

The politics of economic cooperation: industrialization in South Korea and Japan's Official Development Assistance

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Abstract

Japan's economic cooperation played an important role in the early stages of South Korean Economic Miracle. Despite various difficulties, Koreans won Japan's cooperation to many of their industrialization projects, by which they could strongly propel the upgrading of its industrial structure. The paper explores how this became possible by looking at the political processes. The Korean Miracle has its origin in 1961 and within a generation since then, the developmental South Koreans transformed their impoverished resource poor agrarian economy into a fully developed industrial democracy. Japan's cooperation both in terms of finance and technology was critical here at least as a catalyst. Japan's ODA almost constantly accounted for more than 30% of Korea's total ODA receipt. US shares constantly decreased from over 60 % in 1970 to nearly 20 % in 1980 and only to one digit figures in the following year. The study explores how these economic relations developed, contributing to Korea's economic advancement by looking at all the political processes both within as well as between both countries. The examination of the history tells us how the process of economic cooperation was indeed political.

Introduction

The Republic of Korea (ROK or South Korea) is one of the most celebrated cases of what-was-called the East Asian Miracle. Its per capita GNP was only 239 U.S. dollars in 1962 (EPB 1982: 358), when the country embarked on its First 5-Year Economic Development Plan, but it steadily and yet rapidly increased to 10590 dollars in 1996 (OECD 2000: 168) when Korea was admitted into the OECD, the rich-nations club. This is called "the miracle of the River Han," or the Korean Miracle.

The miracle has its origins in 1961, when Park Chung-Hee came in power through a military coup. Only within a generation since then, the *developmental* South Koreans transformed their impoverished resource-poor agrarian society into a fully-developed industrial democracy. Heavy industrialization in the 1970s played an important role in this drastic transition, though this program was very controversial domestically as well as internationally since it also created huge costs to the people and the economy. Japan's cooperation both in terms of finance and technology was critical here at least as a catalyst. Throughout the 1970s, the Japanese ODA almost constantly accounted for more than 30% of Korea's total ODA receipt, with the increasing tendency from the late 1970s into the 1980s. The U.S. share constantly decreased from over 60% in 1970 to nearly 20% in 1980, and only to one digit figures in the following years. When private flows are also included, the total financial flow of resources from Japan most often surpassed that from the U.S., accounting for nearly around 40% of all (OECD 1977-1993). However, the relevant aid programs and private economic cooperation were controversial in Japan as well. Economic cooperation to South Korea was politically quite sensitive due to various reasons including the history and the relations with the North. Despite all the difficulties, however, sometimes through extremely tough negotiations, Koreans won the help of Japanese assistance to many projects, by which they could strongly propel the upgrading of its industrial structure. Existing possibilities were sought for as much as possible so that the limited resources were effectively, if not efficiently as some argue, mobilized, and then utilized. However, due to some sensitive reasons, Japan-Korea economic cooperation has little been studied so far, despite its importance at least for Korean economic development, particularly industrialization.

Accordingly, this paper explores how these economic relations developed, contributing to Korea's economic advancement, by looking at the political processes both within each country as well in-between. The relations with third countries, particularly those with the U.S., the most important ally for both Korea and Japan, would also be examined.

Situation in South Korea

When Japan and the Republic of Korea normalized their relations in 1965, the Korean government was led by President Park Chung Hee, who came into power by a military coup in 1961. The young military general who led the coup had a firm

commitment of rescuing his people from absolute poverty and making the country developed. It was one of the most typical developmental regimes in East Asia which tried to establish their legitimacy through attaining developmental goals. After two-and-a-half years as head of the interim government, Park, who had already retired from the military service, was elected as president in late 1963 and stayed in office until October 1979, when he was finally assassinated by the head of intelligence. During his rule, which became more and more authoritarian as time passed, the country achieved what is called *the Korean Miracle*, the sustained high economic growth driving the impoverished agrarian society to one of the fully developed industrial democracies by the end of the century.

When Park came into power in the early 1960s, the country was really poor. Korea's per capita GNP in 1962, the year when they embarked on the First 5-year Economic Development Plan, was only US\$239. It started growing rapidly afterward, yet was still only \$280 in 1965 (EPB 1982: 358-359), when Korea normalized its relations with Japan.

