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*Arařtırma Makalesi*

**FROM THE COLONY OF JAPAN TO THE SUCCESSFUL IMPLEMENTATION OF THE JAPANESE DEVELOPMENT MODEL: TRACES OF JAPAN IN THE DEVELOPMENTALIST POLITICAL ECONOMY OF SOUTH KOREA \***

*Japonya Kolonisinden Japon Kalkınma Modelinin Başarılı Uygulayıcılığına: Güney Kore'nin Kalkınmacı Ekonomi Politliğinde Japonya İzleri*

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**Abstract**

*While this study examines the effect of the colonial past on post-independence institutions on the Japan-South Korea axis through the experience of developmentalist political economy, it focuses on the application of the Japanese development model in the post-independence political economy of South Korea, a former Japanese colony, and detects the traces of Japan in the country's political economy. An exemplary study was conducted on how the colonial heritage felt itself in the social and economic structures established during and after the new state building, and how Korea was built on this colonial legacy with independence that came after years of control by Japan, and to what extent the colonial history was influential in the country's political economy. Within the scope of this study, while focusing on Japan's legacy in the Korean political economy, it is also aimed to include a comparative political economy perspective of the study with references to the world colonial history. The study mainly identifies the Japanese heritage in the history of South Korea's political economy, and identifies the traces of Japan in the success of South Korea, which emulates Japanese developmentalism in post-independence political economy. While the legacy of the infrastructure of the colonial period remains in one place, a theoretical*

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*discussion is carried out on the Japanese model, whose traces we see in a different dimension in the political economy of South Korea, with the adoption of the developmentalist model of Japan after independence.*

**Keywords:** South Korea, Japanese Colonialism, Chaebols, Development, Political Economy.

### **Öz**

*Bu çalışma, kalkınmacı ekonomi politik deneyim üzerinden kolonyal geçmişin bağımsızlık sonrası kurumlardaki etkisini Japonya-Güney Kore ekseninde incelerken Japonya kolonisi olan Güney Kore'nin bağımsızlık sonrası ekonomi politiğindeki Japon kalkınma modelinin uygulanmasına odaklanarak ülkenin ekonomi politiğinde Japonya izlerini tespit etmektedir. Sömürgeci mirasın, yeni devlet inşası aşamasında ve sonrasında kurulan toplumsal ve ekonomik yapılarda kendini hissettirmesi ve Japonya'nın kontrolünde geçirdiği yıllardan sonra, bağımsızlıkla birlikte Kore'nin, bu sömürge mirası üzerine nasıl inşa edildiği ve sömürge tarihinin, ülkenin ekonomi politiğinde ne ölçüde etkili olduğu üzerinden bir örnek araştırma yürütmüştür. Bu çalışma kapsamında Japonya'nın Kore ekonomi politiğindeki mirasına odaklanırken bir yandan da dünya sömürge tarihine atıflarla çalışmanın karşılaştırmalı bir ekonomi politik perspektifi içermesi hedeflenmektedir. Çalışma temel olarak Güney Kore'nin ekonomi politik tarihinde Japon mirasını belirlemekte ve bağımsızlık sonrası ekonomi politikte Japonya kalkınmacılığına öykünen Güney Kore'nin başarısında Japonya izlerini tespit etmektedir. Sömürge dönemindeki alt yapıların mirası bir yerde durmaktayken, bağımsızlık sonrasında Japonya'nın kalkınmacı modelinin benimsenmesiyle Güney Kore'nin ekonomi politiğinde farklı bir boyutta izlerini gördüğümüz Japonya modeli üzerinden teorik bir tartışma yürütülmektedir.*

