



Making and Unmaking of a Developmental State: Institutional innovation and change of the Korean state

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How can we understand the emergence of the ‘able’ developmental state in Korea and its transformation to the ‘less capable’ types of the state, such as predatory and Sisyphean? To what extent and in what specific way does the culture matter in this dynamic process of the state building and change? From the historical institutional perspective, we clarified the critical juncture of the emergence of the developmental state as an institutional innovation and its transformation to the predatory and Sisyphean as symptoms of post-developmental state. We also identified the ways in which cultural hybridity work in setting the economic growth path as well as in sustaining the path-dependency that now undercut the strength of the state. Finally, we speculated the 3 logical possibilities that the current Korean state would likely to have.

Keywords the developmental state, historical institutionalism, critical juncture, path-dependency, institutional change, cultural hybridity

I. Introduction

The Korean state, for a considerable amount of time, has been regarded as a strong developmental state which led the private sector in changing industrial structure, initiated new industrial growth area, and effectively deepened the existing industrial structure. However, the Korean state today has been transformed to a less competent post-developmental type of the state, what we would call a Sisyphean state, which has been repeatedly making and pursuing inappropriate policies in general and particularly in the ICT industry.

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How can we understand the institutional change in the 'able' developmental state of Korea to the 'less capable' post-developmental types of the state in a relatively short period of time? We try to answer this question by utilizing concepts from the historical institutional perspective. From this perspective, the Sisyphean behavior of the current Korean state in ICT industry can be interpreted as a syndrome of the post-developmental state.

On the other hand, we assume that the emergence, working, and decline of the developmental state as well as its institutional retrogress did not occur in cultural vacuum. We are interested in identifying to which extent and in what specific ways the culture matter in these dynamic processes of institutional building and change. We would argue that the fundamental premise of making and unmaking of the Korean developmental state and its transformation to the types of post-developmental state have been embedded in the Korean hybrid culture. It urges that any attempt to revive the Korean state from the Sisyphean to a viable one should be speculated from the perspective of institutional change in the hybrid cultural setting in Korea.

We start with an anecdote which will support the characterization of the current Korean state as a Sisyphean. In the early March of 2016, there was a Go tournament in Seoul, Korea between the human champion Lee Sedol and the artificial intelligence (AI) Go Champion Google Deep Mind's AlphaGo. Against all predictions that AI would not surpass the complexity of human intelligence in the world of Go, AlphaGo won the match 4 to 1. Subsequently, the 5 matches became 'historic,' and Lee's 1 victory out of 5 matches was considered as 'a human victory.'

Although this tournament was a match between a human and a supercomputer, it was also an occasion to review and reflect the Korean state of the art in AI field. Korea was rated as a laggard in the AI sector at every level, from basic research to commercialization. It was said that Korea's AI industry lagged 2.6 years behind that of the United States and other competitors. There was much hype about how far AI has evolved and how it will provide a venue for 'the 4th industrial revolution,' and any country that does not keep up with the pace would fall behind in the race.

The Korean government was quick to respond to the alarming implications of falling behind in the alleged race among nations in the

AI field, and announced a plan to establish a private think-tank to focus on AI by June of 2016 at the earliest. The minister of “the Ministry of Science, ICT and Future Planning” reported to President Park that Samsung Electronics, SK Telecom, KT, Naver and Hyundai Motor will respectively donate 3 billion won (\$2.6 million) to the new ‘private’ research center. According to the report, the think-tank was to devote to so-called AI information technology, a term the ministry coined. It covered AI-related software as well as big data, Internet of Things and cloud technology. Some 50 academics were to work on the research and development for AI technologies, as well as to come up with measures to deploy and commercialize them. The AI software will be centered on language, visualization, space, and creativity.

The ministry has already set specific goals and deadlines for each sector related to AI. By utilizing the ‘officially claimed as private’ think-tank, Korea aims to become the best in the world in language-related AI and disaster relief operations as well as in health care for the elderly. By 2020, according to ‘the state prepared’ schedule, Korea’s own artificial intelligence program will be able to understand the plot of a film and provide a summary through video clips that it edits itself. To realize the plan, the government promised to spend 1 trillion won between 2016 and 2020, and encouraged private companies to donate over 2.5 trillion won (\$2.3 billion) in the same period. The Ministry of Trade, Industry and Energy also pledged 20 billion won this year to developing AI technologies, which is more than 13 billion won from the initial plan.

Approximately 5 months after the Go tournament, the government announced 9 new growth engines at the Science and Technology Strategic Meeting (STSM) which replaced the previous Presidential Consulting Committee on Science and Technology after the event. The government pledged to allocate 1.6 trillion won (\$1.5 billion) over 10 years. The private sector’s investment 615 billion won is expected to follow.

Although the plan seems grandeur in scale and amount, it has yet to impress the science community and the industry in Korea. First of all, the plan has changed so frequently that there has not been an overall consistency in most of these strategies. As Table 1 shows, the Park government’s ‘growth engine strategic plan’ has changed every year since 2014.

Table 1 Park administration's future growth engine strategic plans

Date of announcement	Title of strategic plan	Contents
Aug. 10, 2016	9 national strategic plans	Autonomous vehicles, smart city, augmented reality, light-weight materials, artificial intelligence, precision medicines, new drugs, carbon capture and storage, and fine dust
march 2015	19 future growth engines	Intelligent robots, wearable smart gadgets, experience, tangible contents, smart bio production system, virtual training system, smart cars, deep sea offshore plants, 5G telecommunication, unmanned aerial vehicle, that takes off and lands vertically, customized wellness care, renewable hybrid, disaster safety system, direct current distribution system, micro-power generator, convergence materials, intelligent semiconductors, Internet of Things (IoT) big data and advanced material processing system
June 2014	13 future growth engines	Smart cars, 5G telecommunications, deep-sea offshore plants, customized wellness care, wearable smart gadgets, intelligent robots, disaster safety management smart systems, tangible contents, renewable energy hybrid system intelligent semiconductor, big data, convergence material, and intelligent IoT

Source: JoongAng Illbo

Strategies that were presented in the science and technology strategic road map in 2014 have been respectively 'renamed and rearranged' in the 2015 and 2016 plans, and numerous strategies were dropped without any plausible explanation. The mere success stories of AlphaGo and Pokemon Go in 2016 have entirely prompted the Korean government to add 'artificial intelligence' and 'augmented reality' as the new growth strategies in the 2016 plan.

This expedient nature of constructing 'the strategies for future growth' in the plan is well illustrated in the President Park's justification for adding the items in the plan: "The artificial intelligence that shocked us with AlphaGo or augmented reality that was represented by the recent phenomenon caused by Pokemon Go shows the huge changes and innovation that ICT can bring to an economy and society." This 'taking care of matters as they come' kind of attitude in planning 'strategies for future growth' by the Korean government sharply contrasts with Google's painstaking acquisition of AI-related companies over the last 14 years while spending 33 trillion

won (\$29.7 billion). Now the Korean government wants to develop AI and augmented reality with the hopes that it will catch-up and eventually surpass the AlphaGo and Pokemon Go in 5 short years.

As we mentioned before, the Korean state has been regarded as a 'developmental state' in leading the private sector, creating new industrial growth area, and deepening existing industrial structure. The strong role of the state in the growth of the light-weight manufacturing sector and the heavy and chemical industrialization is nothing new. However, the Korean state behavior in the ICT field is far from the norm of the Korean developmental state behavior we used to know.

