three central institutions in the new Korean state, all taken from Japan’s own experience, with the bureaucracy at the center of each: “a relatively corrupt and ineffective agrarian bureaucracy was transformed into a highly authoritarian and penetrating political organization; the state established close and working production-oriented alliances with the dominant classes; and a well-developed system of state control of the lower classes was created.”\textsuperscript{100}

Japan was in the unique position of being a colonial power in its own geographic area. Not content to create a weak state that so many other European powers created in their colonies, the Japanese transformed the entire structure of Korean government. “Korea’s traditionally centralized, but relatively powerless, state was replaced by a firm, often harsh, central colonial authority…[including] a greatly strengthened

\textsuperscript{98} Cumings, 490.
\textsuperscript{99} Lim, 603.
\textsuperscript{100} Kohli, 18.
bureaucracy...[which] reached down into every village and urban neighborhood.”¹⁰¹
This penetration is precisely the type of institutional action that Migdal attributes to a
strong, central state.¹⁰² This state had the ability to truly modernize itself into a
prominent player in international affairs. Indeed, the system created in Korea was
perhaps stronger than the one that existed in Japan, all predicated on the need for control
of Japan’s new colony (as well as the fact that the Japanese saw Koreans as being less
worthy than themselves).

This transformation was hardly by accident. The Japanese had pressing strategic
needs (especially food resources and labor) that drove them to maximize the quality,
effectiveness and usefulness of their colonies in both Korea and Taiwan. The colonial
experience in Korea was as planned as it was intrusive: Like reform at home, the
colonial effort “was anticipatory, preconceived and planned.”¹⁰³ It succeeded largely in
changing the government framework tremendously in ways that remain to this day. “It
might even be said that the Japanese period structured the post-war political
spectrum,”¹⁰⁴ influencing every form of government even after the American occupation
period had ended.

Included in this long-range style of thinking were the Japanese administrators’
efforts to educate and include Korean workers within their bureaucracy. To develop its
colonies to best meet their needs, the Japanese spread their bureaucracy throughout Korea
“to guide its colony along a developmental course that seemed natural to these officials.”
As part of this indoctrination, the Japanese colonial government “incorporated into their
colonial civil service as many well-educated Koreans as they could effectively use,” in
order to ensure the system the Japanese had implemented would last well beyond the

¹⁰¹ Stubbs, 43–44.
¹⁰² Migdal, 19.
¹⁰³ Cumings, 483.
¹⁰⁴ Ibid., 480.
period they perceived would be required to invest such a large pool of Japanese manpower to the colony, thus creating a self-sustaining bureaucratic apparatus which lasted well past the end of the colonial period.\textsuperscript{105}

As previously discussed, some critics have called into question the actual data obtained from the period of Japan’s colonization of Korea, the effects of their institutionalization, and the connection of Korea’s postwar success with Japanese colonialism, given the great discontinuity that exists between the colonial period and the subsequent occupation by the United States.\textsuperscript{106} In spite of this, it is very important to note that while World War II and the Korean War did destroy much of the industrial base in Korea, it did not eliminate the legacy of the Japanese-style bureaucracy, or the memories of the civil servants who were trained by the Japanese.

Over 400,000 Koreans were at one point qualified by the Japanese to work in their modern bureaucracy, leaving after the war a “sizable cadre of Japanese-trained Korean bureaucrats who virtually took over the day-to-day running of a truncated South Korea.”\textsuperscript{107} These memories were not limited to the South Koreans either. “Both Korean states have had strong bureaucracies at the center and relatively weak political impulses flowing up from the periphery.”\textsuperscript{108}

“Whether it was in the military, the bureaucracy, or the polity, Americans during the Occupation found themselves playing midwife to a Japanese gestation, rather than bringing forth their own Korean progeny.”\textsuperscript{109} This fact was not lost on the American occupation forces. The central bureaucracy in Seoul was not only carried over virtually intact after 1945, but American Occupation authorities often required that Koreans have experience in the colonial apparatus before employing them.\textsuperscript{110}


\textsuperscript{107} Kohli, 35.

