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The Korean Peninsula

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Introduction

In the realm of pure scholarship, whether historical or area studies research, the interest that Japanese have shown in Korea, Japan's closest neighbor, has always been far less than that in China, but it has also generally been much lower than that shown towards Indonesia or even more distant India.

There was quite a volume of Japanese research before 1945 on Korean customs and social practices. But today this is associated with Japanese colonial policy and severely criticized by both North and South Korean scholars, which is probably justifiable. Even in Japan this research has not gained respect as part of the nation's scholarly heritage. This is likely due to the situation after the war when for a time Japanese scholars shunned as anathema the very idea of research on Korea, while Japanese young people heatedly criticized Japanese colonialism, and the current of the times was a collective aversion of the eyes from the realities of the Korean Peninsula.

From an international perspective as well, the two Koreas after independence became a focal point of the cold war, and this situation made it difficult to carry out objective research about the peninsula. Studies during that time which contributed to building the meager foundation of Korean studies that we have today were such works as *Korea: The Politics of the Vortex* (1968), by Gregory Henderson, and other studies by Americans whose country was South Korea's biggest aid-provider and who were closely

involved with Korean society. But these studies did not have much impact on Japanese learned society.

During the thirty-five years since the establishment of the Institute of Developing Economies (IDE) at the start of the 1960s, the Korean Peninsula has been rocked by tumultuous events, and perhaps there can be complaints that our research of these events has only been a pursuit of the facts and has failed to be deep and penetrating.

In the Republic of Korea there was a big student uprising in 1960. In the following year the military coup led by Major General Park Chung Hee took place. This regime later converted itself into a civilian government, and in 1965 this new Park government concluded the normalization of relations with Japan. This treaty opened the way for a large inflow of development money from overseas which enabled the government to successfully launch its second five-year plan (1967–71). Meanwhile in the Democratic People's Republic of Korea, the socialist transformation of the economy had already been achieved by the end of the 1950s, and this became the platform for launching the government's first seven-year plan in 1961. However, intensification of the Sino-Soviet confrontation and stepped-up anti-communist enforcement in South Korea increased the harsh international climate, deepening North Korea's sense of crisis over its own existence. In response it poured more effort into its national defense with the result that the country failed to achieve the goals set down in the first seven-year plan, and the government was compelled to extend the plan for another three years.

With the coming of the 1970s and the sudden improvement in Sino-American relations, the two Koreas were also able to reach agreement in 1972 on a joint declaration to end hostilities and open dialogue toward peaceful reunification. This ushered in what the Park government regarded as a time of "competitive coexistence," and during the following year Park strengthened his dictatorial control while at the same time announcing an ambitious plan to build up his country's heavy and chemical industries. The importance placed on the development of these industries, and the determination to push ahead with the new community movement (*saemaul undong*) during the 1970s were indications of the Park regime's strong sense that the South was lagging behind the North economically. In reality, however, by the start of the 1970s, economic vitality on the Korean Peninsula had already shifted in South Korea's favor.

As for North Korea, by the end of the 1970s, the country's economic stagnation had become a difficult problem to cover up, and in an apparent attempt to do so, the country began to reinforce its political blockade against the world outside. Sealing itself off was not simply due to a wariness of the

outer world, it also seemed to have been sustained by a sense of "pride in isolation."

As the 1970s moved into mid decade, South Korea was jolted by the Kim Dae Joong kidnapping incident (in 1973), then by the shooting death of President Park's wife (in 1974). Despite these political shocks, however, South Korea continued its spectacular economic buildup which lifted it into the ranks of East Asia's newly industrializing economies (NIEs) along with Taiwan, Hong Kong, and Singapore. The 1970s closed with the assassination of President Park in 1979, but this brutal act did not prevent South Korea from attracting a flood of attention as an outstanding member and unparalleled economic success among the NIEs.

As a result of South Korea's rapid economic growth, a large number of studies on Korea's economy have now flooded into the world. But rather than being research purely on Korea, the predominant motive of these studies (including those by Korean scholars) has been to "borrow" the Korean experience and use it as material for the study of development policy. In other words, this interest and research about the Korean Peninsula is not something that grows from a desire to know about the unique qualities of Korea's own culture and history, rather it is something which remains narrowly concerned with the numerical figures of Korea's economic achievements; in a sense, Korean studies today are concerned with Korea's outer character.