In order to keep the commitment and make the nation wealthier, the necessity for capital was unquestioned. Extensive poverty meant very little domestic savings. It had no natural resource or agricultural product for export to earn foreign exchange. In a Cold War front line country with the experience of real war which was only suspended without a peace treaty ten years earlier, nobody outside the country was willing to invest. As a result, South Korea had been supported by huge U.S. economic assistance since the end of the Korean War, but the U.S. aid was decreasing in the mid-1960s, and was expected to be terminated in some years. Korea desperately needed other sources of capital in particular foreign capital. West Germany, also a divided nation under the postwar Cold War system, offered some assistance, yet it was not enough to realize the commitment to promote development and alleviate poverty. It was such a situation that drove Park and his government for the early settlement of the controversial normalization with Japan.

The Korean peninsula was ruled by the Japanese for 35 years until the end of the World War II, when Japan was defeated and abandoned all the newly acquired territories in the previous decades of its modernization. Urged by the U.S., normalization talks started as early as in 1951 when Japan was still under the U.S. post-war military occupation. However, the negotiations did not proceed smoothly

due to the deep discrepancy of the recognitions both sides held over the past. The Korean side demanded enormous compensation for the colonial rule they suffered from, while the Japanese responded with too little, sometimes even claiming that Korean people had to thank Japan since colonization somewhat promoted modernization of the peninsula. Reaching compromise acceptable to both sides seemed to be extremely difficult. It became clear, by this time, to the new leaders, however, that normalization would surely bring Korea a substantial amount of foreign exchange as *economic cooperation*. Park decided to go for this, and sought for an early conclusion, e.g. through considerable compromise in terms of the amount they claimed. The opposition and the people were furious, calling this deal as a national shame. The government needed finally to suppress the angry demonstrations by force, which was politically costly, yet in the end it secured three hundred million dollars in grant, two hundred million dollars in yen loan, and another more-than-two-hundred millions as private loans to be provided by installments over ten years. It also opened the way to the possibilities for further economic cooperation and technical assistance, both of which were critical for further industrialization and development.

With the concerted effort between the government and the people for development, the goals of the First 5-year Economic Development Plan (1962-66) were successfully attained and some basic infrastructures such as those for power and transportation were established as well as some basic industries, and exports were promoted to earn foreign exchange (EPB 1982). On the basis of these achievements, the major targets for the Second Plan period (1967-1971) included laying the foundation for upgrading the industrial structure. Establishment of an integrated steel mill was designated as a priority along with petrochemical and machinery plants (Republic of Korea, 1966). Foreign capital and advanced technology were indispensable for these projects, yet these were not available domestically. The government needed to obtain these from abroad.

When the Koreans were trying hard to attain these new targets in the latter half of the 1960s, the external environment started to deteriorate, raising uncertainties and concerns for them. The U.S. was trapped in its deepening involvement in Indochina, while in Korea, *infiltration* incidents by North Korean commandos were often reported. Allegedly, the Labor Party Conference of the North had decided to advance a policy of unification by force. Park and his government

started to feel that the security of the country was now gravely threatened. They had been totally dependent on the U.S. for their fragile security after the Korean War. However, toward the end of the 1960s to early 1970s, they were becoming increasingly anxious about U.S. security commitment to Korea. In fact, President Nixon released what-was-to-be-called the Nixon Doctrine in 1969, declaring that the U.S. ground forces would not be involved anymore in any regional conflicts. Later, in 1971, the U.S. unilaterally withdrew one-third of its troops from South Korea, and Nixon visited Beijing in the following year. Establishing self-defence emerged as an urgent priority for the Koreans, but it was not easy, either.

South Korea then did not have any military industry. Even a single rifle could not be produced domestically. Establishing self-defence absolutely needed a military industry, which in turn required a strong heavy industrial base. Accordingly, heavy and chemical industry came to be necessary not only for realizing more sophisticated industrial structure, or even merely for prestige, but for the very vulnerable national security. It was understood to be the issue of national survival, while the 1970s is usually regarded as the era of *détente* in international politics.

Under the sensitive emergency atmosphere, the political regime developed to be more authoritarian and repressive with a notorious new constitution. This authoritarian developmental regime strongly propelled heavy and chemical industrialization both for growth, export, and security, achieving hyper economic growth and the transfer of industrial/export structure to the one based upon rather sophisticated heavy and chemical industry almost only in one decade. After the assassination of Park, the succeeding regime led by another retired general Chun Doo Hwan took the similar way. Under the renewed Cold War tensions in the 1980s, both Japan and the U.S. strongly supported this regime, and thus Chun could firmly establish the basis for the successor, Roh Tae Woo, also a retired general, to make the nation as a modern, industrial democracy. Seoul held the Olympic Games in 1988, through which the whole international community recognized and appreciated the country's development.

