

East Asian Economic Development in Historical Perspective:

A Debate on Colonial Legacy and Policy Diffusion¹

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Although the cold war was the central issue in the second half of 20th century, the economic rise of East Asia, to certain extent, parallelly constituted a historical event of even more profound influence. After World War II, the economic rise of East Asia began in Japan, followed by South Korea, Taiwan, Hong Kong and Singapore, known as the “tiger economies” or “newly industrializing economies”. Then the scope of economic growth gradually expanded to Southeast Asian countries. More recently, the socialist China and Vietnam also commenced transition to market economy. The economic rise of East Asia has attracted wide attention of political economists. Besides the approach of neoclassical economics, which emphasizes sustained economic growth driven by stable macro-economy, gradual liberalization of trade, finance and domestic markets, export-oriented economy and high savings rate, the theory of developmental state pioneered by American political scientist Chalmers Johnson, challenges the interpretation of the economic rise of East Asia by neoclassical economics. Observing Japan's economic take-off after World War II, Chalmers Johnson not only exhibits the diversity of capitalist system in addition to the Anglo-Saxon model which emphasizes laissez-faire, but also presents a government intervention model totally different from the socialist centrally planned economy. The developmental state depicts economies with sustained developmental intentions, where technocratic and economic bureaucracy with higher autonomy dominates the development strategy and policy process, and promotes economic growth by forming close relations between government and business and implementing industrial policies in strategic industries. The theory of developmental state has successfully explained the rapid economic growth in East Asian countries. Nevertheless, the institutional basis of East Asian emerging economies doesn't come from nowhere, and the origin of developmental state is still in fierce debate.

Taiwan and South Korea starting in 1960s also realized rapid industrialization within one generation, which made them together with Japan be regarded as typical East Asian developmental economies. Taiwan and South Korea share a history of 50 and 35 years' Japanese colonial rule respectively. Therefore, exploring Japan's colonial legacy, such as social organizations, political and economic system, and infrastructures, to explain the origin of Taiwan and South Korea as developmental economies after the World War II, attracts the interests of some scholars. Bruce Cumings initially states that the economic development of South Korea after World War II owed to the colonial rule of Japan. This revisionist idea is opposed by other scholars, who believe that the colonial rule of Japan had no causality with the economic take-off of South Korea and Taiwan since the 1960s. Basing on the inquiry of the same period of history, why contrasting points of view exist in evaluating the impact of colonial legacy on the economic development of East Asian economies after World War II? How to assess the impact of Japan's colonial legacy on the origin of developmental economies in South Korea and Taiwan?

This article argues that although the concept of colonial legacy can provide a more

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comprehensive analysis of the origin of developmental economies in East Asia, it is necessary to distinguish the direct impact of Japanese colonialism as an exogenous factor on colonies' development, and the impact of Japanese post-war economic development model on other East Asian economies, through policy diffusion as endogenous factor. The mechanism of policy diffusion made other East Asian economies actively learn and imitate Japan's economic development model during their early stage of economic take-off. Without differentiating the impact of Japanese factors on East Asia's economic development through two mechanisms of colonial legacy and policy diffusion, the influence of colonial rule on South Korea and Taiwan's economic development will be exaggerated.

This article is organized as follows. In the first section, we review the previous studies on the relationship between colonialism and post-colonial economic development. So far, the studies focusing on colonialism and post-colonial development in American countries have made some insightful theoretical contributions, but the theories will face extra challenges when it comes to East Asia. First of all, unlike American countries, nationalist narratives prevail in East Asian countries, which make it more difficult to hold a fair stance to evaluate the positive aspects of colonialism on economic development. Sincere reconciliation among East Asian countries is still far from completion. Secondly, the colonizers and colonies in East Asia are more diverse than those in America. Japan, the United Kingdom, the United States and France all had colonies in this region and adopted quite different colonial policies. All the countries in East Asia, except for Japan and Thailand, had a history of colonization within their territories. This relatively neglected area of comparative politics not only provides advantages for comparative analysis, but also poses a challenge to making convincing causal inference. In addition, the colonialism and post-colonial development in America is continuous, while this kind of continuity doesn't exist in East Asian countries, due to the influence of various factors, such as the war, great power interference, and social revolution, which made a clear rupture before and after the decolonization.