**Anahtar Kelimeler:** Güney Kore, Japon Sömürgeciliği, Chaeboller, Kalkınma, Ekonomi Politik.

## **Introduction**

This study focuses on the traces of Japanese colonialism in the developmentalist political economy of South Korea, and in this direction, a theoretical framework is drawn through Japanese developmentalism and the flying goose model. It focuses on the partnerships between South Korea's chaebols and Japan's developmental state understanding initiated by the keiretsu under the leadership of MITI, and the reflections of the Japanese-type new humanistic capitalism system in South Korea are determined. Colonial states have existed in many parts of the world throughout history and their effects, traces and legacies on the lands they exploited have been discussed; in particular, Latin American countries<sup>1</sup>, African countries and Asian countries that are colonies of European states have encountered the most terrible aspect of the history of colonialism and have seen the traces of colonial powers at the root of all the problems they have suffered in their postcolonial history. Despite the fact that South Korea's troubles under Japanese colonialism are remembered as a reality and always remain in place, there is a system that Japan left in its colonial lands, unlike the European colonial powers: political-economic structures. These structures have set the stage for the rapid recovery of South Korea in its post-colonial history, its social, economic and political institutionalization, and most importantly, its own development miracle. This article, which does not have a very malicious and reductionist approach such as "this miracle would not have happened if South Korea had not been under Japanese colonization", has no purpose other than to follow the traces of Japan in South Korea's development story, and to compare it with the legacy of European colonial powers in the colonial lands. In this respect, it should be underlined again that even though it was not a Japanese colony, it is believed that South Korea could have a political economy following Japanese developmentalism within the framework of the flying goose model, which will be introduced in the first chapter, and realize its own developmental miracle. However, the structures and regulations inherited from the Japanese colonial period caused this process to be less painful and more successful than the political economy stories of the European colonies. When Japan leaves its colonial lands, it differs from Western colonialists by leaving behind a strong industrial base, an educated population, and a highly developed infrastructure. In the continuation of this, it is focused on the fact that the post-independence period was a miracle of industrialization and development that began with the 1960s under the leadership of General Park, and during this period, again, different effects of Japan were observed. While the South Korean political economy was under

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<sup>1</sup> During the first 100 years of colonialism, the European rule attacked indigenous religion and culture, destroyed temples and cultural centers, and banned indigenous religions. Colonization emerged as a brutal and violent imposition of Europeans on the natives. The influence of European rule was so devastating for the indigenous peoples of Latin America that in the first century of European occupation the number of indigenous peoples was reduced by 90% (Vanden & Prevost, 2002: 17). When the European invaders brought steel weapons to the local people, the diseases they carried and were immune to, the horses they could control, and military tactics, the surprise of the native peoples is quite predictable and understandable, but the destruction they created for these people unfortunately ended badly and brought bad beginnings. The Spanish and Portuguese invaders were given the land and the people on it by their Kingdoms, where they were given the right to Christianize, make people produce, as well as establish a semi-slavery system by taking tribute, and all the human and natural resources of the continent were exploited. Indigenous and African slaves and workers were used and exploited to produce necessary to enrich Europeans and to transfer products back to metropolitan centers in Europe; it is such an exploitation that they have sometimes come to the point of extinction; conditions in the mines, workshops and farms are dire. Indigenous people were crushed by disease, exhaustion, starvation, and only a handful remained. When painful historical facts such as human and labor intensive exploitation of indigenous peoples, the plundering of underground resources, and the seizure and destruction of all kinds of wealth in the continent are kept in mind, it will not be difficult to understand that the economic structure consists entirely of monopolization and mercantilist protectionist policies. The economic power was concentrated in the hands of the white rulers and clergy at the top of the hierarchical structure, and incredible wealth was obtained through the slaves and laborers at the bottom. Indigenous populations are crippled by disease, starvation, and poverty. After the last century with the struggle for independence and clearing the European colonists from the continent, the indigenous peoples have nothing left; underground resources have been exploited, no institutions, infrastructure and systems have been left behind, the nation-state building process has been the most painful experience possible for Latin American societies, and independence has never been fully achieved. The fact that the European invaders left the continent with a wave of their hands and left behind only ruined societies after centuries of exploiting these societies prevented the establishment of economically, politically and socially strong nation-states in these lands.

the influence of the Japanese directly through the colonial administration and infrastructure during the colonial period, Japan's developmentalist political economy model was adopted in the post-independence period, and South Korea became one of the most successful practitioners of the model in this direction. Therefore, the traces of Japan have always been visible in the political economy of South Korea, and in this study, these traces have been tried to be followed.

In the first part of the study, the political economic model was introduced and the theoretical infrastructure was determined. At the same time, in this section, the leadership profile established by Japan in the Southeast Asian region through the developmentalist state model is discussed. In the second part, the colonial history of South Korea, which started with the annexation of South Korea by Japan, and the political economic structure established in this process were determined, and in the third part, the traces of Japan's developmentalist economic model in the political economy of South Korea, which gained its independence, were investigated. In the conclusion part, firstly the effects of Japan's colonial legacy, and then the determination of Japan as a role model on the political economy of South Korea were determined. This study focuses on the literature and refers to the main sources when creating the conceptual and theoretical framework. It includes previous studies on Japan and South Korea in the second part, and while deepening the discussion, it references data in comparative analysis.

