

State Capacity for Reform: The State in Korea and Mexico

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States comprise crucial actors in late industrialization. Their responses toward similar socioeconomic agenda, however, differ frequently in character. Why do economies respond differently toward similar tasks? Do states possess diverging capacities for managing economic challenges and resolving social issues? This essay focuses on dissimilar patterns of policy reforms and offers state organizations as decisive explanatory variables.

The organizational logic which governs reform processes and shapes policy dynamics is moreover analyzed on a micro level. The individual is our main focus. The diverging ways by which a manager is recruited and coalesces in larger groups comprise an empirical basis for generically constructing managerial role-types which we argue as placing profound consequences on reforms. The ideologically overbearing professional manager which a selective personnel policy has engendered in Korea comprised a (deplorably) effective resource for managing economic challenges. The hybrid Mexican manager-produced by camarillas and performing political as well as managerial roles sharply diverged and curtailed state capacities for orderly policy change.

The state has comprised a crucial actor in late industrialization. The salient feature among larger newly industrializing countries (NICs) has been in fact pervasive state intervention. The expansion and growth of state roles are discernible across cultural regions and reflect widely shared difficulties which resource mobilization and structural transformation normally entail. The difficulties have numerous origins. Market imperfections and externalities abound;¹⁾ technological innovations continue to raise capital intensity;²⁾ transnational capital and trade challenge nascent industries;³⁾ and preexisting inequality usually deteriorates as industrial growth proceeds and magnifies struggles over distribution.⁴⁾ The state responds in each case and determines whether each issue is ameliorated or

- 1) Market imperfections are identified as a major cause for state intervention in Paul N. Rosenstein-Rodan, "Paths to Industrialization: The Theory of the 'Big Push,'" pp. 532-636, and Paul Streeten, "Balanced versus Unbalanced Growth," pp. 644-647, in Gerald M. Meier, ed., *Leading Issues in Economic Development* (New York: Oxford University Press, 1976).
- 2) Technological innovation and rising capital intensity also encourage state intervention. The classical argument here is given by Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge: Harvard University Press, 1962).
- 3) The state also intervenes to check multinational corporations and guard sovereignty. See Peter B. Evans, "Transnational Linkages and the Economic Role of the State: An Analysis of Developing and Industrialized Nations in the Post-World War II Period," in Evans, Dietrich Rueschemeyer, and Theda Skocpol, ed., *Bringing the State Back in* (Cambridge: Cambridge University Press, 1985), pp. 192-226.
- 4) The complex relationships between growth and equity and their changing impact on political participation are shown in Samuel P. Huntington and Joan M. Nelson, *No Easy Choice: Political Participation in Developing Countries* (Cambridge: Harvard University Press, 1976),

aggravated.

Similar economic tasks are, however, differently pursued across time and space. The actual policy outcomes also diverge. Why do economies respond differently toward similar tasks? Do states possess dissimilar capacities for managing economic challenges and resolving social problems? These are major questions which we shall try to answer. We identify three variables as critical in explaining diverging patterns of policy innovation and performance. The first variable is the relative congruence between ideologies and socioeconomic reality. The next is the character of organizational mission which the core agency possesses. The last is the recruitment patterns of bureaucrats.

This essay compares Korea with Mexico and emphasizes the mutually reinforcing impacts the three variables had on state capacity for reform. In Korea a greater degree of congruence between ideologies and socioeconomic reality cushioned distributional and ideological struggles normally accompanying growth and induced a narrower swing in economic policy for which key agencies could more effectively and rapidly adjust. The open-ended and flexible mission of the plan-oriented core agency also facilitated a major reordering of policy goals and made possible reform *cum* organizational continuity. The professional civil service meanwhile defended state capacity during major policy reversals by ensuring career security for upper and mid managerial layers.

In Mexico a sharply diverging dynamic prevailed. Here a greater ideological misfit and a more rigid core agency were juxtaposed against an unprofessionalized bureaucracy. The combination decisively curtailed state capacity for reform. A major policy reversal with a sharper ideological change than the ones occurring in Korea would place serious strains on her rigid finance based coordinating mechanism. A reform would correspondingly demand a radical shift in interministerial balance of power. This essay is accordingly organized into two parts. The first employs ideologies and recruitment patterns for generically constructing managerial roles in Korea and Mexico. The second traces diverging ways by which these specific role-types interacted with agency missions and policy character in shaping state capacity for reform. The role-types which we propose have major theoretical implications. By focusing on diverging ways by which a manager is recruited, conceives his roles, coalesces in larger groups, and embraces world views, we depart from the classical Weberian model of bureaucrats and argues a more complex and dynamic interaction between political and administrative values. That is, the *gwanjon minbi sasang* which Korea has inherited⁵⁾ joined new Weberian rationality in forging a technically capable and ideologically overbearing manager.⁶⁾ The Weberian dichotomy meanwhile never emerged in Mexico. The hybrid Mexican manager merged political and bureaucratic roles⁷⁾ and possessed a low capacity for orderly policy change.

5) This *sasang* (ideology) literally means: "holding bureaucracy in respect; people in contempt."

6) Kwang Woong Kim, "Ideology and Politics of the Ruling Elite: Military and Civilian," an article prepared for a James E. West Center (UCLA) conference entitled *The Role of the State in Economic Development: Republic of Korea*, held at Los Angeles, August 14-16 1987. See also Ahn Byongyong, "Han'gukui jongchaek gwajong aesoui jongdang gwa taekuenokueratueui yokhak gwangae (The Dynamic Relations between Political Parties and Technocrats in Korean Policy Making Processes)," *Han'jung jongchiui jontong'gwa jongae* (Seoul: Daewangsa, 1984), pp.406-410.

7) Merilee S. Grindle, "Power, Expertise and the 'Tecnico': Suggestions from a Mexican Case Study," *The Journal of Politics* vol. 39 no. 2 (May 1977), pp.399-426.