The swell of admiration for South Korea in Japan reached its peak at the time of the Seoul Olympic Games in 1988. Soon after that, however, the series of convulsive changes that took place in Eastern Europe and the Soviet Union stole international attention, and world interest in South Korea's economic success faded in the face of these momentous events. With recent events again drawing attention to the Korean Peninsula, it may now be time for both Japan and South Korea itself to undertake a dispassionate and qualitative reexamination of Korea's economic success.

The end of the cold war had a serious impact on the Korean Peninsula. For North Korea the significant issue became the maintenance and reconstruction of the country's autarkic system, to which was added the unexpected death of Kim Il Sung. In South Korea the Kim Young Sam regime began to speak of "settling with the past" which was also an effort to break free from the constraints of the cold war. It is possible that these developments are the beginning of a fluid period moving finally toward the reunification of the peninsula. For researchers at the IDE, the requirement now is to move away from the long-established study of the Korean Peninsula as a developing economy toward a new form of Korean studies.

IDE Research on the Republic of Korea

1. *Industrialization of the Economy*

As one of Asia's present-day NIEs, South Korea has commanded a good deal of attention, but the country's post-independence industrialization by no means started off from zero. It inherited the wartime industrialization built on Japanese capital of the colonial period. It then went through reconstruction following the destruction of the Korean War, and built up its consumer-goods manufacturing with the help of American economic assistance. These earlier stages had a strong impact on South Korea's industrialization that began in the 1960s. An important point in this whole process is that when industrialization began in earnest, most of the enterprises that had arisen during those earlier stages became the mainstays that carried out the country's economic construction. The monopolistic character of these enterprises, or *chaebol* (large business conglomerates), continued to gain strength, and the structural conglutination of these *chaebol* with the Park regime laid the foundation for South Korea's industrial development.

According to Takao Taniura* (1971), by the end of the 1950s South Korean emerging enterprises had run up against difficulties that hindered the realization of sustainable capital accumulation and were unable to overcome these difficulties on their own strength. For this reason there had to be political reforms and an external supply of capital (loans) which could provide the help these enterprises needed. Although the Park government's takeover of power originated in the military's fear of a breakdown in the country's anti-communist structure, the government's policies after seizing power were carried out in line with the urgent needs of South Korean capitalism.

In 1962, a year after its seizure of power, the Park government inaugurated the country's first five-year plan which marked the start of South Korea's all-out push to industrialize. From the outset the biggest problem was the procurement of capital. Many observers of Korean affairs see a good part of the success for this period's remarkable industrialization as going back to the "wisdom" of the Park government's economic policy. They see this wisdom in the government's broad employment of all available means for achieving its economic policy goals, such as the use of administrative guidance, the use of its power to grant permission and approval, and the use of rewards and punishments when allotting benefits and inducements. Also among these measures and one which had a direct as well as immense impact was policy financing. The government had control over the greater part of the country's

institutional financing, and this gave it tremendous power to influence the economy.

Responding to the above observations, Kazuhisa Itō* (1981) acknowledges that policy financing in South Korea did contribute to economic development, but in his view this same policy also brought with it chronically high inflation which created economic instability which in turn impeded the self-sustaining development of the financial market. He thus brought into question the one-sided praise that others have bestowed on the success of the Park government's economic policy (see also Itō 1984).

At the start of the 1980s, the Chun Doo Hwan government promoted financial reform so that distribution of financial resources would be determined by the market mechanism. This policy change mitigated the problem that Itō had pointed out. Under this change a wholesale reduction of policy financing and a retrenchment in government expenditure were carried out. Moreover, the then ongoing recession together with a general relaxation in the relationship between demand and supply in commodities and labor brought South Korea's long-running inflation to a sudden end. This success can be equaled with the end to hyper inflation in Taiwan in the early 1950s, and the Chun government's policy for bringing down inflation deserves more attention from scholars interested in issues of developing economies.

Along with overcoming the chronic inflation that had persisted for eighteen years under the Park regime, the Chun government also sought to reorient South Korea's economic policy. This effort was symbolized by a change in the national motto from "a nation built on an export economy" to "a nation built on a high-tech economy." During the earlier period when the nation worked to build up an export-led economy, the improvement of technology was not entirely ignored, but export competitiveness to a large extent depended not on technology but on how cheaply the country could manufacture products. This meant that management not only had to maximize the use of low-wage labor, but also had to focus efforts on securing economies of scale.

Tamio Hattori* (1987b) has pointed out that during the time of the export-led economy and South Korea's pursuit of economies of scale, management did not give product quality a very important place in business strategy. Technicians and technological experts worked separately from the technical and skilled labor on the factory floor with insufficient information exchange between the two sides, and this made it difficult for Korean companies to change over from mass to quality production.