The post war Japan's politics and diplomacy

The post-war Japan's diplomacy started practically in 1952, when the San Francisco Peace Treaty came into effect in April in the year. In the first issue of its *Blue Book of Diplomacy* published in September 1957, the Ministry of Foreign Affairs

declared the three principles of Japan's foreign policy, which are: 1) the U.N. center-ism, 2) coordination and harmony with the liberal countries in the western bloc, and 3) the identity as an Asian nation (Ministry of Foreign Affairs 1957: 7-8). However, it is usually widely understood that these principles were only *diplomatic*, or even cosmetic (e.g. Iokibe 1999:20), and the real policy was known as the Yoshida Doctrine, which is also summarized into three main points, namely, 1) the supremacy of Japan-U.S. relations, 2) coordination and harmony with other western nations only within the framework of the 1) above, and 3) importance of economic matters (with less consideration on security, which was assured by the U.S. under the U.S.-Japan Security Treaty).

This policy was basically successful, at least in the first few decades. In the Cold War international political economy of the latter half of the twentieth century, Japan's special alliance with the U.S. gave the country the favorable environment where it could, first, save substantial money otherwise to be spent for defence, and second, obtain the opportunity to concentrate on economic recovery and development with the almost secured market first in the U.S., then in South East Asia.

Japan enjoyed its miraculous high economic growth from the early 1960s to the mid-1970s, and became the second largest economy next to the U.S. as early as in 1967. Its economic cooperation program started in 1954, when Japan participated in the Colombo Plan and initiated technical cooperation to South East Asian countries. However, it was very small, almost minimal in scale, and more substantial part of its initial Official Development Assistance program took in fact in the form of post-war reparation payment.

Reparation payment was a heavy burden for Japan, though the amount had already been substantially reduced in the Cold War international political economy. Nevertheless, Japanese leaders soon accommodated themselves to the situation and tried to utilize the payment somehow in a way beneficial to Japan by establishing friendly ties with the recipient countries. The Ministry of International Trade and Industry (MITI) explicitly tried to connect this to export promotion and securing natural resources (e.g. MITI 1961). Starting in 1955 to Burma, Japan paid post-war reparations and semi-reparations to twelve countries in Asia and the Pacific. The total payments over 22 years amounted to more than 525 billion yen (U.S. 1.5 billion dollars), finally ending in 1976 (MOFA 1977). In fact, it would

be proper to say that the reparation payments and related economic cooperation made substantial contribution not only to the recipients but also to Japan by facilitating its economic relations with Asian countries without raising local political concerns, which could otherwise be rather difficult. Reparation payments was categorized as Official Development Assistance (ODA), and accounted for more than half of the total ODA in 1960 and 1961, and more than 40% in the following two years (MITI 1975).

On the other hand, as was expressed in the Yoshida Doctrine, Japan was reluctant to play a political role in the international community. Particularly in the field of security, due to its historical past and what-is-called peace constitution and the Japan-U.S. Security Treaty, Japan was heavily dependent on the U.S. even for its own national security, while it gradually built up substantial military capability of its own. Its possible contribution to the regional/world security was narrowly limited only to the provision of the bases to the U.S. military forces.

Toward the end of the 1960s, however, with the increasing economic power and influence of Japan in the world, the U.S. started to demand some burden sharing to Japan in the region. The situation in Vietnam was turning against the U.S. Domestically, the fiscal burden of waging war bore heavily on the federal treasury, and the anti-war popular movement was raising voice. The U.S. could no more bear all the responsibilities for security in East Asia and the Pacific. Some of them needed to be transferred to the new emerging power in the region.

On the domestic front in Tokyo, policy toward Korea often involved sensitive issues because there were both pro-North and pro-South wings in the mainstreams of Japanese politics. Because of the colonial history, some influential leaders in the ruling Liberal Democratic Party (LDP) and the business community had personal ties with South Korean elites. They formed associations such as Japan-Korea Economic Association that played important roles in Japan-Korea economic cooperation after the normalization of relations. On the other hand, there were pro-North leaders as well not only in Japan Socialist Party (JSP), which was the strongest opposition in the so-called 1955-system, but also in LDP due to the existence of large Korean communities in their constituencies. With the backing of these politicians, General Association of Korean Residents in Japan could work as an effective pressure group as necessary in the Japanese politics. In addition, not only the North-related political activities, but sometimes anti-government political

activists against the authoritarian leadership in the South also chose Japan or the United States as their fields of activities due to the strong repression within their own countries against them. They tried to use public opinion of these democracies as the pressure against their own government.