A. The Mexican Case

For Max Weber professional politicians and career administrators were generically distinct and politically irreversible forces in modern eras. The politician based on his mass political party and electoral performance had a primary interest in designing programs "endorsed by broad circles" and stirring "a unified (national) agitation." The career bureaucrat was more likely selected and promoted on a "purely functional" basis; behaved "more exactly from a technical point of view;" and differed markedly from his counterpart who gave a "decisive weight not to expert considerations but to the services." The politician served his societal constituency and ideological cause. The bureaucrat was impartial;⁸⁾ derived influence from specialized knowledge; and personified "neutral competence."⁹⁾

The model we propose for analyzing Mexican policy making processes is more a hybrid in kind and argues that special knowledge and managerial behavior are linked by an exceedingly long and fragile casual process which may be easily disrupted by other intervening variables. Two phenomena were especially crucial in disjoining behavior from norms in Mexico: unprofessional bureaucracy and presidential succession rendered by ministers. In Mexico the *confianzas* (mid and upper managerial layers) were primarily recruited from personal *equipos* (teams) and aggressively participated in rivalries over presidential succession. Each factor deeply politicized public agencies and hindered the emergence of Weberian managers. Power or succession struggles became a bureaucratic life; public agencies became personal fiefdoms from where new *camarillas* (coalitions) were formed and engaged in rivalries over presidential succession.

The Weberian and Mexican managers in short differ in a fundamental sense; they differ in *kind*. The Weberian *may* behave as a neutral expert because his career is secure and insulated. The Mexican manager lived in constant insecurity and was placed in a bureaucracy where being a loser in succession rivalries usually implied a rapid eclipse in his public career. The service which obsessed him was however a peculiar kind. The Weberian assemblyman bases his career on electoral performance and pursues programs which broad circles endorse. The Mexican manager foremost served his bureaucratic equipo whose primary function was reducing profound career insecurity.

A.1. The Generic Type: Camarillas and Hybrid Managers

The dichotomized model pitting *politicos* against *tecnicos* has however gained a wider audience in Mexico.¹⁰⁾ This image was plausible in one narrow sense; Mexican managers as a whole have experienced major changes in formal training and have become a more technically oriented body. The Finance and Public Credit Secretariat (SHCP) was exemplary. Here policy makers schooled in

8) See his "Politics as a Vocation" and "Bureaucracy" in *From Max Weber: Essays in Sociology*, ed. and trans. by H.H. Gerth and C. Wright Mills (New York: Oxford University Press, 1958), pp. 101 and 201.

9) Hugh Hecl, "OMB and the Presidency—the Problem of 'Neutral Competence,'" *The Public Interest* 38 (Winter 1985), p. 82.

10) See James D. Cochrane, "Mexico's 'New Cientificos': The Diaz Ordaz Cabinet," *Inter-American Economic Affairs* 21:1 (Summer 1967), p. 71; Roderic Ai Camp, "The Middle-Level Technocrat in Mexico," *The Journal of Developing Areas* 6 (July 1972), p. 572; and Miguel Basanez, *La Lucha por la Hegemonia en Mexico: 1968~1980* (Mexico: Siglo XXI Editores, 1985), pp. 50-59.

<Table A.1.> Education and Professorship among Upper Finance Managers (1)

Years(2)	University (3:4)				Graduate School				Professorship			
	Law	Eco.	Adm.	Etc.	Law	Eco.	Adm.	Etc.	Law	Eco.	Adm.	Etc.
52-58 45.0	u 55.6 o	22.2	11.1 11.1		f d	11.1	11.1		u 22.2 o	11.1	11.1	11.1
58-64 50.0	u 78.6 o 7.1		14.3 7.1		f d		7.1		u 42.9 o		14.3	
64-70 43.3	u 46.2 o 7.7	7.7	30.8 7.7		f d	15.4		7.7	u 23.1 o 7.7	15.4	15.4	15.4
70-76 57.6	u 28.9 o 2.6	15.8 10.5	15.8 15.8	5.3 7.9	f d	21.1 2.6	5.3	2.6	u 13.2 o	23.7 10.5	10.5 15.8	5.3
76-82 51.5	u 25.7 o 2.9	22.9 17.1	20.0 5.7	2.9 8.6	f d	2.9 25.7	8.6	5.7	u 5.7 o 2.9	20.0 42.9	11.4 14.3	17.1 2.9

(1) All figures are in percentage. The upper tier includes general directors, undersecretaries and secretaries. The presidencies are: Ruiz Cortines (1952~1958); Lopez Mateos (1958~1964); Diaz Ordaz (1964~1970); Echeverria (1970~1976); and Lopez Portillo (1976~1982).

(2) The managers whose data are available are shown as a percentage of all upper managers' universe are: 20 (1952~1958); 28 (58~64); 30 (64~70); 66 (70~76); 68 (76~82) men.

(3) The denominator is managers whose data are available. The figures hence add up to or may exceed 1 when some managers in a given sexenio had enrolled in more than one field or college.

(4) The academic fields: law (law); eco (economics); adm (public and business administration); and etc (others).

(u) National University (UNAM).

(o) other universities.

(f) foreign graduate schools.

(d) domestic graduate schools.

economics or managerial sciences occupied a progressively larger share (Table A.1). The lawyers' share among upper managers conversely declined by 2/3 in a mere decade since 1958. A larger share had also gone beyond college for education in economics or managerial science and had held professorships in similar fields since 1971.

The dichotomized model has however a serious weakness by assuming a certain homogeneity in how specialists see their world and task. The model posits technical and specialized education to imbue distinctive values. Or a rather unambiguous and easily identifiable policy remedy is implicitly hypothesized as existing for a particular problem and as obvious for any economist. The experts share "universalistic criteria." This assumption is however seldom justified. The dispute among opposing poles or traditions in a given field normally transcends narrowly technical issues and embraces ideological dimensions. This is particularly relevant for Mexico where revolutionary heritages have endowed exceedingly heterogeneous ideologies.