\textsuperscript{108} Cumings, 480.

\textsuperscript{109} Ibid., 480.

\textsuperscript{110} Ibid., 479.
While broad, sweeping reforms were instituted by the Americans during the occupation, “The bureaucracy had emerged as the one political institution to survive the Second World War and the American occupation relatively unscathed.”¹¹¹ This bureaucratic framework rendered stability to the South Korean government in a tenuous social and political situation that led up to the Korean War. “There is…little doubt that the (state-dominated) institutional framework created by the Japanese played a central, if not defining role in South Korea’s subsequent social, economic and political development.”¹¹²

Even after the Korean War, General (and later President) Park Chung Hee purposefully employed the Japanese system to an even greater extent than had been used by Syngman Rhee, to the extent of copying not only the Japanese style of finances and economy (as discussed in Chapter II), but also more deeply entrenching the Korean bureaucratic system into the Japanese model. Indeed, Olsen sums up the colonial administration and its effects on Korean bureaucracy: “a credible case can be made that postwar Korea’s political-economic ability to cope with the modern world’s challenges and the infrastructure that both postwar Korean states used to organize their governments owes a debt to the legacy of Japan-induced modernization.”¹¹³

2. Taiwan

Much as was done in Korea, the Japanese colonial system in Taiwan set about restructuring the country’s bureaucratic, political and economic organization. It was a colonial policy which was developed with great care and foresight. In particular, Japan established “a highly centralized and authoritarian colonial administration,” one in which the bureaucracy played a central role in reorganizing Taiwan into a modern state.¹¹⁴

Prior to the annexation of Korea after the Russo-Japanese War, the Japanese were already well on their way to developing Taiwan from the bottom-up. Lacking even a

¹¹¹ Stubbs, 71.
¹¹² Lim, 604.
¹¹³ Olsen, 53.
¹¹⁴ Hyman Kublin, 77.
weak central bureaucracy (as existed in Korea prior to colonization by Japan) and instead beginning with a feudal system of governance under the Qing, Taiwan’s modernization was even more striking (although initially not as successful, especially given that Taiwan was Japan’s first colony). As a Japanese colony, Taiwan developed an efficient administrative system, an extensive infrastructure, an agricultural sector that was, after Japan, the most advanced in Asia, an industrial sector, and modern commercial and financial institutions. Additionally, the Japanese developed an education system to modernize business and government practices, as well as its managerial practices, which played a major role in modernizing not only industry, but also governance under a central bureaucracy.

The Japanese colonial government created new administrative systems of bureaucracy that reshaped the agricultural basis, unified currency, developed transportation and communication infrastructure, and modern education and health systems, all guided under a strong bureaucracy modeled after the successful Japanese system. A separate ministry was developed for each of these areas, all presided over by the colonial bureaucrats (as was done in Korea). Even after annexing Korea in 1910, Japan continued to develop Taiwan’s economy and bureaucracy. In the context of increasing tensions between China and Japan (which led to the Second Sino-Japanese War) and the Great Depression of the 1930s, this emphasis on development only expanded. “As relations between China and Japan deteriorated in the late 1920s and the 1930s, Japan felt the need to assimilate and to Japanize the Taiwanese, using primary education as its chief instrument.”

As the bureaucracy remained relatively intact in South Korea following the end of World War II, so was the system the Japanese had implemented in Taiwan, and which the incoming KMT “was able to take advantage of an existing, almost ‘instant,’ well-

116 Prybyla, 63.
117 Stubbs, 42.
118 Ho, 686.
developed administrative structure.” 119 While the political context of the KMT’s government in post-War Taiwan was quite different that the one found in South Korea, both shared the tendency towards a strong, central government which shaped every aspect of continued growth and development. Indeed, the KMT would very likely not have been able to step into Taiwan following the Chinese Communist Revolution and create a successful period of martial law if Taiwan itself had not already undergone a successful period of modernization under the Japanese (a framework employed masterfully by the KMT).

