THE KOREAN ECONOMIC DEVELOPMENTAL PATH
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The Korean Economic Developmental Path

Confucian Tradition, Affective Network

Edited by
Seok-Choon Lew
To my wife,
Young-Kyung Ko,
with love and friendship forever.
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Preface and Acknowledgments

Ever since I started teaching at Yonsei University in 1987, there have been many people who still teach me to become a real “scholar” sensitive to Korean context. Colleagues in social science, on and off campus, as well as journal editors, popular and academic, used to ask me if conceptual schemes adopted and empirical evidences provided are applicable and relevant to Korean setting. Among many, however, believe it or not, the most demanding group is the students, and it is for sure that this book is an output of such pressures from the students.

A convincing proof would be the fact that contributing coauthors of chapters included in this book are all my former graduate students: Mi-Hye Chang (chapters 3 and 4), Woo-Young Choi (chapter 2), Tae-Eun Kim (chapter 3), and Hye-Suk Wang (chapters 2, 6, and 7). I have to confess that we had so many occasions to argue against and even “yelling” to each other to carry on almost every chapter draft. Coworking with students is not as comfortable as some would imagine. Students are the most critical reference you can have, because they know what you have been preaching and writing which means, in turn, you cannot cheat them at all. In this sense, they as well as I went through the same thorny path. This is precisely the reason why I appreciate pressures from their passion, intelligence, and partnership.

It goes back to the late 1990s when I first work on affective network and Confucianism. It was at an international conference held in Andong, a spiritual capital of Korean Confucianism located at a hilly and isolated town of southeastern part of Korea. Chaibong Hahm, Gilbert Rozman, Daniel Bell, Yun-Shik Chang, and Geir Helgeson were among the many I met there and they offered tremendous challenging ideas on Confucian legacy of Korea or East Asia. This book is a collection of my endeavors with graduate students thereafter until 2012.

This book defines the Korean development as the moral economy of growth derived from a synergy between a strong state and
a strong society and argues that Confucian cultural orientation has played a critical role in the process. In the Introduction (chapter 1), shortcomings of conventional political or economic explanation are critically reviewed and a new integrated multidimensional perspective to articulate the interplay of cultural, social, and political dimensions of Korean development is offered. Then the text is divided into three parts.

Part 1, made of one single chapter (chapter 2), starts with an explanation on the cultural dimension of Korean development focusing on filial piety. The Confucian imperative of filial piety, which demands remembering and representing one’s ancestors, acts as an important spiritual ethos for Koreans to become economically competitive by providing a self-sacrificing work ethic and zeal for education. It argues that filial piety did not stop at being a simple ethical standard: it was the fundamental moral basis for a macro-social dynamic closely linked to the development of capitalism and democracy in Korea.

Part 2, made of two chapters (chapter 3 and 4), is devoted to describing the institutionalization of Confucian value into a unique social arrangement in which “affective networks” formed along traditional ties are contributing positively to the development of “strong society” in Korea. Chapter 3 asserts that affective networks based on traditional human relations are forms of social capital that enrich trust and generalized reciprocity in modern Korea. Chapter 4 traces the historical development of affective networks in modern Korean civil society, particularly in nongovernment and nonprofit sectors.

Part 3, made of three chapters (chapter 5, 6, and 7), shifts the focus to political dimension: state–society relations. Chapter 5 highlights “Confucian capitalism” in which state bureaucrats organized capitalism in a way that policy decisions of the state superseded decision-making of businesses, and the private sector was mobilized around the needs and plans of the state through traditional Confucian affective networks. Chapter 6 challenges conventional assumption that Korean development was achieved by “strong state and weak society” and illustrates how Korea during the Park Chung Hee era was a showcase of synergy between a strong state and a strong society. This combination evinces the mutual embeddedness of the state and society under Confucian culture. Chapter 7 examines the path that the Korean developmental state took after the 1997 crisis by focusing on the “public fund” used for restructuring the economy. It deplores the missing disciplinary role: the state’s incapacity in disciplining the society. Chapter 8 concludes the book with a brief discussion on the
theoretical underpinning of affective network on trust and social capital to establish the significance of moral economy.