Industrial competitiveness ultimately is formulated at the production site. As an industry becomes more highly developed, the technological ability of its production facilities to produce quality becomes an increasing concern;

and in today's world of highly developed automation technology, the meaning of technologically skilled labor has also greatly changed. Junko Mizuno* (1989) sees the machine tools industry as the key of a country's industrial strength, and here skilled labor plays a particularly big role. Her study took one enterprise as an example from this sector and carried out a practical analysis of skill formation in Korean industry.

Turning next to an analysis of South Korean entrepreneurs, as mentioned before, industrial development under the Park government relied upon a policy of strong intervention by the government and the docile cooperation of the big enterprise groups. This close relationship between the government and the business community has been likened to "Japan Incorporated" and has often been called "Korea Incorporated." But throughout the course of its industrialization, South Korea has always upheld private enterprise as the ultimate approach to business; however the government has relied on a variety of measures to exert its influence over the private sector. That this relationship between government and business achieved its high level of performance was because powerful enterprise groups had already come into existence when the Park government began its drive to industrialize.

While much of the success of South Korea's head-long rush to industrialize during the past thirty years is attributed to the close relations between officials and businessmen, there have been those enterprises that have displayed an antipathy toward the prevailing conglutination of government and business. Masao Hanabusa* (1977) takes up the major indigenous enterprise, Kyungsung Spinning and Weaving (later renamed Kyungbang Ltd.), which supported the opposition party during Syngman Rhee's government and consequently came under pressure from displeased political authorities. Kyungsung resisted this pressure and tenaciously maintained its existence. Over the years it had overcome a host of other obstacles in its path as the company forged ahead in its development. Kyungsung's experience gives some idea of the latent strength that can lie within a Korean enterprise.

The entrepreneurial class that arose during the time of Rhee's government was to a large extent closely tied with the government and enriched itself on the reciprocal support that each provided the other. After the Park regime came to power, this class was denounced for having illegally amassed its wealth. But the Park government understood that it needed the business experience of these entrepreneurs, that ultimately it would not be able to press ahead in its effort to build up the economy without their cooperation. The upshot was that the entrepreneurs nurtured under Rhee became the mainstays of industrialization under Park, and the cordial political patronage they received greatly facilitated the growth of South Korea's *chaebol* system (see for example Takao Taniura* 1993).

Tamio Hattori* (1984) selected the period at the start of the 1980s, by which time South Korea's major *chaebol* groups had become firmly established, for an analysis ascertaining the ownership and management of the major enterprises. His analysis showed that in enterprise groups that greatly expanded the scale of their operations, the founding family controlled the shares and maintained a secure hold on ownership, but they had brought in outside personnel to manage business operations and had become dependent on these outside people. Hattori (1987c) also showed that top-down decision making was the general form in *chaebol* enterprises, but that this decision making style impeded an enterprise's ability to improve technology. From the latter half of the 1980s, when the country also underwent democratization, many *chaebol* groups suffered violent labor-management disputes, and a major factor for these confrontations originated with the autocratic managerial style practiced by these groups (see also Hattori 1987a).

Turning to the agricultural sector, agriculture and rural society lagged behind the development of industry and urban society, but during the 1970s the Park government began a very large reform movement centering on the green revolution and the so-called *saemaul undong* or new community movement. The objective of the former was to increase rice production through the diffusion of high-yielding varieties, while the latter aimed at a comprehensive reform of rural society through a spiritual reform.

Hiroshi Sakurai* (1979) made a detailed analysis of the factors during the 1970s that brought about the rapid diffusion of high-yielding varieties of rice and the rise in output. These varieties ultimately covered 80 per cent of the area planted in wet rice. But following the collapse of the Park regime in 1979, the area planted in these varieties began to decrease rapidly, and finally in 1990 the government abolished all measures for encouraging the planting of high-yielding varieties which virtually signaled the end of Korea's green revolution (see also Sakurai 1992).

Regarding the *saemaul undong*, this government-sponsored movement got started in the early 1970s as a farmers' movement aimed at reforming traditional rural society, but by the middle of the decade it had expanded its interests beyond rural society and had grown into a pan-national movement with urban and factory forms of *saemaul undong*. Under the Park government it took on the dimensions of a "cultural revolution." But like the green revolution, the *saemaul undong* began to ebb after the Park government fell, and during the course of Chun Doo Hwan's regime and that of Roh Tae Woo, the movement dissipated into a mere shadow of its former self. The entire *saemaul undong* needs to be reexamined with a dispassionate eye to better understand what propelled this large-scale movement along and what it has left behind.