Where have the essential properties of the developmental state gone and where did the symptom of Sisyphian state come from? This is another way of asking where has the strength of the Korean state gone, and where did the incompetence of the state come from? How can we understand this dynamic institutional change of the Korean state?

The concept of developmental state in the East Asian setting has been developed in an effort to explain the prominent role of the effective state in industrializing East Asian countries, including Korea. The strong role of the state, however, has also been utilized in explaining socio-economic downturn of the countries as well. While the role of the developmental state and Confucian cultural elements were regarded as crucial factors in explaining phenomenal economic development in Korea when she was in an upswing, these same variables, were also responsible for the 'crony capitalism' which brought the socio-economic crisis of Korea in 1997. This double-edged conceptualization of the role of the state and culture tends to undermine the theoretical understanding of the state behavior and culture significantly.

In this study, we try to understand the Korean state as an actor and institution from the historical institutional perspective. We will ask under what conditions the developmental state as an institutional breakthrough emerged, how did it evolve, sustain, decay and transform over time. It requires us to clarify the critical juncture of the emergence of the developmental state as an institutional innovation, the path-dependency as a sustaining mechanism, and the sequence of institutional change from a capable developmental state to a regressive incapable Sisyphian one. Concurrently, we need to look at the emergence and change of

the Korean developmental state in a cultural context. To do so we first discern cultural characteristics in which the Korean developmental state is embedded. Then we can better grasp the impact these characteristics have on the emergence, working, and demise of the developmental state as an institution, and furthermore draw implications in searching for the alternative form of the state in Korea.

This essay proceeds as follows. It begins with a brief review of historical institutional perspective. From this perspective, we will examine the institutional origin and sustaining mechanism of the Korean developmental state, and its transition to the post-developmental type of the state, a Sisyphean state via a predatory one. We attempt to illuminate the historical construction of the Korean hybrid culture, and identify it as a sustaining mechanism for an institutional innovation upon which the Korean state and economy have been embedded. Finally, we speculate the policy implications for realigning the role of the state in accordance with the societal needs at this historical juncture.

II. Making of the Korean Developmental State

The central question here is under what conditions and in what specific ways did the Korean developmental state emerge as an institutional innovation.

In a highly competitive geopolitical arena where individual nations compete with each other, and national development is inherently a 'catch-up' in nature (Gerschenkron, 1968), institutionalizing a strong state is a prerequisite in the race of national development. In order to catch-up and surpass any rival states, a state should be able to mobilize human and material, as well as ideological resources in executing economic development. The 'developmental state' is conceived to have a high level of state autonomy in deciding the timing and ways of economic development according to its own purview, and to have a high level of bureaucratic capacity in transforming industrial structure and in interacting with domestic and foreign potent socioeconomic forces in order to achieve the national developmental goal (Evans and Reuschemeyer, 1985; Woo, 1991).

The concepts from the historical institutional perspective such as

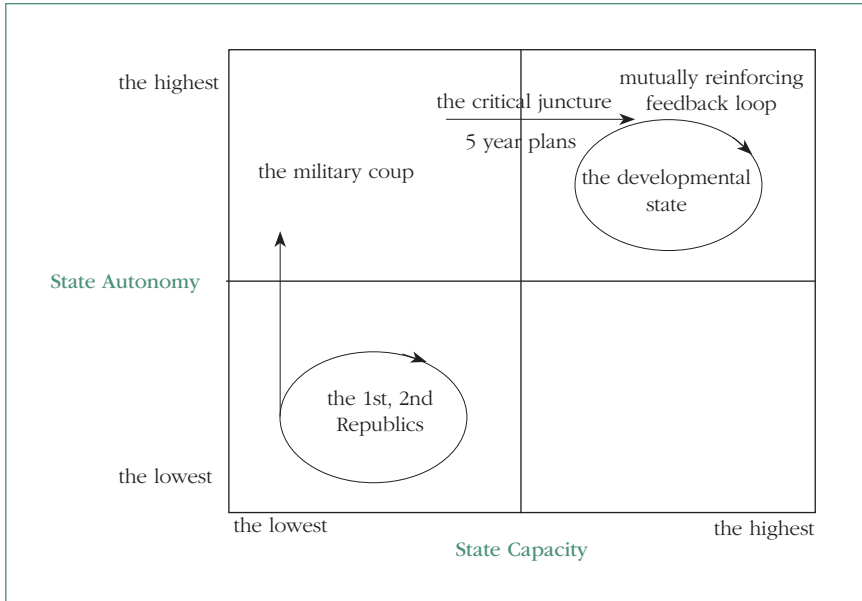


Figure 1 The Configuration of the State Augonomy and State Capacity, and the Emergence of the developments State

‘critical juncture’ and ‘path-dependence’ will aid in our examination of the institutional origin and sustainment of the Korean developmental state. The critical juncture refers to an event which triggers a self-reinforcing feedback mechanism that ensures the persistence of a particular pattern of activities (Pierson and Skocpol, 2002: 6). The critical juncture, thus, deals with the issue of institutional innovation. If an event has a positive feedback loop and has built up a self-reinforcing mechanism, a path dependent relationship is likely to be set. A path-dependence is about institutional reproduction which sustains the institutional arrangement that emerge from the critical juncture. Once a path is set in motion, taking an alternate course of action will be costly.

In this historical sense, a strong role of the developmental state in the national economic development is nothing authentic to any particular country. However, the historical experiences of the critical conjuncture from which a developmental state emerges and the path-dependency in which the state sustains are particular to every country.

Then what is the relationship among the critical juncture, path-

dependency, and state strength, i.e., state autonomy and state capacity. Figure 1 shows a correlation between the state autonomy and capacity which underpins the wane and wax of the state strength, the critical juncture from which the developmental state emerges, and the path-dependence, i.e., the mutually reinforcing mechanism in which the developmental state sustains in Korea.

1. The Critical Juncture: Institutional Innovation of the Korean Developmental State

By now it is not novel to say that the strong role of the Korean developmental state during the high growth era of 1960s and 70s was impressive with phenomenal growths in almost all figures of national development, including GNP/capita, economic growth rates, and oversea exports. Furthermore, the successive role of the Korean state in transforming the industrial structure from mainly agricultural, through light-manufacturing, to the heavy and chemical one in a short period of time was impactful enough to merit the Korean state, a model case of the newly industrializing economies (NIEs).

As Figure 1 shows, the momentum of the critical juncture for the emergence of the developmental state in Korea started from the heightened level of state autonomy through the 5.16 military Coup. However, the quality of the Korean state with a strong state strength, i.e., high levels of autonomy with high levels of capacity was not a derivative of the military Coup nor was it a historical legacy from the Japanese colonial occupation. The state strength of Korea had been ‘constructed constitutively’ with a constellation of institutional innovations during the time when the state functioned as an executive arm of the consecutive 5-year economic development plan. The Korean developmental state was built under the premise of a sustainable ‘mutually reinforcing feedback mechanism’ between the state autonomy and the state capacity where the two exhibit a positive relationship. Accordingly, breaking down of the premise at a certain circumstance would likely to substantially lower the level of state autonomy and run the risk of dismantling the developmental state at any time. The ‘developmental’ quality of the state could ‘come and go.’