Miguel Basanez in categorizing Mexico's *tecnicos* in fact identifies two poles as enduring traditions in its economics and bureaucracy. The *monetaristas* emerging around public finance institutions since 1925 rallied around a hard-money policy. The *estructuralistas* growing in number and occupying a shifting ministerial group demanded social reforms for remedying underlying bottlenecks and ensuring a prolonged economic expansion. The two traditions represented "social and political (as well as)

<Fig A.1> Miguel de la Madrid's Secretaries Who Had Accompanied Him along His Trajectory
(As of 1984)

Presidency
De la Madrid (82~88)

Programming and Budget
De la Madrid (79~82)
Aguirre Velazquez; Bartlett Diaz;
Labastida Ochoa; Pesqueira Olea;
Rojas Gutierrez; Salinas de Gortari;
Sepulveda Amor

Petroleos Mexicano
De la Madrid (70~72)

Finance
De la Madrid (65~70; 72~79)
Aguirre Velazquez; Hernandez Cervantes;
Labastida Ochoa; Pesqueira Olea;
Rojas Gutierrez; Salinas de Gortari;
Sepulveda Amor; Silva-Herzog

Central Bank
De la Madrid (60~65)
Hernandez Cervantes; Silva-Herzog

National University
Law
De la Madrid (52~57)
Barlett Diaz

Economics
Silva-Herzog

Professorship
National University Law
De la Madrid (58~68)
Barlett Diaz; Farrel Cubillas;
Garcia Ramirez; Reyes Heroles
National University Economics
Hernandez Cervantes; Silva-Herzog

Source: Compiled from Presidencia de la Republica, *Diccionario Biografico del Gobierno Mexicano* (Mexico, 1984).

(1) The figures in parenthesis are the years in which de la Madrid served a particular agency in question.

ideological forces,"¹¹⁾ colliding over all major economic issues. The tecnicos in Mexico were in short fractured and ideological.

A more narrowly political game also complicates how tecnicos behave. This is succession rivalries in ministries. In Mexico a camarilla leader tags his inner circle along his career trajectory and reaffirms their mutual loyalty. The loyalty fostered rests on profound insecurity which all administrators share. A presidential change accompanies a massive turnover. The leader's success or failure in succession rivalries decides in a major way whether one moves up or out. The mid eighties cabinet members who had served in an agency while Miguel de la Madrid was also occupying a post in it are illustrative (See Figure A.1). The cabinet totaled twenty-one men. The inner circle (defined here as having coincided twice or more with de la Madrid in Programming and Budget,

11) Basanez, pp. 67-80.

<Table A.2> The Share Who had Served as Finance Administrator among General Directors and Higher Post Holders (1)

	SHCP	SCGF	SPP	SECOFI	DDF	SECTUR	SG
SHCP (%)	79.2	53.8	50.0	43.1	35.4	29.6	25.7
Total (men)	53	13	42	65	65	27	35
	SEPESCA	SEMIP	PGR	SRE	SM	SEDUE	SCT
SHCP (%)	18.5	16.9	15.8	13.2	12.0	11.4	10.5
Total (men)	27	172	19	114	25	35	76
	SEP	SSA	SARH	SRA	PGJ	SDN	STPS
SHCP (%)	7.9	5.4	3.4	—	—	—	—
Total (men)	63	37	59	28	21	30	29
	banks	ISSSTE	PR	IMSS	NAVIT	DIF	all
SHCP (%)	34.1	28.6	26.5	—	12.5	—	22.6
Total (men)	123	14	34	63	8	1	1278

Source: Compiled from Presidencia de la Republica (1984).

(1) The ministries are: Finance (SHCP); Comptroller General (SCGF); Programming and Budget (SPP); Commerce and Industrial Forment (SECOFI); Tourism (SECTUR); Interior (SG); Fishery (SEPESCA); Energy, Mine and Parastatal Industry (SEMIP); Foreign Relations (SRE); Navy (SM); Urban Development and Ecology (SEDUE); Public Education (SEP); Communication and Transportation (SCT); Health and Assistance (SSA); Agriculture and Hydraulic Resource (SARH); Agrarian Reform (SRA); Work and Social Pro-vision (STPS); and National Defense (SDN).

The three nonministerial cabinet-level agencies are: Federal District (DDF); Republic General Attorney's Office (PGR); and Federal District General Attorney's Office (PGJ). The non-cabinet level entities include: banks and credit agencies; Social Security and Services for State Workers (ISSSTE); National Fund for Workers' Housing (NAVIT); and National System for Integral Development of Family (DIF).

Finance and/or central bank) numbered 38.1 percent.

Tagging inner members along a career trajectory is moreover a generalized phenomenon. The new president places his confidants in key cabinet posts; the secretaries have their own lieutenants as bureau directors; the directors' equipos fill in turn mid and lower layers. Table A.2 examines how career ties have linked upper managers under ed la Madrid. Any prior experience in Finance (where de la Madrid spent some twelve years) was recorded for all general (bureau) directors and higher post holders. The figures have a clear message. The five ministries where managers with prior Finance experience comprised more than a third were all presided over by de la Madrid's inner core. The secretaries whose main career were made in Finance naturally recruited more public financiers than their counterparts.

The camarillas were in conclusion a mechanism which managers had devised for reducing career insecurity. They formed a basis for ideologically and politically fractured hybrid managers. The hybrid character however implied neither ministerial incoherence nor low state capacity for reform by itself. The primary bases for organizing camarillas in fact show how a cohesive and capable

agency could emerge in *principle* in Mexico. The overlap in personal histories and career trajectories fostered group identity especially since one equipo member depended on another for survival and upward mobility. The regular inflow of elite university graduates and professors could also assure public agencies competitiveness in manpower and expertise. Whether a cohesive and capable *agency* would emerge was accordingly an open-ended question. The answer depended on how successfully Mexico mobilized and institutionalized these loyal and capable *individuals*. The varying degree of institutionalization and reform capacity shall be explained here as determined by how available state resources and policy character interacted in camarilla politics.