### **Theoretical Framework and Method: Developmentalist Political Economy and The Flying Goose Model in Southeast Asia**

Discussions on developmentalist political economy developed on a political economic model that emerged in Japan, unlike liberal Anglo-Saxon or industrialization-oriented European type capitalism within the capitalist system established after the Industrial Revolution. The political economy of the Pax Britannica and Pax Americana periods, based on free markets, economic freedoms and classical economic patterns, is a system in which the state is minimized, all structural, institutional and legal arrangements are made with a focus on the capital market, and the capital circles play a decisive role as the dominant interest groups. Industry-oriented capitalism, which is a model unique to Germany, which completed its national unity late and had to shape its political economy accordingly, became widespread in continental Europe and was founded on a rapid industrialization that glorified productivity with a Weberian morality focused on savings. The social market economy, in which the state, which has assumed a corporatist role, acts as a mediator between the employer and the worker, and which aims to reach the welfare state with a post-Fordist approach, has gradually lost blood in the field of application due to the internal tensions of the model<sup>2</sup>. The Japanese type of developmentalist capitalism model offers an alternative to these two models. This economic model, which is focused on Confucian values, acting with the acceptance of cultural norms, established in a holistic structure on the fact that the state functions as a single body with the private sector and society, and acts with the role of directing, managing, supporting, controlling and governing; points to an export-oriented Asian developmentalism that is focused on the target in harmony by protecting values (Ünay, 2015: 163-164).

At this point, the East Asian political economy model, as a model in which the state authority directs private property, has an internally controlled institutional structure, and has corporate policies

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<sup>2</sup> The Turkish example of industrialization-oriented capitalism was also painful and the internal tensions of this system, which was implemented until the transition to the neoliberal economy in the context of the January 24, 1980 decisions, became very evident. The defining feature of the statist economy is that it is an inward-looking, planned, protectionist system in which state interventionism is at the forefront. The state, which establishes its activity in industrialization with State Economic Enterprises, is a regulatory actor with taxes, quotas, incentives and tools to keep capital under control, and has the function of redistributing income through tools such as providing employment, determining worker wages, determining prices in the market, is the leading player in the economy (Öniş, 1996: 162). Therefore, the statist elite constitutes a system in which the bureaucracy is decisive in economy and politics. The fact that the technology used by the industry in the import substitution industrialization model was imported, and the need for raw materials and investment goods while showing economic growth, brought about an economic model bottleneck. As the foreign trade deficit and high inflation reveal the necessity of export-oriented initiatives, the inward-looking structure has been questioned. The problem of unemployment and the decrease in the number of workers going abroad blocked the way for remittances, and therefore, as a result of the oil crisis and the collapse of the Bretton Woods system, the foreign trade deficit increased, and the economy suffered greatly.

such as lifetime employment and seniority-based remuneration policy, where public ownership is concentrated especially in productive sectors and capital movements are restricted for a long time, is a very different model from the classical economic capitalist movement (Rodrik, 2009: 2-5). The importance of the developmental model – although the existence of the world economy occupied by Anglo-Saxon capitalism is clearly predominant – is that developing countries create their own miracles, and because it offers a method for these states, which have been pushed to the periphery within the aggressive and division-oriented structure of the capitalist economy, to become competitive states. The effect of Japanese development on the South Korean political economy becomes meaningful within the framework of the flying-geese model.

Asian Tigers, consisting of South Korea, Singapore, Hong Kong and Taiwan, have taken their place in the literature as the second generation late developing countries. Japan and Germany, as the first generation late developing countries, are two important examples in the political-economic shaping of the development story of the Asian Tigers. First of all, as Gill and Kharas stated (Gill & Kharas, 2007: 4-6), developing countries that exist between poor and rich countries; that is, middle-income developing countries, which are stuck in a place between countries with high competitiveness due to low wages and countries with technology-oriented enrichment, can only escape from being stuck in the middle if they can overcome some thresholds, and the Middle-Income Trap. The middle-income developing country, which cannot compete with the developed country in knowledge-intensive products that require talent, skills and know-how, and with a low-income country where labor is cheap in labor-intensive products, needs to get rid of the situation of being in the middle. The process of overcoming this in-betweenness, in which the industrialization story is very important, is important for developing middle-income countries to enter the technology-oriented rich countries class instead of going down and falling into the class of poor countries, and has been experienced by the Asian Tigers. Therefore, realization of industrialization is an important step.