This book traces back the origins of Korean development from the cultural and moral dimension, and argues that the source of weakened autonomy and capacity of the state after the 1997 crisis also should be traced from the loss of fundamental ethos. It elucidates the positive effect of cultural inheritance that has been most blamed in the earlier studies as hampering economic growth and democratization of Korean society: Confucianism, affective networks, and state intervention. As such institutional characteristics have undeniably formed the historical path of Korean development, the future of Korean development cannot be alienated from this path as well.

Institutional supports that enabled me to complete this book should be acknowledged. One year leave from Yonsei with the University Research Grant in 2009 allowed me to concentrate on completing the whole work. A visiting fellowship at the Korea Institute, Research School of Pacific and Asian Studies, the Australian National University, for the period of March to July 2009, offered me a perfect environment to continue the work. Professor Hyung-A Kim and Jim Fox were great intellectual partners to work with. The Korean-American Educational Commission offered a Fulbright Senior Research Grant for the period of September 2009 to January 2010 to be a visiting fellow at the Graduate School of International Relations and Pacific Studies, University of California, San Diego to carry out the work. Professor Stephan Haggard and Jong-Sung Yoo, as well as Jiyeon Jeong, then PhD student, were, big or small, inspiring partners working there. Also, this work was supported by the Academy of Korean Studies (KSPS) Grant (AKS-2007-CB-2001) funded by the Korean Government (Ministry of Education).

In preparing the final draft including tables, figures, and references, I have the fortune to have Min-Woo Ji, Minyong Lee, and Kyu-Eun Kim to provide a quick proof sorting and reading. In addition, I have to express sincere gratitude to Gilbert Rozman, Princeton University, who suggested me to submit the manuscript to Palgrave Macmillan so that I can work with Farideh Koohi-Kamali and Isabella Yeager to edit and publish. Lastly, I want to make a note that Professor Hattori Tamio of Tokyo University has been a continuous source of intellectual stimulus in writing this book.

Contributing Coauthors

**Woo-Young Choi** is an associate professor of sociology at Chonbuk National University in Korea and completed a doctoral dissertation at Yonsei University in 2002, entitled “The Public Spirit of Sarim Politics in the Middle Chosun Period: Ideology, Structure, and Change.” Since the summer of 2013 he is on leave for a year at the University of Washington, Seattle, to carry out a team project on East Asian welfare regime.

**Hye-Suk Wang** is a research professor of Institute of East and West Studies, Yonsei University in Korea and stayed for two years at the National Taiwan University to complete a doctoral dissertation at Yonsei University in 2013, entitled “Familial Foundations of the State Welfare: A Comparative Approach to the National Health Insurance Program in S. Korea and Taiwan.”

**Mi-Hye Chang** is a senior researcher at the Korean Women’s Development Institute and completed a doctoral dissertation at Yonsei University in 2001, entitled “Relative Effects of Cultural and Economic Capital on Mode of Consumption: Survey Findings on Seoul Residents.” Her recent research works focus on multiculturalism in Korea.

**Tae-Eun Kim** is an MA graduate in sociology from Yonsei University in 2000, and her MA thesis was entitled “Formative Principles of Pre-Modern Korean State: Local Governance System in Centralized Koryo Dynasty.”
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Notes on Korean and Chinese Letters, Names, and References

Korean letters including names of people and places are romanized following the McCune-Reischauer system, except for already established customs such as Syngman Rhee, Park Chung Hee, Seoul, or chaebol. Frequently appearing Korean terms such as Yŏn'go are followed by the Chinese letters and English translation in parentheses. The names of Korean authors are romanized, using the spelling that appears in their publications. If they appear in the main text or in chapter endnotes, family names with first name initials, usually separated two capital letters, are suggested, for example, Ahn C. Y. If their references (articles or books) are in Korean language, the separated two capital letters of their first name initials are connected with a hyphen, for example, Choi B.-Y. Full names are listed in the bibliography with McCune-Reischauer Romanization in parenthesis, for example, Choi, Bong-young (Ch’oe, Pong-yŏng) and Ahn, Chung Young. For Chinese terms, the Pinyin system is adopted, except for already established ones such as Chang Kai-shek or Lee Kuan Yew.
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Chinese Letters (Classic, not Simplified)