A. 2. Capacity for Reform: Policy Swings and Organizational Discontinuity

The era of Stabilizing Development (1954~1970) gives us one innovation pattern. The model was designed as a measure for recovering real wages which expansionary financing had reduced considerably since 1945. Perceived as a major cause of labor unrest, the Ruiz Cortines presidency responded by controlling public expenditures and raising voluntary savings. This financial character had broad repercussions on intrastate relations. The foremost is the strengthening of SHCP as a coordinating agency—a role which we argue as a precondition for fiscal discipline and as a political reason for ensuring a greater personnel continuity in financial institutions. The rising budget control or investment coordination which Mexico attained by 1964 were in other words possible partly because major control posts in SHCP scarcely changed in hand. These presidencies were accumulating financial expertise by simply reappointing many in their original posts and managed in a simple and effective way complications which arose from having no civil service.

A new innovation-agency relations was unleashed in 1970 as the Stabilizing Development was discredited amid a continued inegalitarian reality. Echeverria aggressively pursued a redistributive and inflationary Shared Development. Lopez Portillo launched a petroleum based and politically conciliatory Alliance for Production. The swings in policy priorities had profound impacts on state organizations. The parastatal sector gained a greater role as nonmarketable social welfare or publically owned oil replaced monetary stability as an overall state concern. The organizationally rigid Finance was also poorly prepared for redistributing state and societal resources and aggressively implementing highly expansionary petroleum programs. The previous financial core was hence sharply reduced in power by Echeverria and Lopez Portillo.

The turnover in Finance ministership comprised a most direct link between policy character and relative ministerial discontinuity (Figure A. 2). The Stabilizing Development was managed by public financiers and conversely required a cohesive Treasury. The unprofessionalized Mexico realized agency cohesiveness by scarcely changing key financiers. The ministership was symbolic. The post was occupied by one man between 1958 and 1970. The ministry gained expertise and cohesiveness as his equipo was practically frozen in its upper and mid managerial layers. The radical reversals in policy priorities (for which SHCP was poorly prepared) conversely reinstated a massive personnel turnover after 1970. The Shared Development resigned Hugo Margain in mid 1973. The ministerial polarization over stabilization dismissed Julio Moctezuma Cid in 1977. Each resignation spilled over within the context of Mexico's unprofessionalized bureaucracy and removed many upper and mid managers whose equipo was directly or indirectly led by Margain or Moctezuma Cid.

The search for a viable policy alternative also undermined SHCP in a paradoxical manner. The ill-managed Shared Development produced a fiscal crisis by 1976. The oil response brought an

<Fig. A.2> Turnovers among SHCP Minister and Vice-Ministers and Key General Directors

Years	46		52		58		64		70		76		82	
Ministership	1	1	1	1	1	2	21	2	2	1				
VM/Finance and Budget*	2													
VM/Finance	1													
VM/Budget*	1													
VM/Revenue	1	2	2	21	1	2	1	1	221	2				
VM/Research	2													
Official Mayor	22													
DG/Finance	1	2	21	1	1	1	2	21	22	11				
DG/Budget*	1	2	1	1	1	2	21							

(1) Personnel changes overlapping with a presidential succession.

(2) Personnel changes occurring during a given presidency.

VM: Vice-Ministership in respective fields.

* Discontinued.

economic collapse by 1982. These economic crises placed a premium on expertise and ironically deinstitutionalized SHCP by giving Finance managers opportunities for upward mobility. That is, the presidential successions in 1976 and 1982 were rendered by former Treasury men who were perceived as possessing special knowledge and experience required for designing new economic remedies. This upward mobility however had adverse institutional consequence as serious as dismissals and purges. Many financiers were now recruited for nonfinancial roles and acquired a political elite status as *lopezportillistas* or *madridistas*. Their *personal* career were enhanced. The Finance as an *institution* however suffered a decay as the continuity in personnel which was required for engendering organizational cohesiveness was reduced extremely rapidly. The ministry was deinstitutionalized as its managers now comprised a major basis for organizing a new presidential coalition.

There was also an interministerial dimension in institutional decay. Lopez Portillo had ended Finance dominance by transferring its budgetary powers to a newly established Programming and Budget (SPP) whose planning mission was intrinsically more open-ended and expansionary. The establishment of a rival coordinating agency in 1977 produced an adverse interactive dynamics. The Finance was destabilized as its new rival planning organ relied mostly on public financiers in filling in planning posts. The sizable personnel transfers, moreover, *continued* after the initial establishment since many late vacancies in SPP were filled by SHCP managers who were trained in related tasks. That is, Finance managers had a competitive edge in filling related budget and planning roles. The vacancies in SPP accordingly drew SHCP managers and in process continued destabilizing SHCP. The primary example is again ministership; three among the four SPP ministers between

1977 and 1982 were former public financiers. Fracturing SHCP into revenue and expenditure ministries produced an interactive process which weakened what remained of SHCP.

The changes in policy characters and state structures were in short causally interrelated. The post-1970 search for a new policy response fueled parastatal expansion; established SPP; and destabilized SHCP. The massive turnovers decisively undermined state capacity for reform by raising barriers against building a cohesive and capable Finance. The agency was perceived by Echeverria and Lopez Portillo as possessing missions which opposed the core values of their overall policy models: redistribution and/or expansion. The attack on its prior dominance was, however, a self-defeating organizational strategy as well. Undermining SHCP was an attack on the agency Mexico had for coordination.