In the second section, we summarize the contrasting points of view to evaluate the impact of colonial legacy on later economic development. Some scholars believe that Japan replicated the highly efficient bureaucracy system developed after the Meiji Restoration in Taiwan and South Korea. As for the relationship between government and business, the practice of financing enterprises through government-controlled financial institutions and developing the targeted industries was the same as that happened in the Park Chung Hee era. Taiwan and the Korean Peninsula, as important strategic bases of Japan for agricultural products, natural resources and industrial products made remarkable progress in industrialization and economic development before 1937. Scholars with opposite opinion claim that the clear ruptures caused by civil war and state building in Taiwan and South Korea before and after decolonization should not be ignored when analyzing the Japanese colonialism on former colonies' later development.

The third section illustrates the lack of coherence between Japanese colonialism and the economic take-off of South Korea and Taiwan since 1960s. Both Park Chung Hee's military government and the KMT government carried out a series of reforms which triggered great institutional changes and totally restructured the state apparatus in South Korea and Taiwan, laying the foundation for later economic development. Obviously, it is not reasonable to treat the bureaucracy system as the institution inherited from the Japanese colonial rule.

In the fourth section, the article introduces the theory of policy diffusion to trace the

demonstration effect of Japan's economic miracle after World War II in East Asia. Japan was not only the most important source of technology and capital for East Asian countries through its regional production network constructed by its transnational corporations, but also exerted a profound influence on the developmental strategies of other East Asian countries via the mechanism of policy diffusion. The similar social and cultural environment and value definitely accelerated the process of policy diffusion. On the early stage of economic development, East Asian countries almost unanimously actively imitated and learned the policy practices of Japan to promote economic growth. When investigating the influence of Japanese factors on the post-war economic development of East Asian economies, it is necessary to distinguish the exogenous mechanism as colonial legacy and the endogenous mechanism as policy diffusion. Otherwise, the role of Japanese colonialism in the origin of developmental economies will be exaggerated.



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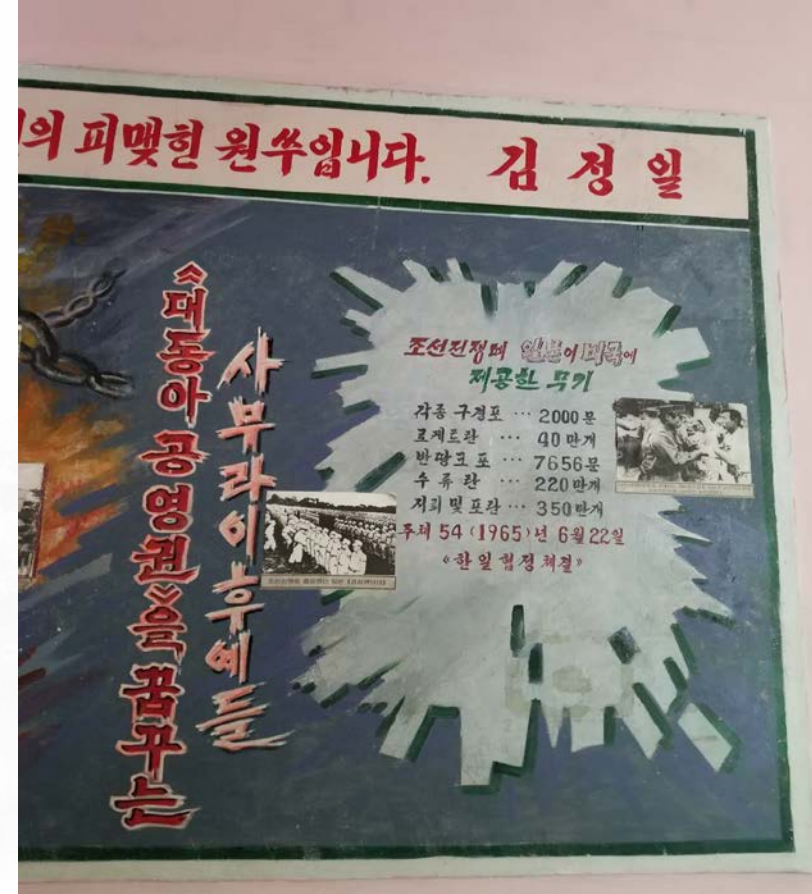
Li Shuaiyu: Doctor Student of International Political Economy
The 1st PKU-Waseda Workshop 2019.5.31



The Motivation of this Research:



Kanagawa Kurihama 2015.12



Pyongyang Children's Palace 2018.7

1. The Theory of Developmental State ;
2. Japan's past and contemporary influence in East Asia;
3. A Debate on Japan's Colonial Legacy.