C. CONCLUSION

The legacy of Japanese colonialism left a strong mark on bureaucratic development in Korea and Taiwan. Beyond simply creating a strong, central state, modern institutions evolved in these colonies that were a direct result (and, one might call, descendents of) the Meiji restoration in Japan. These institutions helped pave the way for continued growth and development even after the colonial period, including a successful (albeit long) transition to democracy. By examining the link between the bureaucracies that developed in Japan to those developed in Korea and Taiwan during the colonial period, as well as how these developments shaped their political and economic institutions in general, a better understanding of this model for success can be reached, and developing countries (and their patrons) can utilize these models more effectively.

119 Stubbs, 76.
IV. POST-COLONIAL CHANGES AND THE INTERVENING FACTORS IN THE DEVELOPMENT OF DEMOCRACY IN TAIWAN AND SOUTH KOREA

The preceding chapters have illustrated the importance of the Japanese Colonial system in modernizing Korea and Taiwan. Compared with the trajectories of development that these colonies were on during the period of Chinese-dominated influence, it is easy to see that the Japanese period, however harsh, accelerated the development of Korea and Taiwan’s government and bureaucracy as well as its economic institutions and growth. These two developments were essential to the success of Korea and Taiwan in further development after the colonial period/World War II and ultimately to their democratization.

The key to explaining this lies in the post World War II Korean and Taiwanese institutions: what Japanese-implanted institutions survived? How were they modified? Or did Korea and Taiwan revert back to their pre-colonial styles of government? How did the involvement of the United States effect this transformation and development into the remainder of the 20th century? This chapter traces the continuance of the Japanese system in Korea and Taiwan after the conclusion of World War II. In particular, it shows that in spite of anti-Japanese sentiments that continue to this day, the Japanese-style system remained firmly re-established after World War II, and that the key institutions of government, bureaucracy and economy became entrenched even further into Korea and Taiwan’s state apparatus’.

Finally, the issue of democratization is discussed: how did the Japanese colonial legacy contribute to democratization? Why did democracy not take hold in South Korea or Taiwan until well after the end of World War II (almost until the end of the Cold War)? What intervening factors led to this delay? This last portion of this chapter addresses these issues, and shows that democratization was not the primary focus of either regime (nor of its ally, the United States) during the Cold War, and given the Cold
War realities, democracy was not allowed to develop until late into the Cold War period. These specific realities, as well as what path led South Korea and Taiwan to eventual democracy, are addressed.

A. POST-WAR KOREA

The changes in the Korean system of government (specifically the South Korean government) by the Japanese occurred along two main branches: modernizing Korea’s economy, and modernizing its government apparatus. Beginning first with Korea’s economy, Chapter II traced the implementation of modern economic forms and institutions in colonial Korea, including corporate-government relations, central banking and financial policies. How did this change after World War II?

After a period of instability immediately after World War II leading up to the military coup of 1961, very little changed with respect to the economic institutions and policies of the South Korean government. With the regime of President Park Chung-hee, central banking continued, corporate-government relationships grew but remained modeled after the Japanese system, and financial policies remained the staple of a central government.120

The government itself did not revert to a more traditional Asian state, with its tributaries to China, but rather remained a strong, central state with a working bureaucracy and the many government institutions that were put in place during the colonial period were only changed so as to allow the Koreans themselves to directly reap the benefits of these institutions. During the colonial period, Japan was the primary recipient of the earnings that had increased during Korea’s period of modernization.121 The greatest real change that occurred after the war was to take Japan out of the picture: Koreans would now control their own destiny.

120 Stubbs, 106–107; Kohli, 62–63, 84–85.
121 Kohli, 40.
The form of the institutions themselves did not change: government ministries, while now run by Koreans, still existed and performed the same functions; Koreans still paid income tax, still were educated in modern schools, still had a police and security force, and still had medical treatment. Hence, the structures of the Korean government did not truly change in a fundamental way except that they now served the Korean people directly.