The institutional discontinuity produced by resignations (1973 and 1977) and presidential successions (1976 and 1982) as well as the dynamics governing SPP-SHCP personnel was indeed sharp and wide.¹²⁾ Table A.3 sums up our findings. The overall trend is clear. The turnover rates in personnel accelerated under Echeverria and Lopez Portillo, dividing our ministerial history into two around 1970. The upper ranking managers serving similar *upper* posts in a presidency immediately following (S+1) were exemplary. The Lopez Mateos and Diaz Ordaz regime each reappointed a half. Echeverria continued 36.7 percent. Lopez Portillo and de la Madrid each reappointed slightly over a fifth. The probability which a general director had for remaining at a similar post was in other words more than halved in a mere decade. A similar trend emerged among mid managers.¹³⁾ The accelerating turnover was a phenomenon which no cohort (defined by specific hierarchical layers or presidencies during which individuals were employed) escaped. It was a generalized phenomenon.

The rapidly increasing turnover naturally implied the increase of managers who had no or minimal prior experience in SHCP (defined here as less than three years). Their share among upper ranking managers increased 28.1 percent between Diaz Ordaz and Lopez Portillo. The mid layer experienced a comparable rise (25.2%). The 1976~1982 presidency indeed shook SHCP: over three fifths among its upper managers had no or minimal prior experience (Table A.4).

The rising turnover between presidential terms and increased newly recruited higher managers' share also reinforced each other in radically shortening the total years a given individual spent in *one post* (Table A.5). A year long post holding quadrupled for upper managers under Echeverria and Lopez Portillo. The rapidly declining years in one post moreover necessarily implied a similar shortening in Finance *career* since intra- and interhierarchical mobility remained extremely low in Mexico's unprofessional bureaucracy. As shown in Table A.6, the less than three year career was sextupled (octupled) between Lopez Mateos and Echeverria (Lopez Portillo).

12) We have directly measured continuity by identifying all subdirectors and higher line post holders since 1946 and calculating how many in a given presidential term occupied SHCP posts in another six year period. The data includes virtually all mid and higher line officials and traces lower line and staff positions when our manager had also occupied such a function in his SHCP career.

13) The mid managers recruited from *any* S-1 post holders was reduced by 30.9 percent in absolute terms between Diaz Ordaz and Lopez Portillo.

<Table A.3> Higher SHCP Personnel Continuity between Presidential Terms

	Occupying Previous		SHCP Posts in Presidencies			H Post Holders in Present Presidency S	Occupying Subsequent		SHCP Posts in Presidencies		
	S-5	S-4	S-3	S-2	S-1		S+1	S+2	S+3	S+4	S+5
H*		5.0		10.0	40.0	1952~1958(20)	50.0	30.0	15.0	10.0	5.0
M			5.0	5.0	5.0	Ruiz Cortines					
O		30.0	20.0	20.0	20.0			10.0	20.0	10.0	10.0
H			3.6	21.4	35.7	1958~1964(28)	50.0	17.9	10.7	7.1	
M		3.6	3.6	3.6	14.3	Lopez Mateos					
O	17.9	10.7	10.7	25.0	10.7		3.6	10.7	7.2	3.6	
H		3.3	10.0	20.0	46.6	1964~1970(30)	36.7	16.7	6.7		
M			3.3	6.7	16.7	Diaz Ordaz			3.3		
O	10.0	10.0	16.7	13.3	13.3		6.7	13.3	6.7		
H	1.5	3.0	4.5	7.6	16.7	1970~1976(66)	21.2	13.6			
M			6.0	4.5	13.6	Echeverria		3.0			
O	1.5	6.0	15.2	22.7	15.2		7.6	6.0			
H	1.5	2.9	4.4	7.4	20.6	1976~1982(68)	22.1				
M	1.5	2.9	2.9	5.9	10.3	Lopez Portillo	1.5				
O	4.4	5.9	10.3	16.2	10.3		5.9				

(1) The immediately prior and following terms are shown by S-1 and S+1. Subtract or add additional 1 for each still preceding or following presidency.

(2) The total number of incumbents are shown in parenthesis.

*H (high): general directors, undersecretaries and secretary.

M (middle): area directors and subdirectors.

O (other): primarily staffs and department chiefs but also others.

<Table A.4> Prior Years in SHCP before Being Appointed in a Given Presidency

Presidency	Higher Officials with No Prior Year	Higher Officials with Prior Years				
		<3	4~6	7~9	10~19	>20
1952~1958	25.0	30.0	15.0	5.0	25.0	
1958~1964	25.0	10.7	17.9	28.6	10.7	7.1
1964~1970	23.3	13.3	13.3	10.0	30.0	10.0
1970~1976	28.8	22.7	19.7	7.6	18.2	3.0
1976~1982	35.3	29.4	8.8	8.8	10.3	7.4

(1) <3 (less than three years); >20 (greater than twenty years).

A. 3. Conclusion

The rising turnovers may be analyzed on a higher political plane; the echeverrista and lopezportillista search for a policy alternative which would reverse Mexico's rising incongruence between revolutionary ideologies and inegalitarian reality implied or required new intrastate power balance and in particular a sharply diminished role for Treasury whose rigid and narrow sectoral mission made financiers poorly prepared for redistributing state and societal resources or financing highly

<Table A.5> Years Spent in One Post by High Ranking Officials

Sexenio	Higher Officials		Years in Each Higher Post (%)				
	Men	Posts	<3	4~6	7~9	10~19	>20
1952~1958	20	23	26.1	30.4	21.7	17.4	4.3
1958~1964	28	32	25.0	31.3	12.5	28.1	3.1
1964~1970	30	33	15.2	33.3	15.2	33.3	3.0
1970~1976	66	75	58.7	28.0	8.0	4.0	1.3
1976~1982	68	85	76.5	15.3	5.9	1.2	1.2
1976~1982	(7)	(7)	(3.5)	(2.4)	(2.4)		

(1) The figures in parentheses show the post holdings which continued as of January 1985. Their durations are calculated till January 1985.

(2) <3 (less than three years); >20 (greater than twenty years).