This institutionalist version on the origin of the Korean developmental

state, therefore, is in contrast with the colonial modernization theorists' claim that the origin of the developmental state in Korea is a historical legacy of the Japanese colonial occupation and the propensity for development is congenial to the Korean state in the post-colonial era. As for the origin of the Korean developmental state, the theoretical position of the colonial modernization literature which emphasizes the historical continuity of the Japanese colonial legacy is rampant in the fields of development study and economic history of Korea (Cumings, 1984; Kohli, 1994; 2004; Lee, 2007). In the colonial modernization literature, the capacity of the Korean state in executing economic development policies during the 1960s and 70s has been assumed to be originated from the penetrating capacity of the colonial bureaucracy during the 1910s and 40s. It assumes that there has been a historical continuity of the Japanese colonial legacy and the strength of the Korean state. No country exists in vacuum of historical legacy. The evidences forwarded by the continuity position, however, are indirect and the relationship between the factors are merely assumed rather than closely examined. If the continuity claim is to be supported, the incapacity of the Korean state during the interim period of 1940s and 50s needs to be explained adequately. I would argue, such claim is solely based on a 'Snow White hypothesis' which assumes that the Korean state capacity which had been built and used by the Japanese colonial power during the colonial regime in 1910 to 1945 went 'dormant' in the liberated Korean state from 1948 to 1961, until 'the prince' mysteriously came and kissed 'the Snow White' to awake.

One of the major evidences provided from the continuity literature in this regard is the legacy of the well-trained body of bureaucrats. As we closely examine the case of constructing the factory for Chungju Fertilizer Co., however, the colonial legacy of a strong body of bureaucrats was 'absent.' In 1954, when the Korean state got a permission to use the grant from the U.S. government to build a state of the art fertilizer factory in Korea, it was considered as one of the most important state project in the early 1950s. Accordingly, the Korean state organized a task force to implement the plan by gathering bureaucrats who were considered to be the most competitive at that time (Oh, 1995: 136-144). However, the planning, the execution, and the outcome of the project turned out to be a grave failure. The original plan was altered 5 times, took 2 more years than originally planned, cost 70%

more to complete. Above all, lack of operating and maintenance personnel led to frequent stopping of the factory after the completion. Eventually, the factory had to sign an additional consulting contract with an U.S. firm for its everyday operation and maintenance and build a training center for technicians with the U.S. aid fund.

When we consider the facts that in 1930 Japanese had built Heungnam fertilizer factory which was the second largest in the world, and in 1939, Korea had the world's largest overall fertilizer production capacity of 640 thousand tons, it is natural to assume the colonial legacies of physical capacity and human capitals in the fertilizer industry in the liberated Korea. However, when the Japanese colonial rule ended, the legacy also ended. About 90% of the production capacity was left in North Korea, so Korea had to rely entirely on imported fertilizer. Therefore, as far as the fertilizer is concerned, there was virtually no physical capital not to mention human capital left as legacies from the colonial rule. The construction process and the issues revolving around the operation and maintenance of Chungju factory succinctly illustrate that there is hardly any continuity of Japanese colonial legacy on the physical or human capital in the fertilizer sector.

From the historical institutional perspective, we would argue that there was an institutional discontinuity between the Japanese colonial state in the 1940s and the Korean developmental state in the 1960s. The emergence of the developmental state in Korea in the 1960s was entirely unforeseen. The developmental state in Korea was not a 'gift' from the Japanese colonial legacy, but was in fact 'constructed constitutively' through the political struggle among power elites and the capitalists, labor, and people in the process of economic development. The emergence of the developmental state in Korea was a result of an institutional innovation at this critical juncture rather than an institutional reproduction, i.e., a colonial historical continuity.

The developmental state in Korea was 'constructed' in the execution process of the state initiated export-led economic growth plan. Although the initial 5-year economic plan became the hallmark of the military regime established by the 5.16 Coup, the economic growth plan was initially not considered plausible nor necessary even among the 'Young Turks' (Yoo, 1987). The draft for the plan was prepared hurriedly and was cursory at best, appropriating previous plans which were prepared to get aids from

the U.S. during the 1st and the 2nd Republics (Kim, 1960). The goal was to make the size of Korean economy double in 10 years and the growth rate of 7.1% per year was calculated reversely. When the execution of the plan encountered insurmountable difficulties, it was reset several times. The goal was reduced to 5% per year because of the lack of capital and the minister of the Economic Planning Board was replaced 7 times in the initial 2-year period.

It was in 1964 that the Korean state, after 3 years of trial and error made a critical turn in its strategy from ISI (import substitute industrialization) to ELI (export-led industrialization). Import substitute industrial structure was considered to be a favorable condition for rent-seekers in which merely acquiring foreign currency and import quarter guarantees stable source of rents, and thus import was preferred to export. The ISI was constant source of imbalance from international payments. On the other hand, the ELI was considered to be a favorable source of foreign currency income. However, the ELI consisted of more difficult tasks than ISI in producing competitive goods in the world market from scratch. Considering the fact that major items to export at that time were natural endowments like coal and tungsten, and live stocks like pigs and fishes, transforming the Korean industrial structure from agricultural to manufacturing, and shifting industrialization strategy from ISI to ELI all the while maintaining a competitive edge in the world market were daunting tasks to any state.

The Korean state under the military government and the following quasi-civilian 3rd republic had launched with a high level of state autonomy at the outset and initiated to draft the economic development plan in accordance with the state's own purview. The private businesses were mobilized in the plan as 'junior partners' on behest of the state. The labor and peasants were mobilized, but participation in socio-politico-economic arena was strictly limited. Financial resources for the plan were explored to the extreme. The Korean state executed the 5-year plan dexterously and achieved phenomenal growth. This is a well publicized part of the history of the state-led economic development in Korea.

The high level of state autonomy at the outset opened the possibility of utilizing a wide variety of state policies, thereby enhancing the probability of having heightened intervening capacity of the state. However, the interaction between the state autonomy and the state capacity that fosters

state strength was by all means, not guaranteed. It could come under certain circumstances and go under on the other. How can the institutional innovation reproduce itself? Since the institutional innovation of building a developmental state does not necessarily guarantee a sustainable institutional reproduction process, we need to examine the institutional and cultural sustaining mechanisms in which the institutions maintain themselves over time.

III. Sustaining of the Korean Developmental State

There is a rich body of path-dependence literature which deals with the issue of sustaining institutional breakthrough made by a critical juncture (Thelen, 2009). A path is likely to be set if a self-reinforcing feedback mechanism follows an institutional innovation. Here we will explore 'mutually reinforcing feedback loop' between the state autonomy and the state capacity that has been created as 'paths' to be followed and made the feedback sustainable over time. Then we will identify the cultural underpinnings of institutional sustaining mechanisms where the interaction between the state autonomy and capacity reinforce the level of state strength.

1. The Path-dependence: Institutional Reproduction of the Korean Developmental State

The Korean developmental state during the high growth era produced a series of highly innovative policy initiatives in economic development. These policy initiatives helped to strengthen the 'mutually reinforcing feedback mechanism' between the state autonomy and its capacity which created a set of paths that enhance the level of state strength. These also contributed to consolidate and sustain the state strength to a degree that is adequate enough to be a 'developmental state.' Here we will examine the two model cases out of many policy initiatives which led the Korean state to institutional breakthroughs. These are policies of the 'benefits linked with performance' and 'the state guaranteed loan' system.