During the presidency of General Park Chung-Hee, pragmatism over Korea’s situation with respect to North Korea led Korean leaders to more actively seek Japanese assistance in the running of their government and finances. The so-called “Japanese model” is no mystery, as Japanese experts were even employed by the United States in South Korea to train their Korean counterparts. President Park only increased this interaction with the Japanese, realizing that they had successfully used this model of development to become one of the most powerful economies in the world. Furthermore, acknowledging the success of this model and seeking for Japanese aid in education and especially in trade only served to more deeply entrench the Koreans in the Cold War alliance system in Northeast Asia.

So, contrary to what some scholars have written about the drastic changes that took place after the Korean War (see Haggard, et. al. in Chapter I), the only fundamental change in Korean government and economy was to remove Japan as the primary beneficiary of Korean progress. While the most industrialized portions of the Korean colony had been established in the North, subsequently lost as a resource to the South at the end of World War II, the roots of the Japanese system ran strong: the educated class of Koreans had been taught according to the Japanese system. The United States, for its part, had no solid replacement for the Japanese system; in fact, its plan was a very weak and nebulous one (contrary to the more developed plan the Soviet Union had for the North).

122 Olsen, 144–145.
123 Ibid, 145.
124 Ibid., 76–77.
Hence, when the time came for the United States to move beyond merely being an occupying force in South Korea, the United States, for lack of a better plan, sought aid from the very Japanese they had expelled from the country. While the Japanese government had been demilitarized, and while the major Zaibatsu conglomerates had been abolished, the rest of the Japanese system of economy and bureaucracy had remained largely unchanged. So, given the initial education that Korean bureaucrats, technocrats and businessmen had, and given that the United States was unable to offer an alternative to this style of government, the Koreans simply continued to use this system. In the years following the Korean War and during President Park’s regime, this system became even more entrenched in the Korean state, and remained so, without any fundamental changes, well after Korea’s democratization.

B. POST-WAR TAIWAN

After World War II, Taiwan was returned to China from Japanese control, and continued to exist as a province until 1949, when the Kuomintang (KMT), led by General Chiang Kai-shek, retreated from mainland China to Taiwan. The KMT assumed control of the island, and found that the Japanese institutions, which had experienced little change in the short time after World War II, provided the perfect setup for the party to control the island in an authoritarian manner.\textsuperscript{125, 126}

As was the case in South Korea, the only fundamental difference in Taiwanese institutions following the war were that the KMT now assumed the beneficiary role, on behalf of the Chinese in Taiwan. Interestingly, the Taiwanese had a much more positive outlook of the colonial experience than the Koreans, and experienced little of the anti-Japanese sentiment that inhibited some Koreans from accepting Japanese aid and support.


\textsuperscript{126} Hui-yu Caroline Ts’ai, \textit{Taiwan in Japan’s Empire Building: An institutional approach to colonial engineering} (New York: Routledge Taylor and Francis Group, 2009), 234–235.
Hence, the Taiwanese, backed by their American allies, welcomed Japanese assistance in the form of increased trade, technical training and investment.\footnote{John F. Copper, \emph{Taiwan: Nation-State of Province?} (Boulder, CO: Westview Press, 1999), 38–39.}

As discussed in Chapter II, an important difference existed between the post-war development of the Korean and Taiwanese economies: Taiwan did not develop the same type of conglomerate-driven growth, which was a key aspect of both Japanese (with the Zaibatsu) and Korean (with the Chaebol) development. Taiwan, for largely political purposes, did not develop the same powerful infrastructure of conglomerate businesses.

While early roots for centralization of industry were laid during the colonial period, the subsequent KMT leadership wanted to maintain a strict monopoly on economic power, thus hindering private ventures into heavy industry by economic elites. Rather, the KMT promoted the already burgeoning Small and Medium sized Enterprises (SMEs), which became the most important part of Taiwan’s economy. The education of these workers and the shaping of the medium-sized enterprises took form during the Japanese colonial period, and indeed were encouraged by the Japanese colonial government as a way to easily transition Taiwan’s primitive economy into a functional market economy.\footnote{Campos, et al., 61.}

In the realm of bureaucracy, the KMT was able to basically assume the role the Japanese had created while ruling the island, and used these institutions to effectively manage their authoritarian regime.