2. *The Korean Model of Industrialization*

During the 1970s South Korea experienced remarkable industrialization and changes in its industrial structure. For this reason even among scholars who are not specialists on Korea (but are oriented toward development economics), a strong interest has developed to understand the economic growth that Korea, Taiwan, and other NIEs have achieved. During the 1970s import substitution as a strategy for industrialization, which had become the generally accepted development policy for developing countries after World War II, was showing signs of reaching the limits of its effectiveness. But to abandon this strategy and follow a course toward an international division of labor only led back to the dependency theory with developing countries becoming greatly dependent on the advanced countries through the vertical division of labor. Korea, Taiwan, and the other NIEs offered what seemed like a third route to economic and industrial development.

Toshio Watanabe (1978) carried out a statistical analysis of the decade from the mid-1960s, when structural change in the South Korean economy clearly began to appear, until the mid-1970s. This was a decade of dramatic development in Korea's export industry, and he ascertained an "intensive industrializing pattern" in the industry. Rather than dealing with the causes and process of industrialization, Watanabe's study focused on its affirmative results, meaning the absorption of latent unemployment in the traditional sector by the urban modern sector through growth in the labor-intensive export industry which reduced the income gap between social classes and geographic regions.

Tōru Yanagihara* (1980) carried out a detailed examination of the spreading effect that exports had on industrial production and on the economy as a whole from the aspects of industrial linkage and income effect to see if the "Korea model" could be applied to other countries. He suggests that the applicability of the South Korean example, with its structurally weak linkage between agriculture and industry (meaning that its primary industry has essentially been cast aside), is problematic for the Southeast Asian countries where the agricultural sector makes up such a large part of the economy.

Hideki Imaoka* and Kōichi Ohno* (1987) classified the industries of Korea and Taiwan according to such indices as factor intensity and intermediate output ratio. They then carried out a time-series analysis of the average annual growth rates of industries in both countries and found a pattern of dual-industrial growth. Both countries have had two growth poles in their industrial growth, one being labor-intensive industries and the other capital-intensive

industries. The two have been able to grow because they have been joined together through industrial linkage with the latter supplying intermediate products to the former.

Shin'ichi Nozoe* (1982) does not expand on the Korean model arguments presented above, but he does provide a comprehensive assessment of South Korea's industrialization strategy up to the early 1980s, and defends the advocates of the model from attacks by scholars critical of Korea's export-oriented industrialization strategy (particularly from attacks by a group of Korean scholars who, since the time of the Park government, have persistently argued for an "inward-looking industrialization" strategy). Nozoe discusses the pros and cons that have been presented in the past both for and against Korea's export-oriented strategy and shows where future adjustments in the strategy will be needed; at the same time he points out the self-contradictory and impractical nature of the argument for inward-looking industrialization.

3. Social Change and Politics

Concomitant with South Korea's remarkable economic development, significant changes also became visible in its fundamental social structure, and in due course these came to be reflected in the country's politics as well. To understand present-day South Korean society, one has to have a grasp of what the traditional society was. Tamio Hattori's* research (1986) on the Korean family is one of a small number of such works undertaken in Japan. After going through a study of the formation of South Korea's social elite, Hattori developed his own argument on the networking of human relations; rather than focusing on aspects of change in Korean society, he focused on the unchanging aspects that penetrate through to the bottom of the society.

Following liberation from Japanese control in 1945, a number of events took place which forced great changes on South Korean society. One of these was certainly the Korean War; but another was the land reform program that was carried out during that war. Unfortunately there has been very little research done on this land reform and the changes it brought to rural South Korean society. Thereafter the country embarked on its drive for industrialization, and there was a large shift of population into the urban centers. Kazuo Kuramochi (1983, 1984) has made a general analysis of the population movement away from the countryside and the changes this has brought about in the rural labor force.

The changes that have taken place in the urban areas with the inflow of population has been studied by Yu Si Joong (1979). He examined Gumi, one of South Korea's industrial estates, looking closely at the composition of the

population movement, the living conditions inside the estate, and the reorganization of the local community. The study highlights the employment of young female workers on these estates and the important role they have played in South Korea's industrialization process as a source of low-wage labor. Junko Mizuno* (1985) has done pioneering work in the study of female labor in South Korea.