First of all, with the transition from the agricultural society, where only one type of production is made and foreign direct investments are of critical importance, to the society that makes simple production and gains savings from these productions through foreign capital; the period in which the industry is supported (again with foreign capital) but technological know-how is provided begins, and then this middle income spiral is exited by passing to the stage where creativity is the main element, technological production competence is acquired and high quality products are produced. The continuation of this comes with the level of ability to be a global leader in product design and innovation (Ohno, 2009: 27). In this process, the difficulties faced by the countries are generally seen as production dependence on imports, current account deficits, and lack of investment in the development of information technologies; countries that have a large share of the population with higher education, are determined to develop, and have cultural codes, norms and values, and social motivation can overcome these problems (Tiryakioğlu, 2015: 40-42); as a matter of fact, East Asian countries have been important examples showing that this break is possible.

One of the most important actors in this process has been Japan; as a matter of fact, Japan appears in the role of the Flying Goose, conceptualized by Kaname Akamatsu (Akamatsu, 1962), in the late development adventure of East Asian countries with its roles such as providing finance, creating a market, and taking on the leading role in rapid industrialization. This model basically determines that a developed country that has undergone structural transformation will lead to structural reforms and development in other countries that follow it, within the framework of leading and follower countries, and the structure of the follower countries, which primarily exports unprocessed products and imports consumer goods/industrial goods, comes to the stage where the export products are composed of domestic consumption goods with the start of domestic production over time, and then the development of the follower country in the footsteps of the leader country is realized by ensuring that the production of capital goods is realized with domestic production. Japan has played the role of the Flying Goose for

the Asian Tigers with its highly educated population and the infrastructure it established during the colonial period, especially in South Korea and Taiwan, and its continuation after the colonial period (Sönmez, 2003: 21-23).

As mentioned above, the other two most important factors in the development of East Asian countries are the role of the state and cultural codes. This state model, which promotes economic development, provides stability in capital and financial markets and supports national development as a national prestige, focuses on learning-based technological assimilation and development by protecting cultural values. The harmony, respect, and thrift based nature of Confucian codes and culture has been a very important part of the developmentalist state story, providing the necessary social harmony for developmentalist states. This cultural code, which has a strong work ethic, education investments are considered very important and obedience keeps the authoritarian state alive, brings along the production of advanced qualified labor force.

The fact that state intervention is mandatory for a successful development process, and its developmentalist role is at the forefront is important in terms of emphasizing the importance of the state in development (Byres, 2009: 414; Ünay, 2013: 78). At this point, the state focuses on production and developmentalist structural reform in order to increase competitiveness in the international economy by aiming at a rapid economic growth on sustainability. In this context, South Korea has experienced an incredible development adventure and succeeded in providing sustainable income growth with comprehensive and powerful reforms (Evans, 1995: 635; Freeman & Soete, 1997). The most important focus of these structural reforms has been to ensure technological modernization and assimilation. East Asian countries that have become technology exporters with strong structural transformations such as rapid learning, copied technologies, technology transfer and reverse engineering; especially South Korea, which has created technological giants such as Samsung and LG, have become faster implementers of the developmental model built on this know-how ownership initiated by Japan. The reason why technological learning is so important is, of course, to be able to realize domestic production. Concentration of manufacturing industries in high-tech industries brings global leadership by bringing countries forward in international competition (Binark, 2018: 283). Therefore, the next chapter focuses on the political economy of South Korea in a historical continuity and follows the traces of Japanese colonialism.