It is often agreed that foreign policy does not usually have vocal domestic constituency. Issues of economic cooperation, in particular, are usually understood to fall in the administrative domain. The Diet rarely took up these issues, and thus they were almost exclusively dealt with within the bureaucracy. Literature on Japanese economic assistance usually argues decision making power was rested within the bureaucracy, particularly among four relevant ministerial agencies: the Ministry of Finance (MOF), MOFA, MITI, and the Economic Planning Agency⁹³³. However, Korea was an exception. The above-mentioned situation often made Japanese foreign policy toward the Korean peninsula politically sensitive and controversial.

International environment: the U.S., common alliance partner and China.

The United States is the single most important alliance partner for both Japan and South Korea. However, for most of the postwar period in the twentieth century, the alliance relationships among these three countries were quite deformed at least in two ways. First, while it could be called as the U.S.-Japan-ROK alliance, the Japan-ROK part of this triangular relationship, in fact, was almost missing. Even with the other two clearly existing relationships, secondly, these relationships were not those between equal partners but almost unilateral particularly in terms of security. Both of Japan and South Korea were almost totally dependent on the U.S. forces for their own national defense, while they could offer very little to the U.S. in return. In addition, at least at the initial stages of the postwar development, both countries were heavily dependent on the U.S. economic assistance as well, and then, later, their economy relied much on the U.S. market for their products. Washington was quite generous to these two East Asian allies in the Cold War international political economy.

As time passed, however, during which Japan entered its high economic growth period, with the increasing difficulties in Vietnam and the accompanying severe fiscal burden on the federal expenditures, the United States under Richard Nixon started partially to retreat from Asia at the turn of the decade, demanding

some burden sharing to the countries in the region.

Considering the importance of the U.S. role in the region in the 1950s and 1960s, it is natural to assume such a new foreign policy of the U.S. would pose a great security threat to the whole region. As argued above, it was indeed understood to be a great threat to South Korea, raising serious concerns and uncertainties. To Japan, however, it was probably rather an opportunity to pursue its independent foreign policy rather than to continue its dependence on the U.S., yet still under the U.S. nuclear umbrella. Burden sharing in terms of economic cooperation was inevitable and rather welcomed, and as argued by some scholars such as Calder (Calder, 1988), the U.S. demands and pressures were sometimes used in Tokyo to mitigate political opposition. Only concerns for the Japanese leaders were the possibilities of future competition with those countries which Japan would be assisting. The negotiations on Japan's cooperation with Korea's heavy and chemical industry were a case in point to be illustrated in the next section.

Another big change in East Asian international politics from the end of the 1960s into the 1970s also posed a threat to Korea yet another opportunity to Japan. The People's Republic of China, which was already a heavy-weight in the international community since the mid-1950s as one of the leaders of the non-alliance nations, was admitted to the United Nations in 1969, virtually ousting Taiwan, the Republic of China, became a permanent member of the Security Council. Ascendance of China in the world was further amplified by the power politics. The U.S. suddenly announced in 1971 that it started normalization negotiations with China, and President Nixon would visit Beijing next year. China at that time had frictions with Moscow. Certain ties with Beijing and Washington were understood by both of the countries as gaining some leverage over the Soviet Union. This move shocked the world including Japan, yet it was also warmly welcomed by Japan, and later by many other industrial countries in the West. Japan's policy to China in the 1960s had been realistic. Japan had kept substantial commercial relations without diplomatic ones. However, with the deepening U.S. involvement in Vietnam, which naturally worsened its relations with China, Japan was hesitant to further its relations with China because Japan at that time had a special reason to keep good relations with the U.S., aiming for the return of Okinawa, the islands territory which had been occupied by the U.S. since the end of World War II, on some favorable conditions. In order to finally put the end to

its postwar arrangements, the Sato government was determined to realize the full recovery of its sovereignty over all the territory. Therefore, this unexpected change of U.S. policy to China was understood to be a sign long awaited for by Japan. Japan followed suit, establishing diplomatic relations with China only within seven months after Nixon's visit to China.