The Benefits Linked with Performance

As the Korean state shifted its main economic developmental strategy from ISI (import substitution industrialization) to ELI (export-led industrialization), meeting the export target figure became the ultimate goal of the state. Achieving \$100 million, \$1 billion, and \$10 billion in export were the consecutive ‘missions’ to be completed by the Korean developmental state. Since the Korean state, the private business and the labor were in collaboration for the national development with the state as a senior partner, the export earnings in effect belonged to the state, and not to the private sector.

In 1965, the President Park initiated monthly ‘Export Promotion Meeting’ where he presided over the concerned ministers, representatives of the private business, bankers, and among others. He made executive orders on the issue of export at the site. He was like “a general who command a combat at the commanding heights,” and he never skipped the meeting until his sudden death in 1979 (Joongangilbo 1998: 136-7).

One of the many policy initiatives from the promotion meeting was building an export financial system which one can get low interest rate loan in Korean currency equivalent to the dollar amount of export. In 1968, when the general rate of interest was 25% and the special rate for the exporters was 6%, just getting an export permit guaranteed huge sum of profits. There was no import tax for the goods to export. The earnings from export exempted from income tax up to 80%. These were only a few among many incentive policies the Korean state initiated during the developmental era. Amsden referred this incentive system as ‘benefits linked with performance’ (1989), and considered it as an authentic characteristic of the Korean state and business relationship.

To a certain degree, this system solved the rent-seeking behavior problem in an innovative way by relating the rent to the state’s goal rather than to the individual bureaucrat’s hands. It was a ‘mutually reinforcing feedback system’ where the achievement of the private business was directly linked with the state’s goal, and the state compensated the private sector by providing rent. The conception of the incentive policy, however, was only possible under the premise that the state had a high level of autonomy *vis-à-vis* the private sector and the state also had confidence in maintaining it.

The State Guaranteed Foreign Loan Acquisition System

At the beginning of the first 5-year economic plan in 1962, the foreign exchange reserve was less than \$200 million and the amount of export was \$55 million. Grant type of foreign aids from US was the main source of foreign currency. Therefore, shortage of foreign capital in pursuing the 5-year economic plan and industrialization was detrimental to the state and the private sector.

In 1962, the state enacted a legislature which enabled the state to guarantee foreign loans that the private sector raise (Kim, 1993: 433; Oh, 1995: 68). If a Korean corporation succeed in getting a permission from the Ministry of the Economic Planning Board (EPB) and an agreement from the National Assembly, the company could raise loans from foreign banks. Since the Korean state guaranteed the loan, the private company could relatively easily raise loan from foreign sources.

This guaranteed foreign loan policy was also based on the premise that the state could maintain a high level of state autonomy. As long as the state remained relatively autonomous, the policy also enhanced the executing capacity of the state. Since raising loans from foreign banks required an agreement from the National Assembly, the state took the responsibility of monitoring the private sector in order to meet the inspection from the legislature. Although it was basically the private sector's initiative, with the state's guarantee and endorsement from the National Assembly, it became a quasi-state project, a collaboration of the state and private business.

This was a social network that provided an institutional linkage through which the state and private sector negotiated and readjusted the ends and means of the national goal with each other. This would be a case of 'embedded autonomy' (Evans, 1995) in which the state had its own purview of achieving national economic development and pursuing it by effectively intervening in the socioeconomic process. This policy network, unprecedented in the world, also formed a mutually reinforcing feedback loop; it was highly effective and functional as long as the state could maintain the high level of autonomy *vis-à-vis* the big business sector.

So far we have discussed the two exemplar cases of institutional innovation which led the Korean state to build mutually reinforcing feedback loops that were responsible to set a 'path' respectively. The path-dependence was a strong mechanism in sustaining the institutional

innovation, in facilitating the reproduction over time, and thus in enhancing the probability of its institutionalization. These two policies, however, like many other cases that had contributed to the Korean economic development were not conceived and executed in cultural vacuum. Before we delve into the dismantling process of the Korean developmental state and the sequence of state change in the post-developmental era, we will examine the cultural factors upon which the Korean developmental state act in accordance with its own purview relatively autonomously *vis-à-vis* the potent domestic and foreign actors.

2. Cultural Underpinnings of the Korean Developmental State

What were the cultural underpinnings in which the Korean developmental state had been embedded and sustained? We will briefly discuss the cultural embeddedness of the state and sketch the historical formation of the hybrid culture in Korean society. Then we will explore the composition of the Korean hybrid culture and the ways in which it institutionalized the state-led economic growth path and the path-dependency.

Cultural Embeddedness of the State

In his seminal work, Polanyi explored economic anthropological evidence that economy had been embedded in social relationship throughout history (1957). The relationship between the economic and the social in the Polanyian literature share an emphasis both on the social construction of economic action (Granovetter, 1985) and on the mutual constitution of state and economy (Block and Evans, 2005), to the extent that it is misleading to think of either of the state or economy as independent entities. For Polanyians, market could not exist outside of the state action. The self-regulating market, thus totally disembedded economy from the social relations, is impossible in theory. It is a utopian fantasy on the part of market liberals (Block, 2003). The markets cannot exist outside of the framework provided by the state regulation.

In a post-colonial setting, Davis conceives the role of culture as a barricade enclosing economy within the social relations in a society (1987). The local elites, in fear of the detrimental impact of economic interest-seeking behavior on society, have made a cultural barricade embedding

economy within social relations. History shows that this quest of moral economy by the late-comers in the race of national development interrupted by external colonial powers. In general, modernization in the colonial period was a transforming process which involved the breakdown of the cultural barricade that had been shackled economy within the purview of traditional societal needs, and reshaping the relationship between the economy and society according to the colonial imagination. Therefore, even though modernization in the colonies had occurred in the colonial period, it was highly inadequate and disarticulated which had devious implications for the efforts toward the national development in the post-colonial setting.

Historical Formation of the Cultural Hybridity in Korea

Since the composite elements of the Korean hybrid culture were overdetermined in the vicissitudes of history, we need to turn our attention to the Korean history in brief.

The Confucian state elites in Chosun dynasty who had overthrown the Koryo dynasty constituted a cadre of cultural warrior, who tried to create a cultural milieu in the society and practice their Confucian ideal in politics in order to realize it on earth (Choi, 1998; Cho, 2008). They were the students of Confucian classics, politicians, and cultural entrepreneurs. The Confucian scholar's ideal was 'to build a society with moral economy' in which communitarian share and cohesiveness were emphasized and rational economic relations were considered detrimental to the communitarian welfare of the society. Thus economy was embedded within the Confucian social relationship. Cooperative nature of agriculture was given the priority among the industrial activities and rational, interest-oriented activities in manufacturing and commerce were considered harmful to the societal harmonious relationship, i.e., Confucian ideal, and were severely restricted.

'*Mubonmalup*' (agriculture always comes first; commerce and manufacturing come last) was the catchphrase of the time. '*sanongkongsang*' (Literate, peasants, manufacturers, and merchants, in the order of import) was the principle of the social hierarchy. The economic impulse and dynamics were suppressed in order to realize the Confucian ideal of moral society, and implementing moral economy was a prerequisite. This system of moral economy was initiated from the beginning and maintained until the later period of Chosun when

the forces of the market gradually replaced it (Lee, 2011).