### **Historical Development and Structural Features of The South Korean Political Economy**

This section focuses on the political-economic characteristics of the period when Korea was a Japanese colony. In this period, which forms the basis of the development story of the country after independence, an analysis is made on land reform, social classes and state structure, and the transformative role of Japan in the political economy history of the country is determined. Having defeated Russia in 1905 and China in 1895, Japan ended the domination of these two countries over Korea, and imposed a patronage agreement on Korea; subsequently, in 1910, with the murder of an important Japanese bureaucrat working in Korea by a Korean nationalist, Japan invaded Korea and established a colony there (Çakmak, 2015: 173). Korea, which was a Japanese colony between 1910-1945, went through a period in which the large landowner class disappeared, and therefore there were no centrifugal forces and the central state structure gained a strong character. This is important for the following reasons; first, the centralized power of the state brings stability in the administration and autonomy in political decision-making mechanisms, and secondly, the activities of the state in the economic field are more inclusive and developmentalist on the basis of political economy, which does not have to be designed to serve the interests of certain classes.

During the Japanese colonial period, a strong state bureaucracy was established in Korea and land reform was carried out to increase soil fertility. Thus, the large landed centrifugal forces, which were a factor that weakened the central power of the state, were destroyed over time. The agricultural elite, the landed class, constitutes a major obstacle to industrialization, and therefore the abolition of this class serves as a very important infrastructure for the industrialization drive. In addition, the existence of

income gaps between social classes is not a feature desired by developmental states; indeed, there is a remarkable correlation between relatively equal income distribution and rapid growth; this provides a structure that does not require the state to make urgent and short-term moves in the form of redistribution, and prevents policies that require serving the interests of large landowners or large holdings holding capital (Yeldan, 2010: 271). One of the main reasons why East Asian countries, which are relatively poor in terms of natural resources, are so successful with the developmentalist model compared to the natural resource richness of Latin America, is that their income distribution is relatively more equal.

Japan established a modern banking system and built roads in Korea under its colony. In this direction, appropriations were allocated and especially in the 1920s, under Japanese colonialism, support was given to the corporatization of Korean entrepreneurs, and in 1945 Korea became “more industrialized than anywhere in East Asia except Japan” (Holcombe, 2019: 284-285). After 1937, industrial mobilization started in Korea, and the Japanese Empire brought economic modernization. Korean workers were subjected to forced labor policy by Japanese managers in rapid industrialization (Holcombe, 2019: 287).

After the Japanese colonial period of 1910-1945, when Korea's first production establishments were established in a modern sense and their infrastructures were provided, the lands were divided into two as north and south in 1945, and after the lands of South Korea remained under American military rule until 1948, South Korea entered the historical scene as an independent state in 1948. The country, which went through painful periods with the Korean War, which started in 1950 and lasted for 3 years, started the process of self-construction after 1953 (Kim B., 2010: 829). During the period when Korea was a Japanese colony, Korea's production facilities and commercial enterprises were under Japanese control, but Korean entrepreneurs had few small enterprises, but they were not strong enough to compete with large enterprises that are under Japanese control (Atay, 2015: 199).

The industrial bourgeoisie, one of the most important elements of industrialization, emerged during the Japanese colonial period and the role of this class in industrialization continued with the chaebols, which were a whole with the state, in the second half of the 20th century. Light industry branches were established during the Japanese colonial period; and in the post-independence period, a state-sponsored capitalist class emerged, almost entirely with Japanese capital and the harsh policies of General Park (Sungur, 2000: 121). The origins of this class, as noted, were the light industry initiatives of the Japanese colonial era, and the perception of the necessity of industrialization for development created in Korea; as a matter of fact, South Korea has never given up on this industrialization target and development motivation after independence.

Another important feature of the Japanese colonial period is that the working class did not emerge due to the strong ground of the central authority of the state; this situation prevented the formation of a working class within the framework of chaebols, which structured itself with factors such as respect, seniority, trust, harmony and lifelong employment, seen in the incorporation policies of the economic system, which was closely tied to Confucian traditions after independence; it has almost become a cultural code. So much so that companies turned into giant monopolies, these monopolies acted like huge families, and the bonds between employees and the company formed the basis of relations. The state became a whole with these large holdings, and the holdings became the home, family, and environment for the employees (Booth & Deng, 2017: 77). Therefore, in this structure, which is quite different from the capitalist economic models introduced in the first chapter, there is no working class-bourgeoisie conflict, and the limited role of the state. This is why the class-oriented reading of Marxist analysis, in which the infrastructure determines the superstructure, is insufficient in reading this political economic model.