The situation was not that simple for Korea. As explained already, this increased uncertainties for Korea to an unprecedented level. South Korean leaders felt that they could no more depend on the U.S., or any other big powers who would easily sacrifice the interests of their small allies. The Okinawa issue, which was principally only a bilateral issue between Japan and the U.S. also raised a serious concern in Seoul because full recovery of sovereignty of Japan over the islands would lay restraint on the U.S. usage of the bases there. The U.S. forces in Okinawa were considered to be critical for security on the peninsula.

The international politics of *détente* alienated South Korea so that they became determined to pursue the path for self-reliance, while it encouraged Japan, the second largest economy in the western bloc, to take a more independent foreign policy.

The negotiations

Park Chung Hee and his government needed to manage the above-explained complex environment and attain their goals. Theories of the developmental state usually emphasize the importance and centrality of the state in managing the economy, and tries to elaborate the politics where the state elite most typically, the political leadership and the relevant bureaucratic elites maintained their autonomy (e.g Haggard 1990) or embedded autonomy (e.g. Evans 1992, 1995) from society, by which they could formulate and implement due policies without being disturbed by irrational domestic politics. However, this concept of insulation or embedded autonomy does not solve the problem of external funding or technology. These come from abroad, and the potential providers of these resources are usually too mighty for the elites in developing countries to influence, or even to effectively negotiate with. Particularly for Koreans, all the neighbors and relevant parties except for the antagonistic North Korea were much more powerful than themselves in every respect. Obtaining external assistance as they wish was not easy at all, and attracting private foreign direct investment was also difficult for a Cold-War

front line country.

Under such circumstances, as explained above, normalization with Japan assured the availability of some external funding. 300 million dollars in grant and 200 million in loan in addition to over 200 million of private credit were agreed to be provided over ten years in yearly installments. In order to implement this smoothly upon the Japan-ROK Economic Cooperation Agreement signed in 1965, Korea prepared necessary legislation regarding the usage and management of the fund. The basic principles were that the grant was mainly used in order to increase rural income, while the loan component was for raising the national standard of living through promoting balanced growth of industries (EPB 1982: 82-85). The Korean side prepared a draft annual plan of the usage to be discussed at a joint committee meeting between Japan and Korea, which would finally have to be approved by the respective government (MITI 1969: 237).

In addition to this earmarked money for ten years, additional economic cooperation was sought for from Japan both to supplement the decreasing U.S. aid and to further propel the country's development plans, particularly for agricultural and industrial development in accordance with their Five-Year Economic Development Plans. For this purpose, "as the basis for Japan-Korea cooperation" (Ko 1974: Chapter 5), Prime Ministers Sato (Japan) and Cho (Korea) agreed to institute the annual ministerial conference between the two countries. This meeting, made up of ministers-politicians - starting in August 1967, played an important role in deciding the overall picture of cooperation. Though lengthy detailed negotiations and elaborate technical preparations by bureaucrats/technocrats on both sides preceded the annual ministerial meeting, which actually made the negotiations almost continuously throughout the year, final decisions were made by the ministers at the conference of a few days a year. The nature of discussions and negotiations were sometimes very political.

In addition to this official conference, there were also significant channels of mutual understanding and cooperation in the private sector. The Korea-Japan Private Sector Joint Committee was established in 1968 to promote joint venture business, followed by the creation of the Korea-Japan Cooperation Committee in the next year. The latter had sub-committees for politics, economy, and culture respectively, and two former prime ministers assumed the positions of the first presidents on both sides. It dealt with wide-ranging issues over years, and worked

as an important juncture between the nations by connecting public and private elites in both societies.

Notwithstanding these deepening ties and institutionalization between the elites particularly since the late 1960s, when Korea had already got onto the track of its high economic growth, various political uncertainties and disturbances as described above emerged one after another so that the bilateral relations did not necessarily develop smoothly. For instance, the Okinawa issue raised concerns and suspicion among Koreans against Japan, while *détente* for Japan was understood to offer an opportunity, in general, to pursue its independent foreign policy, balancing the policy toward the South and the North. Japan also approached China immediately following the U.S., completely changing the power configuration in the region. The situation was further aggravated by the authoritarian domestic politics and the South-North problem: most notably the Kim Dae Jung incident in 1973 and the attempted assassination of the president in 1974. The bilateral relationship became so tense to the extent that many observers anticipated rupture of diplomatic relations in late 1974. The above-mentioned annual ministerial conference was delayed in 1973, and even cancelled in 1974. Just before the opening of the delayed 7th Annual Ministerial Conference in December 1973, Japan's Minister for International Trade and Industry, Nakasone published his ministry's basic attitude to economic cooperation with Korea to the effect that the annual ministerial conference from the following year would only discuss about the overall economic relations and detailed cooperation programs and projects will be dealt with as administrative matters. Economic cooperation issues were to be depoliticized and delegated to bureaucrats. It was a major revision of the role of the ministerial conference and the meaning of economic cooperation in the bilateral relations.