<Table A.6> Total Years Spent in SHCP by Higher Administrators(%)

Presidency	<3	4~6	7~9	10~14	15~19	20~29	>30	R
1952~1958	15.0	10.0	10.0	20.0	5.0	10.0	30.0(5.0)	5.0
1958~1964	3.6	10.7	10.7	28.6	14.3	14.3(3.6)	17.9(3.6)	7.1
1964~1970	3.3	10.0	10.0	20.0	20.0	23.3(6.7)	13.3	6.7
1970~1976	21.2	21.2	15.2(4.5)	18.2(4.5)	12.1(3.0)	7.6(4.5)	4.5	16.7
1976~1982	29.4	29.4(1.5)	11.8(4.4)	13.2(4.4)	4.4	8.8(4.4)	2.9	14.7

(1) The column R and figures in parentheses show the post holdings which continued as of January 1985. Their total years is calculated until January 1985.

(2) <3 (less than three years): >30 (greater than thirty years).

expansionary hydrocarbon programs. The diminished role was expressed by a change in personnel as well as organizational policy. The new presidencies dismissed key public financiers in a rapid succession. Their sectoral reorganization also placed budgetary power in SPP and countered SHCP by establishing a potentially alternative leadership in economic bureaucracy.

The resignations and reorganization in a rapid succession removed many *confianzas*. The institutional instability each personal trajectory created was moreover worsened profoundly by policy performance. The Shared Development and oil response produced a sociopolitical crisis in 1976 and 1982 and unleashed another round of policy experimentation. The renewed search for a viable policy response placed a premium on expertise and ironically provided financiers a competitive edge in struggles for presidential succession. Former Treasury men succeeded Echeverria and Lopez Portillo. Their presidency coming soon after the resignations cumulatively deinstitutionalized the coordinating mechanism within the context of unprofessional bureaucracy.

These state structural changes may be summarized in a demand-supply form. Mexico since 1970 (a) radically expanded its already large parastatal sector; (b) newly established a fractured and mutually destabilizing dualistic SHCP-SPP coordinating mechanism; and (c) increasingly destabilized its prior financial core. The changes *simultaneously* occurring on macro and micro areas simply overwhelmed Mexico. The state zigzagged. The powers available for ministerial coordination and control were sharply reduced as its previous core agency relinquished budget and experienced massive and rapid personnel turnovers. The demands placed on its now dualistic and internally chaotic

control mechanism meanwhile rose as new public agencies and expenditure programs magnified societal and ministerial stakes and increased crosscutting actions. These in essence imply that the powers supplied and demands placed on the coordinating mechanism increasingly diverged. State capacity for effective intervention was in process radically curtailed.

B. The Korean Case

In contrast to the hybrid manager in Mexico which defined policy reform and organizational discontinuity as practically synonymous phenomena, a more selective personnel policy Park endorsed in Korea radically widened policy space for orderly change. There were elite Weberian managers in key economic agencies. The new gender symbolized expertise: institutionalized social learning; and made less frequent major policy failures by restraining politicians' boldness and emphasizing viability. These were policy consequences civil service reforms usually accompany. In Korea a seemingly diverging process was also available and ironically placed reinforcing influence on state capacity. This was selective career *openness*. Many agencies remained comparably open in personnel. The vice-ministerial layer which decisively controlled policy initiative was moreover a *jongmuji* (State Affair Post) which Park personally filled and which he made available as policy resources for EPB and MOF.¹⁴⁾

The increasingly bipolar party structure and accompanying repression were equally crucial in bringing an overblown and (deplorably) effective bureaucracy in Korea. The 1963~1971 presidential elections were usually close: Park Chunghee on average won 50.4 percent. The support for his governing party also rapidly declined in assembly elections as Park made presidential elections only nominal in 1972.¹⁵⁾ The president whose social base was narrowing increasingly relied on coercion for prolonging his personal rule. The peculiar combination of the bipolar party structure and coercion produced an extremely cohesive and powerful bureaucracy. That is, the possibility for nurturing a major popular base was exceedingly low for ministers as few assembly leaders exhibited impressive electoral performance. The ministers seldom tried; Park in any case consciously disallowed coalition building *a la* Mexico.

The overall result was a highly centralized and depoliticized bureaucracy. Many ministerships were filled by career managers while major rivals over succession all remained assemblymen. The ministers seldom diverged from managers in behavior and perceived their role in a highly instrumental manner; they all served Park and championed technical efficiency. Ideologies also had a share in bringing an unusually centralized bureaucracy. In Mexico heterogeneous values had

14) The bureaucracy in Japan diverges sharply. The high civil service here includes vice-ministerial. The prime minister and ministers are sharply curtailed in patronage and preside over a self-governing managerial body. Chalmers Johnson, *MITI and The Japanese Miracle* (Berkeley: University of California Press, 1982).

15) The governing party share in all votes casted was 33.5% in 1963; 50.6% in 1967; 47.8% in 1971; 38.7% in 1972; and 31.7% in 1979. The opposition party in fact won a higher voter share in 1979 (The remainder was divided among independents). Choi Gyuchol, "Sipdae son'go (The Tenth Election)," *Sindonga* (February 1979), pp.98-107. See also Yun Hyongsop, "Son'gowa tupyo haengtae (Election and Voter Behavior)," in Kim Uentae, ed., *Han'guk jongchiron* (The Theory of Korean Politics; Seoul: Pakyongsa, 1982), pp.341-356.

polarized specialists and nonspecialists alike and hindered constructive dialogues among opposing groups. Korea diverged sharply. The civil war here had produced a highly homogeneous ruling ideology which rarely made a policy issue a struggle over opposing values.

We shall accordingly proceed on a threefold analysis for explaining state capacity for reform. The first employs recruitment patterns and ideological homogeneity in generically constructing two distinctive kinds of managers in Korea. The second traces how Park varied personnel policy across public agencies and issue areas and links this variation to organizational power. The third focuses on how agency missions and policy character interacted with the selective personnel policy in shaping state capacity.