Japan's ultimate goal in colonizing Chosun was to permanently merge her with the Japanese empire. As early as 1920, customs between the two countries were abolished, and the two were economically integrated. Industrial policies were composed of the agricultural promotion drive (1920-1942) and the industrialization for military expedition in late 1930s.

There was a phenomenal growth in industrial production. According to an estimation, the economic growth rate during 1911-1940 was 3.6% per year, and in manufacturing sector was 9% (Kim, 2006: 195). In value-added terms, agriculture was reduced from 68% to 40%, and manufacturing was increased from 5% to 20%. As a result of colonial industrialization, industrial structure became diverse. In 1917, 86% were engaged in agriculture sector and by 1942, it was 70.1%. In the same period, the manufacturing sector saw a growth from 2.2% to 6.7%, and the service sector also grew from 7.3% to 12.1%. Industrialization induced urbanization; urban population had increased 7% in 1935 to 13.2% in 1944 (Park, 2006: 211). The employees in manufacturing sector increased from 380 thousand in 1935 to 1.3 million in 1943. Population in Chosun had increased from 16.6 million to 25.5 million in 1942.

Based on these figures, the colonial modernization literature claim that the industrialization in Korea during the colonial era provided crucial resources for economic development in 1960s in terms of infrastructural, material, institutional, and personnel (Cumings, 1984; Kohli, 1994; 2004). An extensive body of rebuttal on these points is now available (most comprehensively by the Haggard et. al. 1997) and we don't have enough space to rephrase them here. It suffices to say at this point that the Japanese colonial industrialization in Korea was 'Japanese in nature.' It was not 'the Korean industrialization' as a Japanese colony, but rather 'the Japanese colonial industrialization' in Korea. This distinction has a crucial importance when we examine the precise role of the colonial legacy in the later day industrialization in Korea. Although the results of the industrialization were impressive by any standards, these were highly imbalanced and unequal along the national line (Cumings, 1986). In 1913, 81% of factories were owned by Japanese and only 16.5% were owned by Korean. In terms of the size of the capital, Japanese owned 89.4%, while Koreans owned 5.8%. In 1928, Japanese owned 45.4% of factories, while Koreans owned 51.5%.

However, in capital, Japanese owned 90.8% and Koreans owned only 4.6%. Agricultural production was increased from 12 million *suk* in 1920 to 20 million *suk* by the end of the 1930s. Productivity was also increased from 100 to 147 at the same period (Park, 1997: 121). The level of rice export and transfer to Japan, however, increased drastically, from 16% in the late 1910s, 40% in the late 1920s, and to 49% in the early 1930s. On the other hand, rice consumption per capita had been drastically reduced (Chang and Chun, 2001: 417). This all points to a hunger export. In other words, the purpose of the rice production drive was mainly exploitative, solely to export and transfer to Japan.

Agricultural promotion drive and industrialization in Korea were designed and executed under the Japanese imperial purview and were meaningful mainly in this context. This imperial nature of the colonial industrialization in Korea was highlighted ‘unintendedly’ when the Japanese colonialism ended. The leftover of colonial industrialization in Korea was disarticulated factories which were severed forward and backward linkages. The detrimental aftereffect of the extreme colonial dependency appeared in 1946, when the import-export figure was 392 million won, it was only 1.9% of 553 billion won in 1941. The production of manufacturing sector in 1946 was reduced to 25% in the 1939. These figures illustrate the effect of disarticulation from the Japanese empire economic zone, the *yen* block.

Beyond this disarticulated nature of material aspect of colonial legacy, cultural implications of colonialism had more detrimental, devious and enduring impacts on Korean society over time. Had Korea achieved modernization during the colonial era? If modernization means a radical social change that includes the process of industrialization, urbanization, and bureaucratization, it is fair to say that it had started at that time. From the beginning of the colonial occupation, Japanese version of ‘modern’ legal, social, and economic institutions were implanted. National land survey was executed in order to establish clear ownership; ‘modern’ economic apparatuses like banks, currency, and insurance were introduced; and ‘modern’ social indirect capitals like roads, railroads, seaports, and communications were built. These physical legacies, furthermore, were claimed to have contributed to the economic development after the 1960s.

However, if modernization refers to the establishment of political and socio-cultural institution building and diffusing process which guarantees

individual freedom and autonomy in making decisions on their own life chances, there was no modernization during the Japanese colonial period. Modernity is “an ontological belief that one can choose his or her own life” (Meadows, 1971: 21). The life of the Koreans under the colonial rule was far from having rights to decide their own chances in political, economic, and social life. “Freedom, equality, social solidarity, subjectivity, rationality, reflection” are the universal principle of modernity (Chun, 2005), and Koreans under the Japanese colonial rule were excluded entirely, or substantially at best, and they lived in ‘modern condition without being a modern men.’

This ontological contradiction of Koreans under the colonial rule was assumed to be the constant source of identity crisis, which collectively led to Koreans’ cultural hybridity. The cultural implication of Japanese colonial rule was implanting the colonial hybrid culture, instead of Confucian mono-culture in colonial Chosun. The Confucianism as a ruling ideology and the social organizational principle had been dismantled and discarded from the official arena: it was left on the level of ethical practice at the individual level. In place of Confucian governing body, Japanese colonial modern bureaucracy took the center stage. Japanese cultural rule dismantled Confucian cultural hegemony, and the civil society in colony was ‘divided and ruled.’ Neither the Korean social group nor the Japanese colonial rule could claim moral authority over the Korean population. In the vacuum of moral authority, Koreans were atomized and relied on themselves. Koreans in daily life were forced to make an ambivalent decision on resistance or compromise to the colonial rule. We would hypothesize that this ambivalence at the individual level collectively led to cultural hybridity in Koreans.

When the liberation from the Japanese rule came, the dominant spirit of the time was to liquidate traitorous activities during the colonial era. However, such ‘felt obligation’ was diminished as soon as the American occupational forces took the control over Korea. Americans believed that those who ‘served’ to the Japanese would likely to ‘serve’ them as well. Therefore, those collaborators who fled for the fear of retaliation were brought back in their original positions in the state bureaucracy. In fact they came back to fill the higher blank positions that the Japanese had left. Especially, the personnel in coercive apparatuses of the state, like police and military, were the source of major grievances. They, however, did

not only remain as the source of resentment. In fact, they became deadly forces who eagerly sought victims to prove their 'reason for being'. They became staunch adherents of anti-communism for their own survival and prosperity in the post-liberated and ideologically divided Korea.

When the first Korean government formed liquidation of the traitorous activities during the colonial past was considered a more impending task than before, but nevertheless a more daunting task to be pursued. During the American occupation period, the collaborators had strengthened their foothold and a path was created along which stakeholders were strengthened. When 'the Committee for Punishing Traitorous Activities' was formed in the National Assembly, President Rhee obstructed its activities by various means and finally disbanded the committee. He also needed forces who can 'serve' him by any means, and for that purpose the collaborators of the Japanese rule were considered the most appropriate candidates. These unsuccessful attempts to clear the colonial past had severe adverse effects on the efforts to establish solid moral standard in the post-colonial Korean society. It implanted moral ambivalence and double ethical standards in the Korean cultural reservoir, thus adding complexity to the cultural hybridity.