Private economic ties were not necessarily directly affected by these fluctuations in inter-governmental relations, yet ascending China and its antagonistic stance to South Korea substantially affect the motivations of the private sector to opt for going to the country in the first half of the decade.

However, the situation drastically improved in 1975 by the fall of Saigon in Vietnam. The emergence of a united communist Vietnam revived the Cold War tensions in Asia again, leading to the New Cold War in the 1980s after the Soviet aggression against Afghanistan. Under the new strong conservative

leadership in all the three countries, Ronald Reagan in the U.S., Nakasone Yasuhiro in Japan and Chun Do Hwan in South Korea, these countries renewed their alliance in the 1980s, and another large batch of Japanese loans were provided after lengthy negotiations at the ministerial level, with the final decision made by the Prime Minister.

In a few years, South Korea was “democratized” in 1987, and successfully sponsored the Olympic Games in 1988, soon becoming one of the free advanced industrial democracies needing no more ODA.

Conclusion

What can we learn from the history of the Republic of Korea as an aid recipient? The environment was special in many ways. Most importantly, it was a divided nation under the international cold war system, which made the small country strategically critical for the United States, the superpower, and to a lesser degree for Japan, its neighbor and former colonial master. Its geopolitical location further tightened the situation, and thus made the room for maneuvering for that small country extremely narrow in the midst of big power politics. Equally important is that the country is known to be the most typical example of the East Asian developmental state, which realized miraculous economic growth under successive authoritarian regimes committed to achieving growth and development. Moreover, because of the situation explained above, the sources of external assistance and cooperation both in terms of finance and technology were extremely limited: only to the United States and Japan, and West Germany with much less significant leverage. Of these two donors, the U.S. was retreating in the late 1960s onwards, demanding more burden sharing and responsibilities to rising Japan. As a result, South Korean industrialization and development had to depend on Japan’s cooperation to a significant degree. This made Korea’s bilateral relations with Japan of critical importance, while its dependence on the U.S. for security continued. This study tried to show how Koreans could manage these sensitive but extremely important relations to achieve their goal of economic development.

Although the paper did not elaborate the details, which had already been argued elsewhere, the following could be pointed out as important that made Korea more effective in negotiating necessary assistance than otherwise possible.

First, the process was indeed political. Decisions of economic cooperation between Korea and Japan quite often were made on the basis of politics rather than economic rationality, which international financial institutions such as the World Bank always insisted upon in assessing the feasibility of the proposed project. Since the final negotiations and decision-making were in the hands of ministers, it took various factors and influence into consideration which were sometimes rather irrelevant to the issue itself. In other words, politics could sometimes make economically irrational projects acceptable and feasible. This gave Koreans substantial room for maneuvering if they were thoughtful and skillful enough. By connecting some issues of concerns for the counterpart, Japan, to those important for themselves, Koreans tried to mitigate the problem and draw compromise.

Although Korea was not in a strong position as the recipient requesting economic cooperation, the policy-makers and negotiators were very pragmatic, and thus flexible and always rational in trying to turn the negotiations in favor of themselves so that they could finally approach what they wanted. They could sometimes use the pressures from the third country, the U.S., effectively on their behalf.

In other words, it could be rephrased that the Koreans had very strong *ownership* over the economic cooperation programs. Strong ownership was there because they already had the firmly-committed national objectives of development, which were represented as the 5-Year Economic Development Plans and other specific plans needing external finance and technology. Under the highly developmental regime in the country, actual implementation status of these plans was always closely monitored, annually assessed and adjusted accordingly. The targets and priority projects of the plans needed to be achieved by all means, and the necessary external resources were sought for, in many cases, from Japan. These plans were of short duration, yet they seemed to have worked effectively as a kind of self-imposed *comprehensive development framework*.

In sum, the small developmental regime in East Asia successfully managed the complex and acrimonious international environment of big power politics by the strong commitment and pragmatism, which were the basic attributes of the *developmental state*.

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