C. DELAYING DEMOCRATIZATION?

Chapter I described three nominal time periods (or phases) for growth in former colonial countries: The colonial legacy represents the first period of a developing country’s growth (Period A); Period B, the subsequent economic growth and state development; and Period C, the period of successful democratization. Focusing on the initial transition from phase A to B, this paper has included significant detail on political economy and bureaucratic development within the framework of institutions, thereby
showing that the specific colonial legacy in Korea and Taiwan made them more conducive to developing a strong, central state and a modern economy.

These institutions are widely held to be prerequisites for successful democratization. Hence, the model suggests that a country’s success at democratization is directly related to its colonial legacy via the types of bureaucratic/government and economic institutions that were developed during this time. Furthermore, the trajectory of the country during the post-colonial phase also plays a significant role: did the country abandon its colonial roots? Did another system take the place of the system that evolved during the colonial period?

The Japanese colonial system sought to reshape Korea and Taiwan at every level, from restructuring traditional power bases into a strong, central state to modernizing economy, including a focus of land reform, technical education and industrialization. A state with an efficient bureaucracy, a growing economy and modern institutions are all necessary conditions for successful democracy. Is this set of initial conditions sufficient? Why did Korea and Taiwan take so long to develop democracies when the United States, arguably the world’s premier advocate for democracy, was their principal ally? What other intervening factors could have halted this development?

The answer for both countries begins in their specific political situations immediately following the end of World War II. Beginning with South Korea, the United States had tried to install a democratic system within Korea’s fledgling state, including the election of South Korea’s first president, Syngman Rhee. Both the ROK and DPRK claimed to be the legitimate representative government for all of Korea. As such, both President Rhee in the South and Kim II-sung in the North pursued an aggressive program of complete control over their governments. In particular, President Rhee implemented many programs that politically isolated himself from many of his initial supporters, whom he later brutally suppressed.

The United States, for its part, had little knowledge of Korea before World War II, and in the war’s aftermath was much more focused on preventing the fall of Western Europe than on ensuring that the seeds of democracy it had sown in South Korea came to
Hence, President Rhee was able to change the political trajectory of the South Korean people from democratization to authoritarianism, a style of governance that Rhee’s successor, General Park Chung Hee, was more than happy to continue in his military dictatorship.

Had the United States acted to intervene in South Korea’s domestic political situation, this progression of authoritarianism may have been averted. Instead, the United States, in its search for allies around the world against the spread of communism, was not about to alienate one of its staunchest allies in East Asia. Instead, it continued to support the South Korean state in nearly every way imaginable, effectively legitimized the authoritarian regime.

In the case of Taiwan, the KMT played a more immediate and direct role in turning the country into an authoritarian state. Through the early 1980s, Taiwan was governed by the KMT, which formed a dictatorship that lasted until 1987. During this period the KMT maintained martial law over the country, with the government acting in accordance with the “Temporary Provisions Effective during the Period of Communist Rebellion,” provisions which lasted until 1991 when they were finally abolished by the National Assembly.

During this period of martial law, thousands were imprisoned for political dissidence, and in general there was substantial suppression of political and civil liberties. The KMT believed (as did the Chinese Communist Party of the People’s Republic of China, PRC) that it had to maintain strict control over the populace in order to retain not only political survival for the party itself, but also to maintain sovereignty over Taiwan at first as a part of its claim at being the legitimate government over all of China, and then later as an independent country from the PRC. This fear was only exacerbated after continuing diplomatic pressure from the PRC, including the Taiwan Straits crises, first from 1954–1955, and secondly in 1958.

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129 Olsen, 62–64.
130 Wu, 24–28, 44–45.
The KMT sought strongly, and gained, strong support from the United States against the PRC.\textsuperscript{132} This support included not only diplomatic support, but also substantial economic (from increased trade and financial aid) and military support (from arms sales as well as direct support from the U.S. armed forces, such as the U.S. Navy’s 7\textsuperscript{th} Fleet action during the second Taiwan Strait crisis). In all of this, the United States asked for very little in return with respect Taiwan’s domestic political situation, relying on the KMT to quell any communist uprisings.