A Composite Sketch of Hybrid Culture in Korea

The Korean historical vicissitudes described above constitutively constructed an authentic cultural hybridity in Korea. The composition of Korean hybrid culture can be conceived as 'end-justifies-the-means' tendency and the corollary of 'the discrepancy between institutions and action.' These tendencies conjointly tend to bring 'constant clash of cultural elements' in the Korean society.

We would say ends-justify-all is an outgrowth of 'ends-rational' activity in Weberian sense. According to Weber, ideal typical ends-rational activity is the core element of rationalization/modernization of the West, since it is based on the premise that it reflects on means, purpose, value, and results, as well as autonomy and sincerity of the actor (Chun, 2006: 54). The ends-rational activity is a result-oriented action, where results have the utmost priority. On the other hand, 'value-rational' activity is based on the belief in the value itself. It is a value-oriented action and the results of an action have secondary importance. While traditional religious beliefs belong to

value-rational activity, modernization was a process of 'disenchanted' religious dogmatic beliefs and bringing the result-oriented 'ends-rational' as a dominant form of activities in the society.

According to this Weberian interpretation of modernization, Chosun belongs to the 'value-rational' society, since the society had dominant cultural tendency of practicing Confucian beliefs, with results having less of a priority. Now we are considering the current Korean society as 'ends-justify-all,' i.e., mindless pursuit of results by any means, which is an overshooting form of 'ends-rational.' The Korean society skipped the 'ends-rational,' the hallmark of rationalization/modernization in the Western experience, and fast forwarded to the 'ends-justify-all' society.

The 'ends-justify-all' tendency in Korea has something to do with the particular characteristic of colonial modernization process under the Japanese colonial regime and the following post-colonization process during the American occupation. The Korean society had been overdetermined by the Japanese colonial version of 'partial' modernization as well as a 'cursory' version of modernization during the American occupation, on top of the fragmented Confucian Chosun. The failure to liquidate colonial past as well as the fact that the 'traitors' regained power in socio-economic and political arena in the post-colonization period provided a vivid morale supports to the Koreans who had the proclivity for the 'final outcome justifies all.' Similar incidences flooded afterwards. The military Coup was destined to be justified by the achievement in economic growth. Bribery and corruption were allowed as long as they were linked to economic achievement. Requests for democracy and labor's subsistence level of income were brutally suppressed under the ideology of 'growth first and distribution later.' These and similar cases accumulated and contributed to the 'ends-justify-all' and became a virtual norm in Korea.

In a word, without due rationalization process, the 'value-oriented' Chosun was replaced by the 'result-oriented' Korea in its extreme form. The 'ends-justify-all' tendency and corollary tendencies of the 'incoherence of institutions and actions,' and 'constant clash of contradicting cultural elements' became the norm of the post-liberation Korea.

The Korean Hybrid Culture in Action

How did the Korean hybrid culture contribute to the emergence of the

developmental state in the state-initiated catch-up economic growth process? To what extent and in what way did the Korean hybrid culture function as a cultural base upon which the state was embedded and legitimized in mobilizing human, material, and ideological resources in the state-led economic growth?

As seen in Figure 1, the prerequisite for the developmental state is to have a substantially high level of state strength, i.e., high levels of state autonomy and capacity—high enough to plan and execute industrial development project by intervening in the socioeconomic process, and by transforming industrial structure if necessary.

As we have argued before, the Korean state was constituted as ‘developmental’ in the process of executing the consecutive 5-year plan. At the outset of the military regime, the state strength was rather weak, with a high level of state autonomy but a low level of state capacity. Since the social background of the leaders of the military Coup was marginal in the military organization as well as in the Korean society, they were structurally autonomous in the beginning. On the other hand, the state’s capacity to intervene and transform stayed low as it was. Therefore, at the initial stage of the 5-year plan, the state’s action was hardly developmental at all. Given the heightened level of state autonomy, building the state capacity was considered impending. Consequently, learning and building state capacity by trial and error was prevalent.

‘Don’t think before run, run and think’ was the motto of the time. This ‘learning by doing’ spirit was well appeared at the preparation stage of the first 5-year economic development plan. It was prepared by a hastily organized team of officials, soldiers, and scholars, none of whom could claim expertise on economic planning. They set the economic growth goal of 7% per year, but the number was arbitrary in the sense that it was not based on the capacity of the state nor on the ability of the Korean economy. It was the result of a reversed calculation by doubling the size of the Korean economy in 10 years (Yoo, 1987). Regardless of the sincerity of the planning process, every source of capital in and out of the country was mobilized in order to meet the goal. From the beginning, the U.S. government turned down the proposal to fund the plan. National drive to savings was extended even to the elementary students. The soldiers’ stipends in the Vietnam War were forced to be saved and channeled to

the capital for the plan. In order to utilize the Japanese fund for colonial compensation, the naturalization pact between the two countries was signed in the midst of anti-government and anti-Japanese demonstrations. The Park's saying 'spit on my graveyard' (Park, 1997) was another way of saying that 'the ends will justify all means in the end.'

In fact, the 5.16 military Coup itself was a game of ends-justify-all. The leaders of the Coup had no other means to prove their sincerity but to promise to show specific results in the near future. They believed that a favorable result in economic development will bring an *ex post facto* legitimacy for the Coup (Kim, 2016). Consequently they executed the plan with vigor and mobilized resources by all means necessary. They brought a series of policy innovations and quite a few of them were institutionalized. These helped to build the mechanism of mutually reinforcing state autonomy and capacity. In the final analysis, the Korean state gradually acquired substantial level of state capacity to initiate and execute industrial policies effectively throughout the consecutive 5-year plans. Therefore the developmental state in Korea was an outcome of an institutional breakthrough rather than an institutional reproduction of the historical colonial legacy.

By the 1970s, the state could initiate the grand industrial deepening project of the heavy and chemical industrialization (HCI). As mentioned before, however, even though the project had started with high levels of state autonomy and capacity, an 'undercutting feedback' of lowering state autonomy followed by lowering state capacity was developed, which substantially reduced the level of state strength and led the developmental state into an insurmountable crisis by the end of 1970s (Kim, 1990). The undercutting which led the state to have a deteriorating level of state autonomy widened the chasm between aggrandizing *chaebols* and the small and medium business sector on one hand, and the workers and the peasants who are left out from the project on the other.

The state also had developed a parallel tendency of substantially reducing the state autonomy *vis-à-vis* the labor. The Korean developmental state took a contradictory stance in dealing with the labor in juxtaposing mobilization and exclusion (Lee, 2004). The state utilized traditional Confucian culture as an ideology of mobilizing labor while using modern labor policy as instruments of control and exclusion. This hybrid labor

policy, together with the deteriorating level of state autonomy *vis-à-vis chaebol*, put the labor control regime into a deep crisis, and it contributed to the decline of the developmental state fatally.

Although the state criticized the traditional Confucian culture as a regressive ideology which dragged the country backward throughout the history, some ideological elements were ‘conveniently’ singled out of the whole belief system for the purpose of ideological mobilization of the population. For example, in order to mobilize and domesticate female workers to light-weight industries, Confucian ‘filial piety’ ideology was utilized. Female workers from all over the country gathered into industrial complexes in order to work for their family members, to support their brothers’ schooling or subsidize their parents. Although females did not have designated position within the Confucian cultural belief system, the female workers were mobilized unknowingly through the traditional Confucian ideology of ‘filial piety’ and patriarchy.