1. Research Questions:

Q1: Basing on the inquiry of the same period of history, why contrasting points of view exist in evaluating the impact of colonial legacy on the economic development of East Asian economies after World War II?

Q2: How to assess the impact of Japan's colonial legacy on the origin of developmental economies in South Korea and Taiwan?

Q3: What is impact of Japan's post-war economic development model on other East Asian economies?

2. Hypothesis

H1: The concept of colonial legacy can provide new evidence about the growth of capitalism in South Korea and Taiwan, but significant discontinuities existing before and after decolonization in East Asian economies challenge the causal inference of colonial legacy and the origin of developmental state.

H2: Without differentiating the impact of Japanese factors on East Asia's economic development through two mechanisms of colonial legacy and policy diffusion effect, the influence of colonial rule on South Korea and Taiwan's economic development will be exaggerated.

H3: Through the mechanism of policy diffusion, other East Asian economies could actively learn and imitate Japan's economic development model during their early stage of economic take-off.

3. Literature Review

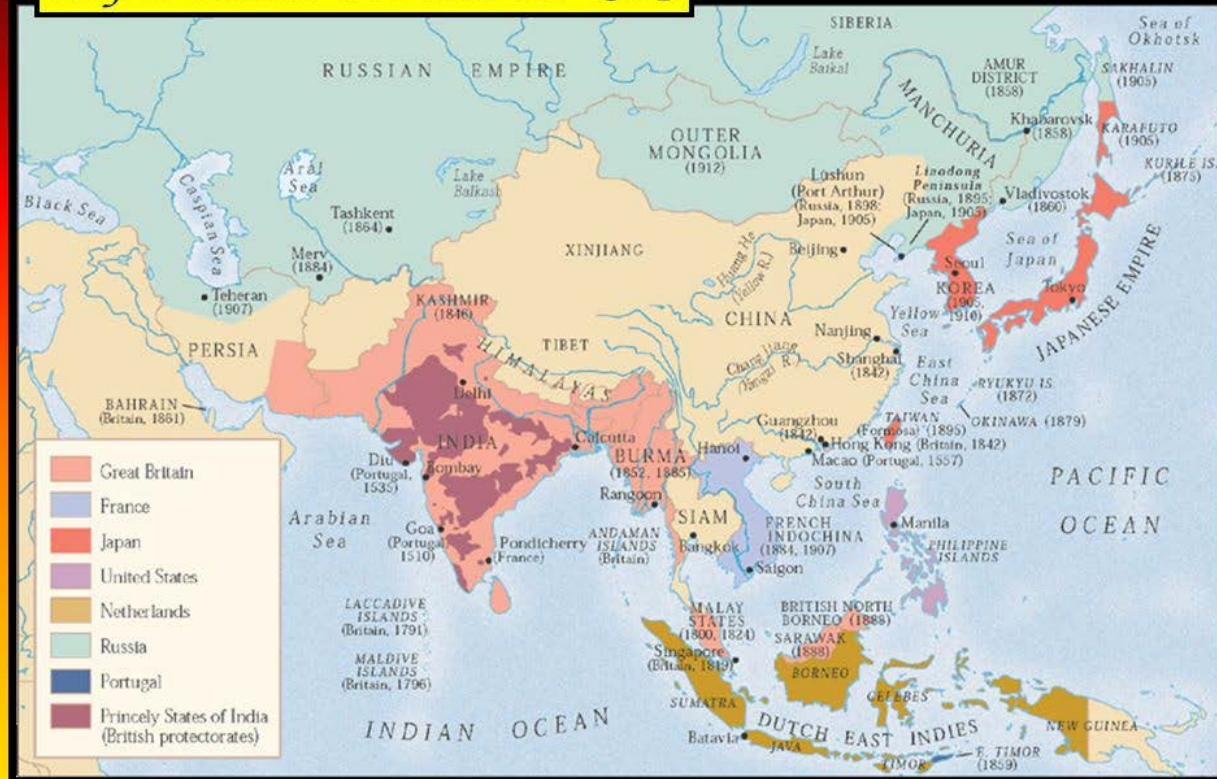


- (1) Colonialism and Post-colonial Development in America
- The different political and economic institutions in colonies are fundamental causes of different economic development after independence (Acemoglu, Johnson and Robinson, 2001; Acemoglu, 2003).
- Extractive Institution or Inclusive Institution in American countries (Acemoglu and Robinson, 2012).
- Factor endowments or evolving fit between the institutions of the colonizing nation and those of the colonized society (Sokoloff and Engerman, 2000; Mahoney, 2010).

(2) Colonialism in East Asia:

New challenges to the theory of colonialism and post-colonial development

Imperialism in Asia ca. 1914



- Nationalist narratives prevail in East Asian countries.
- Colonizers and colonies are more diverse than those in America.
- The continuity of colonialism and post-colonial development doesn't exist due to the factors such as war, great power interference and social revolution.

- (3) The origins of Developmental State: a debate on colonial legacy
- Explanations of the origins of developmental state in East Asia:
- The conditions of geopolitical insecurity; Systemic vulnerability; Colonial Legacy; new-Confucian culture and social capital; The United States Aid (Doner, Ritchie and Slater, 2005; Samuels, 1996; Zhu, 2002; 杜维明, 2013)
- Beneficial effects of Japanese colonialism and certain continuities of growth strategy before and after decolonization (Cumings, 1984; Woo, 1991; Kohli, 1994, 2004; Mattingly, 2017):
 - ① Transforming the traditional colonized society into a modern and developmental one;