This anti-communist policy was of prime importance to the United States, and shaped U.S. diplomacy tremendously with its dealings with Taiwan, South Korea and also Japan. As was the case with South Korea, the United States could have demanded greater democratic freedom, political and civil liberties, and a reduction of the oppression many of the Taiwanese experienced. Instead, the U.S. government subsidized the KMT, which only delayed the process of democratization.

Beyond the issues of the regional security situation during the Cold War and the political predilections of those in power in both countries, it can be argued that the Japanese system left in South Korea and Taiwan, which was only enhanced and further exploited during the Cold War, may have actually contributed to inhibiting democratization during the Cold War. The Japanese system of bureaucracy, establishing a priority on meritocratic employment and technocratic decision-making, did allow for efficiency in the day-to-day operations of the government and society in South Korea and Taiwan. It also, however, created a state mechanism with powerful penetrating capability, and those in power in both countries used this penetrating power to their best advantage, which, as previously discussed, was to suppress civil and political liberties. Hence, the strong state did not promote democracy in and of itself, and in the short term served to diminish liberty, and thereby strengthened authoritarianism, in both countries.

During the 1980s, both South Korea and Taiwan experienced tremendous political change, as both countries (albeit for different reasons) began a process of democratization that has proven stable and lasting. The international realities for both countries were in

\textsuperscript{132} Copper, 172.
flux, beginning first with the Soviet Union’s sharp decline in power, causing a decrease to the threat of the spread of communism. The PRC was gaining more and more acceptance as a country, with many other states normalizing diplomatic relations with the PRC, including the United States. Initially seen as a great threat to Taiwan and South Korean sovereignty in the start of the Cold War, both countries began to follow the example of the United States and Japan in openly trading with the PRC, a process which served to increase economic ties while simultaneously decreasing diplomatic tension.

In Taiwan, the old vanguard of the KMT finally left office, allowing a younger and more progressive generation to initiate democratic reforms. Martial law ceased in 1987, and the “Temporary Provisions Effective during the Period of Communist Rebellion” were abolished in 1991. New political parties were created, and eventually succeeded in winning the government over the KMT. In South Korea, the political suppression that occurred under the Fourth and Fifth Republics finally caused tremendous domestic unrest in the country, with student and popular demonstrations occurring and such a rate that finally the increasing political pressure (both internationally and domestically) led to the reformation and democratization of the Korean government in 1987.

D. CONCLUSIONS ON DEMOCRATIZATION

During the entire period from the end of World War II through the end of the Cold War, the bureaucratic and political economic institutions underwent very little fundamental changes. To echo the analogy used in the first chapter, the seeds of democracy in both Korea and Taiwan had been planted in the good soil of a strong, central state with bureaucratic and economic institutions that would support democratization. Intervening domestic and international political factors served to halt the process of democratization throughout most of the Cold War, but what is more telling is that when democracy finally took hold, neither country ever looked back.

Many countries that attempt to democratize fall prey to the perils of the process of democratization itself. Without a solid economy to sustain growth for the well-being of both the state and its citizens, and without a centralized bureaucracy to handle the day-to-
day non-political running of government, new democracies almost invariably fail as states. Tremendous international support is required to keep these countries from passing the tipping point, yet this support is only temporary and cannot be sustained indefinitely. Given the current global financial crisis, one can easily see how a country that cannot sustain its own government cannot rely on international aid to maintain stability.

Atul Kohli discusses the role of state-directed development by stating that those states that have developed a strong, central government will be most successful as states and as economic powers. He classifies states as cohesive-capitalist (such as South Korea), fragmented-multiclass (such as India) and neopatrimonial (such as Nigeria), with the central difference in each being the level of state development in bureaucracy and government. Kohli found that the more centralized and developed a former colony’s state government (i.e., the more “cohesive capitalist”) the more successful it would be as an independent state and as an economic power.