It is possible to say that the Japanese administration left positive marks in Korea in terms of education, transportation, trade and financial infrastructures, and management experience (Harvie & Lee, 2003: 8). The political economy of Korea after the Japanese rule of the 1940s, when almost all heavy industries such as metal, electricity, and chemistry were produced in North Korea, while light industries such as machinery production, textile production, and most of the processed food production were produced in South Korea; and the industrialization of Korea when it was a colony of Japan left an important legacy after independence (Frank Jr., Kim, & Westphal, 1975: 6-8). The Korean lands, which were divided into two with the Korean War that ended in 1953, made it necessary for South Korea to build a new political economic period with agricultural lands and light industrial infrastructure. For this reason, industrialization has been very important for South Korea in the history of developmentalism, and land reform during the Japanese colonial period was of great importance.

Although there were lost years under the American occupation administration established after independence, the people of South Korea carried out the land reform and continued their industrialization adventure rapidly after the 1950s. The biggest reason for the 1950s to be seen as lost is the existence of a political economic model in need of American aid, which was built under the American occupation rule, creating a poorness and poverty trap (Çakmak, 2016: 153-154). Until the process that started with General Park's coup in 1961, the political and economic structure of South Korea went far behind the period when it was a Japanese colony, and South Korea suffered great losses until the 1960s, when the structures of the Japanese colonial period would gain importance again, and the Japanese development model would be taken as an example. Since 1962, when the export-based economic development and growth model was adopted; the support, control and determination of the state was strictly applied (Harvie & Lee, 2003: 10) on the infrastructure of the Japanese colony, the Japanese development model was adopted and South Korea produced its own miracle with the General Park period. The next section discusses the Japanese model and the Japanese political-economic traces, similarities and divergences in South Korea's development experience.

### **The Developmentist Model in The Political Economy of South Korea: Traces of Japan**

When we look at the political and economic history of South Korea, it is seen that the developmental understanding established with the General Park period has quite a lot of traces from the Japanese political economic model in the context of the shaping of science and industrial policies, and it is believed that it is the second generation following the leader, whose methodological ground is in accordance with the flying goose model introduced in the first section. "The seeds of the developmentalist state model were planted during the Japanese colonial period" (Holcombe, 2019: 347). The most important feature of this developmental model, as stated in the first chapter, is its ability to learn and transfer technology. This is clearly seen in the statement that Japan and South Korea were the most talented in imitation for their time (Wade, 2003: 626).

South Korea has shown incredible success in technological assimilation, learning and transfer, and by forming partnerships with small American electronics companies and acquiring some of these companies, it has employed a workforce trained and worked in the United States, and thus, the transfer of foreign technology was ensured and over time, it became a pioneer by surpassing what was learned from these technologies (Freeman & Soete, 1997: 180). In order to escape the branding of multinational companies, strategies such as protectionist policies, restrictions on foreign direct investments, and technological transfer through indirect channels have been adopted, and South Korea has turned into a technological giant.

Looking at its evolution within the developmentalist state model, it is seen that South Korea focused on education policies in the 1960s in order to create a qualified workforce. In the 1970s, South Korea, which had to start from scratch due to the fact that heavy industry structures remained in the north of the lands divided after the war, focused on promoting the heavy industry and chemical industry. This 20-year period had been a period of learning and competence in the production of simple consumer goods. This period is also the period when the foundations of shipbuilding, steel industry and electronics



industry were laid, the state's industrial development incentive was the most important industrial activity under the leadership of POSCO steel company, followed by industrialization activities such as railway transportation and automotive industry. In the 1980s, technology-based industrialization was started with the liberalization of trade and production/design capabilities developed rapidly; this was almost a turning point; the technological threshold mentioned in the first chapter coincides with this period in the political economy of South Korea. It is a period when Samsung, Hyundai and Daewoo companies are very important. In the 1990s, there was a period when the information technology industry, where globalization was effective, progressed considerably and new products were developed with the increase in R&D activities (Tiryakioğlu, 2015: 232-234).