Chapter 1
Confucian tradition (儒敎傳統)
affective networks or alternatively “Ｙŏn’go Kwan-kye” (緣故關係)
blood relations (血緣)
school ties (學緣)
acquaintanceship by locality (地緣)
dongchanghoi (同窓會, alumni association of a school)
hyangwuhoi (郷友會, social gatherings of people from the same home town)
sarim (士林)
state–business collusion (政經癒着)
Ｙŏn’go (緣故)
Guanxi (關係)

Chapter 2
filial piety (孝, xiao in Chinese, hyo in Korean, and kou in Japanese)
the Way (Dao, 道)
the Principle (Li, 理)
the Supreme Ultimate (Tai Ji, 太極)
the Five Cardinal Relationships (Wu-Lun, 五倫)
affection between father and son (父子有親)
ancestor worship (祖上崇拜)
coming-of-age (冠)
marrage (婚)
funeral (喪)
ancestor memorial (祭)
four previous generations (四代奉祀)
rising in the world and achieving fame (立身揚名)
father and son (父子)
ruler and subject (君臣)
husband and wife (夫婦)
elder and younger brother (兄弟)
friend and friend (朋友)
Fung Yu-lan (馮友蘭)
the Heavenly Principle (天理)

Chapter 3
affective networks (緣故關係, yŏn’go kwankye in Korean)
group egoism (集體利己主義)
guanxi (關係, relation)
chaebol (財閥, conglomerate)
keiretsu (系列, line or sub-contract relation)
xiangzhen enterprise (鄉鎮企業)
jiazu enterprise (家族企業, family enterprise)
family (家 jia in Chinese)
blood ties (血緣)
school ties (學緣)
regional or locality ties (地緣)
kye (契, a traditional way of saving among close friends, or, micro-credit rotating)
hyangwuhoi (郷友會, social gatherings of people from the same hometown)

chongchinhboi (宗親會, an extended family reunion)

the Song (宋) dynasty in China

Zhu Xi (朱熹)

xing-li-xue (性理學)

public (公)

the virtue (德)

exemplary persons (君子)

authoritative conduct (仁)

private (私)

self-cultivation (修身)

The Great Learning (大學)

irrationalism (無理)

Rejection and Defeat Campaign (落選落選運動)

New Democratic Party (新民黨)

Democratic Reunification Party (統一民主黨)

New Korea Democratic Party (新韓民主黨)

Peace and Democratic Party (平和民主黨)

New Democratic Union (新民主聯合)

Democratic Party (民主黨)

New Political National Congress (新政治國民會議)

New Millennium Democratic Party (新千年民主黨)

Chapter 4

promoting friendship (親睦圖謀)

mutual help (相互扶助)

ye (禮, the highest moral value)
sarim (士林, literati out of state office)
hyang'yak (鄕約, village pact)
appeals directly to the king (上疏, presenting memorials to the King)
exemplary person (君子)
commoner (小人)
ruled by virtue (德治)

Chapter 5
Categorizing vocations into high and low classes and
ranks social order in a hierarchical manner
(士農工商, literati, farmers, artisans, and
traders in descending order)
The philosophy of practical learning (實學, shilbak)
The institution of civil service examinations (科舉制度)
affective networks (緣故)
ties based on blood (血緣)
ties based on locality (地緣)
ties based on school (學緣)
state–business collusion (政經癟着)
searching for fish in trees (緣木求魚)
National Security Legislature Council (國保委)
Social Purification Committee (社會淨化委員會)
guanxi (關係)

Chapter 6
diligence (勤勉)
self-help (自助)
corporation (協同)
serve the nation through enterprise (企業報國)
Order of Industrial Service Merit (產業勳章)
National Restoration (民族中興)
Modernization of the Fatherland (祖國近代化)

Chapter 7
the principle of separation of industrial and financial capital (金產分離)

The Government Funds Management Fund
(Kong’jong cha’güm kwalli kigüm, 公共資金管理基金)