Industrialization and urbanization brought on mental changes within the South Korean people, and the suddenness with which urbanization took place had an especially strong impact. People were suddenly cut loose from the traditional order of rural society and rapidly absorbed into new urban districts where urban values were not yet established. It was as though urban mass society suddenly appeared from thin air. Hideki Takizawa (1987) has called this "cities as mental chaos."

To drag this huge mass of directionless urban society down the road of industrialization, more than a few scholars and observers of Korean affairs have argued that South Korea has needed some sort of "authoritarian political regime" or "development dictatorship." The logic of their argument will continue to be debated, but after passing through nearly thirty years of industrialization and urbanization, South Korean society has reached the point where it is now definitely moving toward democratization. Shin'ichi Nozoe* (1990) examined the issues and the situation for democratization in South Korea today, and he concluded that to a certain extent the "development dictatorship" approach taken by the Park government had been necessary. At the same time, however, he sees technological innovation and the liberation of South Korea's economy from its past political shackles as inexorable forces that will drive the country's society towards democratization (see also Nozoe 1992).

The termination of the cold war around 1990 had a major effect on accelerating South Korea's movement toward democratization and also bringing to a close the country's stage as a "developing country." Domestically this has meant that the country has done away with its long-running bout with military regimes and has brought into being a mass consumer society. Externally it has given South Korea the opportunity to secure an advantageous position in the question of the peninsula's reunification through the success of its "Northern Policy" of friendship with China and Russia.

Hiroshi Osada* and Satoru Okuda* (1990) took up the issue of trade liberalization to verify South Korea's "graduation" from the status of a developing country. Masahiko Nakagawa* (1994) has endeavored to give readers a general understanding of such matters as state of South Korea's

political leadership and the change in the country's position in U.S. foreign policy. Meanwhile Masao Hanabusa* (1992) sees South Korea as actively engaged in promoting the Northeast Asian Economic Region through the extension of its "Northern Policy," and it is attempting to play a leadership role in bringing about the success of this economic region.

IDE Research on the Democratic People's Republic of Korea

1. *The Revolutionary Line*

North Korea's present-day revolutionary ideology can be equated with the thoughts of Kim Il Sung (or "*juche* thought"). Its primary concern has been "*juche*" (self-reliance) to further the revolution, and this thought has become a comprehensive revolutionary strategy exhibiting in its entirety the image of building communism in North Korea.

Kim Il Sung took control of political leadership with the support of the Soviet army during its occupation of the northern half of the Korean Peninsula. He quickly organized a vanguard party which boosted him onto North Korea's political stage. At the time the U.S.-Soviet Joint Commission had jurisdiction over Korean affairs, and here tumultuous debate took place over plans for a unified government. But Kim Il Sung set his own course separate from the commission and on his own initiative carried out land reform, the nationalization of major industries, and other revolutionary undertakings vital for the later socialization of North Korea. He foresaw the breakdown of the U.S.-Soviet Joint Commission, and in anticipation of this outcome he consolidated his position in the North turning it into a "democratic base"; while at the same time it is apparent that he was also working out strategy for carrying out his revolution in the South. Hiroshi Sakurai* and his co-researchers (1990) closely followed the course of Kim Il Sung's revolutionary strategy from its formulation through its implementation during the period from the collapse of Japanese authority in 1945 until the separation and independence of the North and the South in 1948. This strategy was later set down as the doctrine of the "revolutionary base" which became a central tenet of North Korea's revolutionary strategy.

The Korean War which broke out in 1950 was the implementation of the doctrine of the revolutionary base in a very crude and straightforward form. The war became a tragic spectacle of Koreans killing fellow Koreans which left behind only heightened tension in the North-South confrontation, and since the armistice recriminations over responsibility for the war have continued to this day.

Hiroshi Sakurai* (1988) provides a look at the land reform plan that the Democratic People's Republic of Korea laid out for implementation in the South. Directly after the termination of Japanese colonial control in the North, Kim Il Sung established his own political leadership, then carried out land reform to gain the support of the peasants who formed the greater part of the population. The impact of this latter move was tremendous, and this experience undoubtedly was the reason why Kim Il Sung hurriedly carried out land reform in the areas that his army occupied even before the enemy had been completely cleared away. That such planning for land reform had been laid out in advance, however, may infer that the Korean War was in no sense a sudden unexpected "defensive measure" for the North.