Chaebols, one of the most important actors of South Korea's political economy, where the traces of Japan can be observed quite clearly, have become a model carrier that is almost locked to the target. Before talking about the characteristics of chaebols, it is necessary to talk about keiretsu in the Japanese model; because chaebols are the South Korean version of Japanese keiretsu, with some differences. Keiretsu are giant Japanese companies that emerged when the political-economic bureaucracy of Japan merged the domestic companies into company groups in order to control their presence, entry and exit in the domestic market in order to prevent the competition of domestic companies, and to enable companies to focus on competition in the foreign market (Shin, 1996: 95-100). The relationship between these gigantic companies and the state was not sharply separated, causing them to be referred to as Japan Inc. and to develop arguments that the state is a huge company. A very positive relationship is established between the employer and the worker, since the lifetime employment policy is adopted, the commitment and dedication of the workers to the company is at a high level, the competition based on employee transfer between companies is prevented with the seniority-based wage system, and the experience of the workers is considered very important. With this business culture, keiretsu have become stable structures (Akkemik, 2015: 286).

Like the Japanese keiretsu, chaebols emerged as large business networks and clusters of firms, sponsored by the government and compliant with government policies. Samsung, LG, Hyundai, as the most well-known South Korean companies around the world, are chaebols, the most important element of the developmentalist political economy. These structures, which are the leading actors of technology transfer and learning processes, have turned into technology manufacturers on a global scale after they started to focus especially on technological production in line with state policy. Founded by a family, chaebols have grown with the support of the government during the development process, are export-oriented and monopolized structures, but they have an organizational culture where the central government structure is strong, the authority of the founding family is highly visible, and they are active in many sectors (Kim, 2002: 174). These family businesses emerged in the post-Korean War period when small family businesses were supported by governments. Their stories, which started with the importation of consumer goods, continued with simple manufacturing, and then resulted in their activities and technological initiatives in advanced industries. Chaebols, who have a chance to grow with government supports such as low taxation, credit incentives, attractive exchange rate regulations, long-term sales of public real estate and state economic enterprises, are the main actors of government policies. When we look at the structural features of chaebols, we come across elements such as seniority-based wage system, lifetime employment, in-company trainings and loyalty to the company, which are highly dependent on Confucian traditions, and these are adopted by the states in the development process of both countries, as policies applied in the same way in Japanese keiretsu (Atay, 2015: 197-198).

In the post-1953 period, Hyundai, Kia, Samsung, Ssanyong, Hanjin, Lucky, and Sunkyong companies have just begun to make their place in the market, and although they do not have the competitive power yet, they have taken their place in the South Korean political economy as small enterprises (Chang & Chang, 1994: 37). The most important challenge of the post-war period was the construction of the country, but South Korea easily managed to overcome this with the experience it

gained when it was a Japanese colony. In order to achieve import substitution industrialization, it established production facilities, supported entrepreneurs in areas such as textile, sugar and cement production, and determined its policy as an encouraging state, not a controlling state, in line with the first president Lee Seung Man's attempt to establish a free market economy (Kang, 1996: 22). The companies mentioned above gained capital accumulation in this free market economy implemented until 1960, and the families that owned the chaebols gathered most of the resources in their hands (Chung, Lee, & Jung, 1997: 28-30).

Of course, rapid privatizations have been the necessary steps for the stability of a post-war society with no savings and no market, and Korea's 6 pre-war chaebols and 16 chaebols founded during Lee Seung Man's government are among the 30 largest chaebols today (Atay, 2015: 200). Chang Myun, who established the post-Man government, took the chaebols under tight control and punished them for illegal practices. General Park Chung Hee established a government with a military coup, and by continuing Chang Myun's control, he had the chaebol leaders arrested, and succeeded in preventing the chaebols from developing as the tutelary element in the political economy of the state as the decisive capital elite, thus making the chaebols the most loyal implementers of government policies. After General Park provided this, the state continued the support and incentives provided to the chaebols, and the rapid development period started with the state determining the leading sectors and directing certain companies and investments to these areas (Chung, Lee, & Jung, 1997: 40). Monopolized companies made investments in cooperation with the government, and had the opportunity to benefit from the loans provided by the government. Businesses remaining from the Japanese were sold, state economic enterprises were privatized, loans were given with very low interest rates, and a large part of the capital accumulation of the chaebols was provided (Atay, 2015: 201). When we look at the characteristics of the organizational culture of the chaebols, the traces of the Japanese keiretsu can be followed quite clearly, and at the same time the differences between them become visible. Senior employees who have worked in the same company for many years are appreciated and followed with admiration by new employees in the organizational culture, which draws an image of a family with senior staff concerned with the needs of lower staff, rather than a formal hierarchy. This situation develops a master-apprentice relationship, and while companies are shaped like a family structure, all social needs<sup>3</sup> are met by companies (Chung, Lee, & Jung, 1997: 135-140). As in Japanese keiretsu, in South Korean chaebols, mass recruitment is made, a salary policy based on seniority is applied, the principle of lifelong employment is adopted, and employees' loyalty to the company is increased through compliance and training programs. The point where it differs from Japanese keiretsu is that chaebols are administratively large family businesses. In keiretsu, the companies within the holding have shares and are managed by professional managers, but in chaebols, the founder and their family hold the shares, and derive their authority directly from the founder (Kang, 1996: 100-106).