Furthermore, this contradiction of mobilization and exclusion was also present at the labor organizational level. When female workers in many workplaces tried to organize democratic union at the company level in place of company-backed *oyoung* union, obstructions came from the union hierarchy. In fact they were controlled by the 3 tiers of organizational labor hierarchy: company, regional, and national levels. Female workers soon became aware of the contradictory position they were in; although they were mobilized by the state as obedient Confucian girls, they were excluded from every level of labor organizational hierarchy: the company, co-opted labor unions, and the state. The female workers in the *cul-de-sac* went outside of the factory and demonstrated their claims on the streets which fatally damaged the ‘stability’ of *Yushin* political system. The following chain of political incidents which led to the collapse of the authoritarian political system is a well known history by now.

If we can say the legitimacy crisis of the heavy and chemical industrialization was a blow from the above, the crisis of labor control system was an ‘uppercut’ from below. Both blows were strong enough to collapse the Park regime and the decline of the ideological legitimacy of the developmental state. The implication of the demise of the developmental state on the institutional change in the post-developmental era follows in the next section.

Table 2 Types of Institutional Change

	Displacement	Layering	Drift	Conversion
Removal of old rules	Yes	No	No	No
Neglect of old rules	-	No	Yes	No
Changed impact/ enactment of old rules	-	No	Yes	Yes
Introduction of new rules	Yes	Yes	No	No

Source: Mahoney and Thelen(2010: 16)

IV. Unmaking of the Korean Developmental State: Institutional Change

1. A Model of Institutional Change

How does the state as an actor and institution change? How and why do institutions allow actors to carry out behaviors that foster the change? Following Mahoney and Thelen (2010: 15-17), we have a typology for institutional change: displacement, layering, drift, and conversion. Table 2 delineates the typology.

‘Displacement’ is present when existing rules are replaced by new ones. The rapid, sudden breakdown of institutions and their replacement with new ones that accompany revolutions or reforms involves displacement. ‘Conversion’ occurs when rules remain formally the same but interpreted and enacted in different ways. The gap between the rules and action is produced by actors who actively exploit the inherent ambiguities of the institutions.

Displacement and conversion types of institutional change are more likely to take place in the political circumstance where there exists no strong veto power. While conversion requires a certain level of administrative capacity of the state, it is not for displacement.

‘Layering’ occurs when new rules, including amendments, revisions, or additions are attached to existing ones, thereby changing the ways in which the original rules structure behavior differently. ‘Drift’ take place when rules remain formally the same but their impact changes as a result

of shifts in external conditions. If someone's inaction has the effect of altering substantive outcomes, drift is present.

Layering and drift are likely to occur when there exist strong veto powers. Ineffective and incoherent actions of the state bureaucracy may invite layering and drift in state policies.

2. The Decline of the Korean Developmental State

As we have discussed in the sustaining of the developmental state in Korea, the state could maintain 'mutually reinforcing feedback loop' through which the state ensured its high levels of state autonomy and capacity. Figure 1 clearly shows this relationship.

The state-led industrialization policies during the 5-year plans, including the military regime-induced industrial policy change from ELI to ISI, belong to the displacement. The conversion had occurred when the male-centered Confucian belief system of 'filial piety' was utilized by the Korean state in mobilizing the female labor into the 'dehumanizing' working conditions during the 1960s-70s.

However, there were 'undercutting mechanisms' undermining the levels of state autonomy at first, then followed deteriorating levels of state capacity, which ultimately resulted in the decline of the Korean developmental state. Figure 2 shows the process of dismantling the developmental state and the sequence of the state change in the post-developmental era in Korea.

The fatal blow to the Korean developmental state which substantially weakened the level of state autonomy came unintendedly from the state-initiated industrial deepening project of the heavy-chemical industrialization (HCI). In the early 1970s, in the midst of internal and external crisis, the Korean state with high levels of autonomy and capacity initiated the industrial deepening project. In fact, the HCI was conceived and executed on the premise that the state could maintain a high level of state autonomy vis-à-vis *chaebols*. However, in the HCI process *chaebols* effectively balkanized the state apparatus according to their private interest pursuance, and it substantially undercut the level of state autonomy (Kim 1990). Drift took place when *chaebols* aggrandized their economic power through the participation of the HCI project strong enough to change the relationship

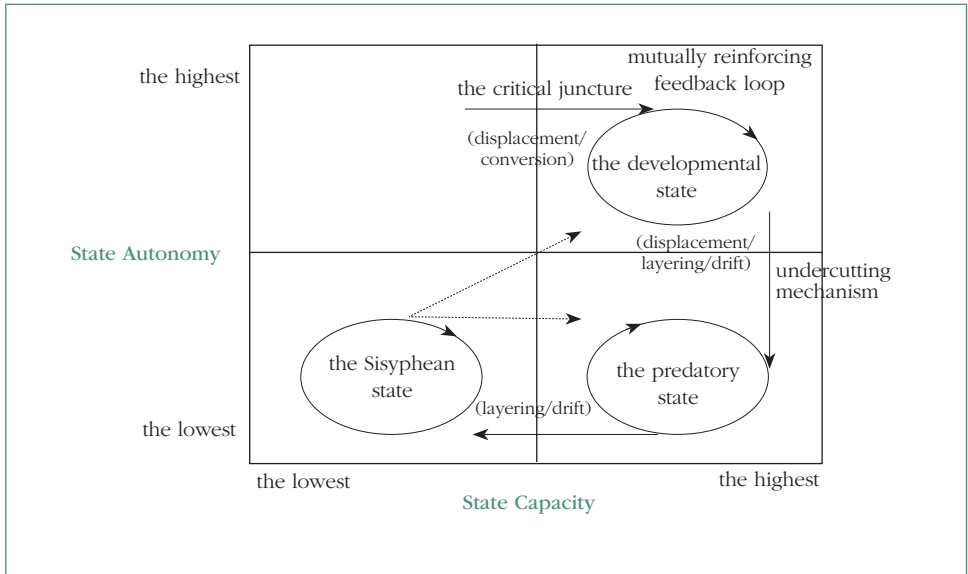


Figure 2 The Demise of the Korean Developmental State, and Overdetermination of the Predatory state and the Sisyphian State

between the state and *chaebols*, lessening the level of state autonomy and endangering the project itself. Since the scale of the project was vast in size and range, the implications were also tremendous.

Inaction of the state in regulating the *chaebols* in the end of the HCI project significantly shifted the relationship between the two and forced the Korean state to give up its standing ‘officially’ as a ‘developmental’ state. Layering had occurred when the ‘liberalization’ of Korean economy under the 5th republic, and the ‘neo-liberalization’ of Korean economy under the IMF rule in 1997 were attempted by the state. Instead of the intended ‘displacement’ of the properties of Korean developmental state, however, these radical turn in policy attempts ended up with ‘layering’ neo-liberal order alongside with the existing strong statist orientation. We would have a hypothetical expectation that the duality between *de jure* and *de facto* in the process of unmaking of the Korean developmental state might be the cause of incapacity of the Sisyphian state in Korea.