Why some countries are more “cohesive capitalist” and others more “neopatrimonial” (and thus less successful as states) lies first in their colonial history and next in the subsequent political climate (both domestically and internationally) the country found itself in. What was the colonial legacy? Did it support a strong, central, developed state and modern economy? With respect to state development, did the former colony continue along the same trajectory as it began with? Were there other intervening factors to change the trajectory? All of these are essential questions to ask when analyzing why a country was more (or less) successful at not only forming a successful state and economy, but also in why some countries were more successful at democratizing than others.

This chapter has shown the impact that the Japanese colonial system had on changing the government of Korea and Taiwan, and how this effect lasted well beyond World War II and the Korean War. It is important to note that the bureaucracy and modern economy alone did not guarantee democracy in either of these countries, nor does this paper argue that a strong, central government and modern economy will guarantee

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Kohli, 10–11.
democracy in any country (see the example of the People’s Republic of China). Rather, a
developing country without these modern institutions will most likely fail at
democratization, whereas a country with these institutions will have a much better chance
at succeeding. The impetus for democracy must flow from the citizens themselves and
their domestic political evolution, though, as well as from international pressure. A
modern bureaucracy itself may, if allowed by the country’s citizens, only serve to
strengthen the authoritarian government in place (as it did to not only Japan, South Korea
and Taiwan, but also to Pre-World War I Prussia).
V. CONCLUSION

The process of democratizations has been at the forefront of political science for decades, and the promotion of democracy is a key component of international affairs (and even the National Security Strategy of the United States). Couple this with the belief in the Democratic Peace theory, determining ways in which democratization can be successfully undertaken has achieved paramount importance to academics and diplomats alike. Unfortunately, so many countries that have undergone transformations towards democracy have failed. Scholars have, to their best knowledge, determined that the root cause for most of these failures are either a) the lack of economic modernity and stability during the process of democratization; b) the inherent weakness of the state in question, which cannot support democratization, especially during crises; or c) a combination of both. So, determining the strength and stability of a state’s economic and bureaucratic institutions would go a long way towards more accurately predicting whether or not a country can successfully complete the process of democratization.

This begs the questions: Why have some developing states successfully achieved democracy and others have not? How can a developing state achieve the requisite economic and bureaucratic institutions in order to successfully democratize? The answer for the first question can be found in the colonial legacy of the countries in question. This paper has described the impacts of the Japanese colonial legacy on the development of Korea and Taiwan. By tracing the development of specific economic and bureaucratic institutions in Japan during the Meiji Revolution, analyzing their implementation and further development in Korea and Taiwan, and testing their relevance to Post-WWII development in these countries, this paper has shown the relevance of the Japanese colonial legacy to the success (whether of the state development, the economic growth, or of their democratization) of these countries today.

Further research should be completed to assess how best to cultivate these institutions in developing countries, and whether or not this would be possible without having to resort to a harsh period of colonialism. Can these institutions be implemented in developing countries without a harsh colonial period? It is possible that in some developing states, the cultures and customs of the indigenous society are so vastly
different from the types of society in which modern bureaucracy and other institutions would flourish that attempting to impose these institutions would run completely counter to the wants of the citizens of that country. In this case, cultivating these institutions would prove much more difficult, if not impossible, without some crisis or other strong impetus for change.

On the other hand, it can also be argued that the developing countries today have a better chance of succeeding as South Korea and Taiwan have. These countries can clearly see the examples of South Korea, Taiwan and other recently-developed countries, who utilized strong, central states to modernize their economy and bureaucracy. Seeing the success of these countries, developing states now can attempt to model their own countries in like fashion. Furthermore, the majority of developed countries are participants of a variety of international organizations that promote economic modernization, one of the essential components of success for a developing country. These resources are available to any developing country that is willing to take the first step.

These questions still remain unanswered, yet seeking the answers to these questions, as well as to the others presented in this paper, would better direct the programs and aid that developed countries can propose and implement in developing countries in order to best promote democracy and, ultimately, peace.
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