In the 1970s, the most important development factor was the heavy industry and the chemical industry, and in this direction, the government provided some companies with credit opportunities and made them invest in these sectors (Jones & SaKong, 1980: 129). One of the most basic dynamics of Confucian culture, the ability to obey state officials, bureaucrats and members of the government, to listen to their words, and to see the head of state as the highest level person to be obeyed, like a father and a big company boss, are the structural elements that cause South Korea to be perceived as a big company just like Japan Inc. (Chung, Lee, & Jung, 1997: 135).

Another important element of the Japanese political economy that has also emerged in the South Korean political economic structure has been the Japanese Ministry of International Trade and Industry MITI and the state bureaucracy. High-level state bureaucracy such as MITI, Ministry of Finance, Economic Development Agency, Development Bank are critical institutions that shape and direct

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<sup>3</sup> "An ordinary Hyundai employee had a Hyundai car, a Hyundai apartment where he lived, a Hyundai bank, a Hyundai hospital, Hyundai loans he got when he needed it, and a Hyundai cafe he stopped by when he was hungry" (Holcombe, cited from Woo-Cumings, 2019: 348).

industrial policies and determine policies to increase international competition in selected sectors in close cooperation and coordination with private sector and companies. These institutions, which are the main elements in the process of Japanese developmentalism, have established a stable political economy and aimed at efficiency in resource use in order to enable Japanese companies to access technology and transform them into technology producing facilities (Ünay, 2015: 172-175).

The South Korean version of this structure also allows us to see the Japanese traces. The Economic Planning Board, which is headed by senior bureaucrats, as the highest institution that determines and directs development plans and industrialization policies and regulates investment incentives, budget and resource allocation, organizes meetings with the bosses of chaebols and sets targets such as export targets and receives commitments from chaebols through cooperation and consensus (Atay, 2015: 202-203). Therefore, it is clear that the state-private sector relationship bears traces of the Japanese political economy.

### **Conclusion**

In this study, Japanese traces in the political economic history of South Korea were investigated, and mainly focused on the structural features of the colonial period, the developmentalist state model that was put into effect after independence, chaebols, and the activities carried out on the way from economic industrialization to becoming a technology exporter. The economic characteristics of the colonial period, infrastructure activities and the traces of Japan's colonial period were determined, and after the independence, this time within the framework of the flying goose model, which was built under the leadership of Japan, the structural traces of the Japanese economic developmentist model were determined. An exemplary study was conducted on how the colonial legacy felt in the social and economic structures established during and after the new state-building phase, and how South Korea was built on this colonial legacy after declaring independence, after the country spent years under the control of Japan, and how effective the colonial history was in the country's political economy.

The study basically determined the Japanese heritage in the history of South Korea's political economy, and identified the traces of Japan in the success of South Korea, which emulated Japanese developmentalism in the post-independence political economy. While the legacy of the infrastructure of the colonial period remained in one place, a theoretical discussion was carried out on the Japanese model, whose traces we saw in a different dimension in the political economy of South Korea, with the adoption of the developmentalist model of Japan after independence. When Japan leaves its colonial lands, it leaves behind a structure with a strong industrial base, educated population, and highly developed infrastructure. In the continuation of this, it is focused on the fact that the post-independence period was a miracle of industrialization and development that started in the 1960s under the leadership of General Park, and in this period, different effects of Japan are observed this time. While the political economy of South Korea was under Japanese influence during the colonial period through direct colonial administration and infrastructure, Japan's developmentalist political economy model was adopted in the post-independence period, and South Korea became one of the most successful practitioners of the model in this direction. Therefore, the traces of Japan have always been visible in the political economy of South Korea, and in this study, these traces have been tried to be followed.

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