B. 1. The Generic Type: Selective Personnel Policy and Haengsi Managers

The bureaucracy comprised a durable source for upward sociopolitical mobility in Korea as well as Mexico. The ways by which public agencies were manned in Korea however experienced a major change since 1961 and diverged from our Mexican model by a progressively wider margin. The Mexican manager remained hybrid; Korea pursued a highly *selective* personnel policy which was more successful in balancing diverse goals personnel policy served. The civil service exam (*haengsi*) recruited mid managers (Grade 3B) and comprised a crucial basis for building a capable higher managerial corps. The special promotion (*teukseung*) opened some doors for lower managers (Grade 4). The special appointment (*teukchae*) meanwhile guarded presidential control over ministries; made state agencies less inaccessible for professionals; and awarded and built a presidential coalition by maintaining some opening in ministerial recruitment.

The increasing reliance on haengsi managers (Table B.1) ironically required no prior change in national values or legal structures. Korea had practiced civil service exams for recruiting mandarins as early as 788. The changes Park Chunghee unleashed in 1961 were mainly narrowing the large gap his predecessors had produced between norms and reality in public agencies. Rhee Syngman and Jang Myon had presided over highly politicized special exams and seldom relied on their legally required haengai examinees for filling in Grade 3B.¹⁶⁾ The reformist role Park assumed was in one sense pursuing a personnel policy which mirrored more Korea's ideological legacies.

The change occurred in phases. Park curbed assembly and societal influences on personnel policy by organizing a Government Affairs Ministry (1961) which monitored recruitment and reshuffling in bureaucracy. His regime also rendered the appointment of successful examinees mandatory.¹⁷⁾ These reforms however lacked a programmatic vision and merely proclaimed vaguely defined desires for change. The precise mix among diverging goals and values personnel policy served was undefined and left for further elaboration. The phases which sustained and institutionalized his reformist drive hence came only amid a growing obsession over export promotion (1964) and industrial deepening

16) See Bark Dongsuh, *Han'guk gwanryojaedoui yoksajok jon'gae* (The Historical Development of Korean Bureaucratic System; Seoul: Han'guk yon'gusa, 1961); Song Wonyong, "Gyongmudaeui in'ui jangmak (The Human Curtain in the Presidential Mansion)," *Sasang'gye* (June 1960); and Yi Munyong, "Gongmuwon bupae isipnyonsa (The Twenty-Year History of Bureaucratic Corruption)," *Sasang'gye* (March 1966).

17) The Government Affairs Ministry, "Han'gukui insa haengjong (Personnel Administration in Korea)," *Nyoncha bogosoh* (1969), pp.13-14; Kim Gyongrak, "Gunsu jongbuui insa haengjong gaehyok pyong'ga (The Reforms in Personnel Administration under the Military Government)," Unpublished MA Thesis (Seoul: Seoul University, 1968), pp.59-62.

<Table B. 1> Recruitment Patterns for Mid and Upper Managers(%)

	8/1948-5/1961				1/1977-12/1980		
	Haengsi	Special	Internal		Haengsi	Special	Internal
1		63.9	36.1	1		34.5	65.5
2		52.9	47.1	2A		6.8	93.2
				2B		6.5	93.5
3A		39.8	60.2	3A		8.1	91.9
3B	4.1	30.6	65.3	3B	20.6	10.8	68.5

Source: The Government Affairs Ministry (MGA) and Ahn Yongsik, "Han'guk gogeuip gongmuwonui mobility (The Mobility of Korean Higher Civil Servants)," Unpublished PhD Dissertation, Yonsei University (1977), p.25 and 46.

(1973). To manage increasingly complex and interdependent economic issues, Park relied more on the haengsi for recruiting mid managers and secured higher managerial layers for primarily internally promoted administrators.

The mid layer in particular experienced a major change in character. The haengsi had annually recruited 25.8 men for Grade 3B posts under Rhee and Jang. The average rapidly rose under Park: 44.6 men by 1970 and 174.8 by 1980. The sharp increase in number implied a major reordering in power balance among our managerial forces. The haengsi managers had previously numbered exceedingly few among all new Grade 3B recruits and had been mainly isolated individuals whose internally promoted and specially appointed rivals jealously countered. The balance was reversed by Park (Table B.1) and made haengsi managers a political force whose members aided one another in filling in choice positions.

The haengsi managers had a decisive ideological edge in ensuring dominance. The average haengsi manager had survived an exceedingly high entry barrier (1:47). In a society where meritocracy was a widely held value, his performance practically assured elite status and eased winnowing rival non-haengsi men from key posts. The education background reinforced his legitimacy. Practically all haengsi managers recruited between 1973 had enrolled in a college (96.9%). Many had even pursued higher learning (24.7%). Usually they were also schooled in elite universities and/or highschools.

Their ideological edge was also joined by a greater organizational capacity for assembling a cohesive corps. The frequent overlap in schooling and age fostered group identity and loyalty which each class (*dong'gi*) and its seniors harnessed for ensuring mutual advancement. Park meanwhile closed the previous openings in upper ministerial posts and harnessed the haengsi managers' growing power behind his personal goals. The insulation is shown in Table B.1. The internally promoted managers' share in all new bureau directors (Grade 2A) increased sharply (47.1% under Rhee and Jang and 92.3% by 1980). The special appointees' share in all new division directors (Grade 3A) similarly declined rapidly.

The civil service reform nevertheless remained an ongoing process. For explaining why *teukchae* continued occupying a major place among Grade 3B line (10.8%) and Grade 1 staff (34.5%) managers, we need an analytic focus on an uneasy relations tying the president and bureaucracy. Three problem areas were crucial. The bureaucracy possessed inertia and was driven by missions which could in principle diverge sharply from Park's political and economic goals. The specific expertise

and experience required for designing and overseeing a particular program were sometimes unavailable in an agency and was controlled by nonstate professionals. The perennial need for awarding loyal partisans also discouraged an aggressive and unrestrained civil service reform. The flexible and multipurpose *teukchae*¹⁸⁾ hence continued assuming a major role in personnel policy and eased his personal dilemma over each problem area.