 - ② Establishing a pattern of business-government to facilitate industrialization;
 - ③ Forming the bureaucracy to mobilize and extract resources from society.

- (3) The origins of Developmental State: a debate on colonial legacy
- The refutation towards the approach of colonial legacy (Haggard, Kang and Moon, 1997; Kang, 2004; Haggard, 2018):
 - ①The growth record was more modest and industrialization was uneven and limited;
 - ②Method concern: Continuity and discontinuity in Korea, Taiwan and other former colonies.
- Progress in answering the origins of developmental state is more likely to come from inquiry of post-war East Asia.
- Focusing on the pivotal apparatus of developmental state: the bureaucracy of embedded autonomy and efficiency.
- Introducing the theory of policy diffusion to compromise the contrasting points of view.

4. Ruptures Between Colonial Rule and Later Economic Development

- Social Revolution and State Building:
- South Korea: Korean War; The 4.19 Revolution; The 5.16 Military Coup
- Taiwan: KMT's defeat in Mainland China; Chiang Kai-shek resumed presidency;



(1) State Building in South Korea:

- Departure from Rhee's corrupt and turbulent system (Kim, 2011; Kang, 2004; Vogel, 2011; 尹保云, 2010):
- The comprehensive reform of executive and personnel;
- Kim Jong-pil and KCIA initiated the government reorganization;
- Reforming the recruitment of the government based on merits;
- Putting more professional technocrats in the vital administration positions;
- Setting up the Economic Planning Board.

(2)KMT's Reform in Taiwan

- Rethinking the failure in the Mainland China and Rebuilding KMT (Wade, 1990; Dickson, 1993; Taylor, 2009; Amsden, 1985) :
- Eliminating the factionalism politics in the government;
- Establishing the Central Committee for Reform in 1950;
- Marginalization of the former elites and the promotion of technocrats;
- Improving the recruitment and personnel system under Examination Yuan;

5. Japan's Post-war Economic Miracle and its Effect of Policy Diffusion

- Japan's economic success and demonstration effects:



Deng Xiaoping:
Park Chung-Hee:

The Mechanism of Policy Diffusion:

- Japan's Economic Development Model
 - Coercion
 - Competition
 - Learning
 - Emulating
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- Japan's ODA and FDI facilitated the policy diffusion among East Asian emerging economies.

Implications of the Research:

- A new approach to compromise the contrasting points of views about the debate on colonial legacy and origins of developmental state in East Asia;
- A comprehensive perspective to inquire the economic development in East Asia and trace Japan's influence as well;
- Finding certain historical insights for the varieties capitalism and dispute on China's economic developmental model.

References:





ありがとうございます