While *chaebols*, who were eligible to the favoritism, were aggrandizing rampantly absorbed the state mobilized resources, the medium-small

business sector, labor, and peasants were not invited to the drive toward the prosperity. When Koreans had surmounted absolute deprivation of 'spring famine,' a wide river of 'relative deprivation' was waiting for them. The workers' and peasants' requests to be fared more equally in socio-economic and political terms were brutally suppressed under the ideologies of 'growth first distribution later,' and 'national security.'

Although the state's self-claim to be a 'guardian of general interest' might have been a legitimate source of the state autonomy at the time of seizing power through the military Coup, the state failed to institutionalize the claim into social distributive policy so far, and thus it was merely left at the ideological level. Therefore, without any institutional base, the state autonomy eroded quickly. The rapid decline of the Korean developmental state resulted in bringing a syndrome of regressive post-developmental state, ranging from a predatory to a Sisyphean one.

3. the Post-developmental Syndrome in the Korean State

According to the state theory of the neo-liberal political economy, political elites and bureaucrats are eager to pursue their own private interests by utilizing the official position in the government (Krueger, 1974). The state, in this sense, is 'predatory' (Levi, 1981). Since the state bureaucrats are rational and their rational rent-seeking behavior at the individual level is detrimental to the society at the collective level, the theory suggests that, the economic role of the state should be minimized.

The Korean state particularly under the 5th and 6th republics, '*Munmin*,' and Lee governments are more or less close to the description of the predatory state. Considering the astronomical amounts and wide range of rents which were disclosed at the hearings of the National Assembly after the end of respective regimes, the Korean state was a highly effective rent-seeking state, or rather an omnivorous predatory state. The sons and brothers, relatives and friends of the Presidents were the cadre of rent-seekers. They utilized the high level of state capacity for the purpose of aggrandizing their own private interests and significantly undercutting the remaining levels of state autonomy.

A Sisyphean state is another sign of the post-developmental state syndrome. While the predatory state has a certain level of state capacity

with a given low level of state autonomy, the Sisyphean state has a very low level of capacity and autonomy. The past Park government is the case in point. As shown in Table 1, the state presented 3 different versions of the 'Future Growth Engine Strategic Plans' in 3 consecutive years. It proves the point that the state does not have capacity to plan and initiate any workable industrial project. It is evident from Table 1 that the state under the Park government seems to be unafraid of failure, since its prepared plans were born to fail habitually.

The endless repetition of insignificance is a hallmark of Sisyphus. The state acts like Sisyphus who is enchanted by the legacy of industrial planning of the developmental state. How can we disenchant the Sisyphean state?

V. Disenchanting the Sisyphean State and Making of a Viable State

The emergence and prosperity of the Korean developmental state had been embedded, justified, and sustained in the Korean hybrid culture. Although the hallmark of the Korean developmental state, i.e., the state-initiated catch-up economic development effort had implied the ever-widening gap in socio-economic distributional terms and increasing injustice in political arena for the sake of 'growth first distribution later,' it was legitimized and encouraged by the ends-justify-all means tendency in the Korean hybrid culture. Thus the undercutting mechanism which led the developmental state to deteriorate its level of state autonomy was developed within the system under the auspices of the hybrid culture.

The post-developmental state syndrome in Korea was highly volatile. The rampant elements of predatory state which immediately followed the 'official' demise of the developmental state in 1980 lasted until the early 2010s, and now a Sisyphean state, another syndrome of the post developmental state, is overdetermined. This highly inefficient and ineffective state is incapable of executing even the 'routine' practice of the predatory state in extracting rents, and thus it provoked resentments from the disgruntled conservative alliance in general. The innovative tactics for the future industrial growth strategy with which the Sisyphean state

had tried to initiate turned out to be based on a groundless optimism as illustrated in Table 1. It was a 'laundry list' which included all possibilities and many of the items of the plan were repeats of other innovative success stories. This compulsive behavior of the Korean state in the ICT field in the 2010s is a recapitulation of the past success story of the developmental state in the 1960 and 70s. The Sisyphean state acts as if it is enchanted by the 'ghost' of the developmental state.

We may hypothesize that this peculiar anachronism is the result of an 'uncompleted' process of unmaking of the Korean developmental state. Since the economic liberalization in the 1990s, and particularly under the guidance of IMF's conditionality in 1997, the Korean state officially declared the dismantling of the developmental state. The state dismantled the Economic Planning Board (EPB) and gave up the function of planning industrial development. However, the Korean state never gave up all of its intervening economic role in the market. Therefore, in terms of institutional change, although there was *de jure* dismantling of the developmental state, what really took place was *de facto* remaining of the traits of the developmental state, including setting up industrial strategies and intervening market directly and indirectly. In terms of Mahoney and Thelen (2010: 15), we would say that there had been 'layering' and 'drift,' rather than 'displacement,' in the post-developmental era of the Korean state. As we have discussed earlier, the 'displacement' means the removal of existing rules and introducing new ones in times of unusual circumstances such as revolutions or reforms. While 'layering' refers to the introduction of new rules on top or alongside of existing ones, 'drift' occurs when there is a changed impact of existing rules due to shifts in the environment. Figure 2 illustrates the probable location of these types of modal institutional change.

How can we disenchant the Sisyphean state and what are the possibilities of achieving a viable state in Korea? This essay proposes 3 logical possibilities which are to be further explored and thoroughly examined later. One possible venue is the sustainment of current state of the art. This is more likely when the current inability of the state, civil society, business sectors of big and medium-small, and labor to mobilize enough human, material, and ideological resources to make a viable turn remains more or less as it is. At this juncture, layering and drift would be

the most common types of institutional change.

Other possibility is returning to the predatory state. It is possible when the state elites enhance only the level of extracting capacity of the state, maintaining the low level of state autonomy untouched. We repeatedly witnessed the effectiveness of the state capacity in extracting financial resources from the society for the sake of personal and factional interests under the past governments. It would be plausible in the future.

The other possibility is a more daunting task but worth the endeavor. It is bringing institutional innovations back to build a viable state, such as a 'welfare developmental state.' In terms of institutional change, we may speculate, it requires institutional 'layering' of welfare function on *de facto* developmental state. The state should have a high level of state autonomy *vis-à-vis* the potent socio-economic and political actors in order to set up policies which are suffice to satisfy the state as 'a guardian of general interests.' Based on this ideologically legitimized ground, the state may build up capacities to effectively intervene in the working of the socio-economic and political processes and execute the distributive policies with significant results.

Beyond this institutional level, the change of the state needs to be conceived in cultural terms in order to ensure sustainability and legitimacy. Most of all, it requires the mobilization of ideological support from the population by bringing back the communitarian tradition of moral economy in the Korean culture. In a sense, it would be fortunate to have the ends-justify-all tendency in the Korean hybrid culture which would allow the state to have a substantial degree of freedom in conceptualizing and executing the institutional innovation of constructing the 'welfare developmental state.'

Korea is at a crossroad of choosing alternative forms of the state. On one hand, sustaining the current Sisyphean state or returning to the predatory state would be plausible. On the other hand, bringing an institutional innovation, institutionalizing 'a welfare developmental state', would be a challenging but a rewarding alternative. This realigning of the relationship between the state and economy needs to be embedded in the Korean culture to have legitimacy and sustainability. These ingredients, however, are already in the reservoir of the Korean hybrid culture, and thus legitimacy and sustainability are more or less easily going to be guaranteed.

Most of all, building a welfare development state would be a sure way of disenchanting the Sisyphian state in Korea.

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