Regarding the official literature coming out of North Korea, in general the more recent the material the more it tends to speak of "*juche* thought" as originating further in the past. Today it speaks of *juche* thought as having been born out of the process of armed struggle that Kim Il Sung carried on against the Japanese. However, most scholars outside of North Korea see *juche* thought in terms of the North's efforts to find refuge from the Sino-Soviet confrontation that intensified during the 1960s. This concept was then turned into a theory as a basis for supporting the country's own neutrality. In the opinion of these scholars, *juche* thought needs to be understood as North Korea's assertion of independence from the outside world.

Masao Okonogi (1972) draws a different conclusion. As criticism of Stalin began to spread, Kim Il Sung felt a sense of crisis that his own authority would be caught up in the same criticism. Okonogi supposes that the idea of *juche* was brought in during this time in an effort to preemptively overcoming internal criticism. Also there are a few scholars who point out that Kim Il Sung exchanged his Stalinist trappings for *juche* garb, and in doing so he not only parried internal and external criticism but also further consolidated his own authority.

2. *Economic Conditions*

North Korea does not publish statistical data that would make it possible to objectively measure the state of its economy. It gives out only fragmentary figures to people outside of the country, and very often the data that are released contradict and conflict with one another making it extremely difficult for scholars to tie the information together to obtain an overall image of the North's economy. Teruo Komaki* (1984) took up this challenge in his examination of the results of North Korea's second seven-year plan (1978–84). Komaki diligently arranged and collated the available fragmentary data

and concluded that notwithstanding the optimistic assertions from North Korean authorities, the country's industrial sector and centerpiece for the progress of the second seven-year plan had stagnated exposing the numerous inadequate defects in North Korea's planned economy. Imbalances among the different industrial sector were particularly conspicuous, and this was due to "policies that gave little thought to the interdependent linkages within an economy" which, as Komaki pointed out, is important for understanding the North Korean economy. In a planned economy, the sole means for sustaining the normal momentum of the economy is central planning, and it is becoming apparent that in North Korea, as with other state-run economies, central planning is not fulfilling its original function.

In a planned economy, which by definition has eliminated the free market, if central planning loses its ability to control the economy, practically the only way for an enterprise to survive is through "integration" (making itself industrially self-sufficient). Takao Taniura* (1975) examined this tendency among North Korea's "socialized enterprises" looking at it from the aspect of reorganizing the managerial system in these enterprises. When "integration" takes place in an enterprise, it expands its business operations indiscriminately in all directions which is the opposite process from that of a division of labor among enterprises. Taniura develops a tentative argument about *juche* thought that sees the problem of enterprise integration as ideologically based.

Although it is generally accepted outside of North Korea that *juche* thought arose in the 1960s along with the growing Sino-Soviet confrontation, there is also an element of truth in North Korean assertions that it grew out of Kim Il Sung's experience of armed struggle against the Japanese. Isolated and besieged in the mountains by an overwhelming enemy, there was no choice but to fight on alone to the last making use of whatever materials came to hand to maintain the struggle. Whether the world isolated it or it chose its own isolation, for North Korea "*juche* thought" may indeed be the most suitable ideology.

Relying on "*juche* thought" North Korea endeavored to protect itself from the vicissitudes of an ever-changing outside world. But over the course of time the country's leadership forfeited opportunities for creative thinking, and North Korean society settled into a stable, quiet state of low-level economic subsistence. This isolated country will continue to attract attention to see how it overcomes the secluding walls built by *juche* thought, and how it copes with the consequences of Kim Il Sung's thoughts in an international world that is pushing North Korea unwillingly toward opening its society.

The end of the cold war and its impact on North Korea have left imponderables in the development of Korean affairs. As seen above, it is

clear from the state of North Korea's economy that the energy of the country's brand of socialist economy has already waned, and the separation between unrealistic revolutionary thought and reality has continued to broaden. Masahiko Nakagawa* (1993) looked at problem of North Korea's unification policy and the North Korean power structure which has made this unification policy a large factor for its *raison d'être*. Takao Taniura* (1992) points out that while the Northeast Asian Economic Region provides the key to revitalizing North Korea's economy, there will be difficulties accompanying the North's association with this economic region.

As the question of the Korean Peninsula's reunification comes increasingly to the fore, it is South Korea that is increasingly in the superior position, and it can be expected to press its advantage. Given this new situation on the peninsula, scholars of Korean affairs will have to shift their focus away from studies of two separate developing countries and instead take up a new regional research approach that looks at the Korean Peninsula in its entirety along with the relations that it has with surrounding countries.

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