How did each continuity and change in personnel policy add up and shape overall state capacity? To grasp political and ministerial consequences, our analysis requires selectivity; identifying *where* and *how* a balance was realized among diverse goals any personnel policy served is in particular crucial. Here we shall proceed on macro as well as micro levels. We shall analyze how Park varied his personnel policy among diverse ministries and issue areas. The variance in career insulation or openness shall moreover argued as a major power base for key state agencies.

B. 2. The Variance in Personnel Policy: Agency Missions and Issue Areas

The variance in personnel policy under Park was one across issue areas and in essence served apolitical goal: regime maintenance. The presidency increasingly relied on coercion and economic performance for prolonging his rule. The personnel policy was one major answer Park had found for building each power base. The agencies assuming crucial roles in coercive or economic arenas acquired diverse privileges. They were conceived as policy resources needed for prolonging his leadership and were singlemindedly enhanced in power and personally monopolized by Park. Three dimensions were crucial. The agencies responsible for macroeconomic policy or political order possessed a more closed *managerial* as well as an internally promoted *ministerial* layers. Their upper layers were also major sources for State Affairs Posts in *secondary agencies*.

The bureaucracy we are describing is one where a clear rank order was visible among agencies and whose coercive and economic cores rarely exchanged in personnel. The army secured a large presence in Grade 1 and 3B and agency leadership only in secondary arenas. The agencies presiding over issues in which a policy decision had major consequences on overall economic performance were closed and enjoyed comparable privileges. These variances in personnel policy were crucial for economic policy making in diverse ways. The closed managerial layers allowed for more agency or policy learning in EPB and MOF. The Grade 1 and higher layers Park had secured for each agency also reduced assembly and social influence on macroeconomic policy and made secondary agencies readily available for bringing major reversals in policy goals. The selectivity implied a dual hierarchy. The economic bureaucracy was led by EPB; gained some autonomy from Park; and responded primarily to economic rationality. Park hoped that the political risks he had incurred by endorsing price signals would be justified and countered by superior economic performance. Each variance shall be analyzed below.

Managerial Layers. The closed managerial layers Park had secured for EPB are shown in Table B.2. Most division directors and higher (96.1%) had entered EPB as Grade 3B managers (*samugwan*) or lower. Their EPB career was a life long commitment; twenty years were usually required for reaching assistant vice-ministership. The upper managers who began EPB careers in Grade 3A or higher were also peculiar in kind. They had a long managerial or research career in key public

18) The special appointment test identified a wide range of eligible candidates for mid and upper managerial posts. The eligibility also remained vaguely defined. See article 28 in Civil Service Law (originally no. 44) as amended by Law no. 3477 (8/20/1981).

<Table B.2> Upper Managers in EPB and Their Entry Layer and Career Duration (July 1979)

Entry	Present	AVM		BD		DD	
		men	year	men	year	men	year
AVM		1	1	—	—	—	—
BD		—	—	—	—	—	—
DD		—	—	1	5	1	5
Grade 3B		3	20	3	16	25	10
Lower Grades		—	—	10	18	33	15
Total		4	21	14	39	59	30

(1) DD (division directorship of Grade 3A); BD (bureau directorship or Grade 2A and 2B); and AVM (assistant vice-ministership and office directorship or Grade 1).

(2) The career duration is average prior years in EPB.

(3) The career duration may surpass EPB's history (18 years) since we have included postholdings in its predecessors.

agencies before joining EPB. None was a professional soldier and one had Ph.D in economics. The closed career sharply contrasts with MTI. Since 1961, most Grade 1 post holders in EPB (73.1%) had entered the agency as Grade 3B or lower managers. The same share for MTI (29.2%) was much lower. The assistant vice-ministers who had no prior inhouse career similarly occupied a more marginal presence in EPB (7.7%) This share quintupled in MTI.¹⁹⁾

The closed managerial career in EPB was also accompanied by a large haengsi presence in Grade 3A. (Table B.3). The agency moreover maximized scarce human resources by placing many haengsi managers in planning bureaus and in process engendered a close overlap in schooling. Three elite universities supplied sixty-two mid and upper managers (80.5%) while forty-two (54.5%) had enrolled in higher economics or managerial programs. The SNU group moreover secured a hegemonic place by itself and gave EPB an added organizational cohesiveness. The SNU alumni comprised a majority (53.2%) among all mid and upper managers; filled in most bureau directorships (78.6%); and controlled planning. The assistant vice-minister here was a Seoul alumni. His juniors in school enhanced his influence by filling in most planning bureau (69.7%) and division (91.7%) directorships.

The openness in secondary agencies and vice-ministerial State Affair Posts meanwhile raised policy flexibility in a direct manner; Park and his successor Chun Doo-hwan filled key layers in secondary agencies by EPB men during major policy reversals. These agencies helped bringing overall coherence in economic policy. MOF managed a huge public banking community and dispensed special funds organized for specific purposes; MTI issued diverse licenses and presided over interest associations which served and hence influenced businessmen; MAF and MOF jointly controlled rural cooperatives which funneled fertilizers and loans.²⁰⁾ They were resources EPB needed for influencing and

19) See Table 4.9 in Byung Kook Kim, *Bringing and Managing Socioeconomic Change*, Unpublished Ph.D Dissertation (Harvard University, 1987).

20) See David Cole and Yung Chul Park, *Financial Development in Korea, 1945~1979* (Cambridge: Harvard University Press, 1986); Yung Whee Rhee, Bruce Ross-Larson and Garry Pursell, *Korea's Competitive Edge: Managing the Entry into World Markets* (Baltimore: The Johns Hopkins University Press for the World Bank, 1984).

<Table B.3> Upper Managers in EPB and Their Recruitment and School Background (July 1979)

EPB Post	DD	BD	AVM		DD	BD	AVM
	Recruitment Channel				Education Background		
Haengsi	26	2	1	SNU	28	11	2
Teukseung	29	9	1	KR/YS	18	1	2
Teukchae	2	1		Other	12	2	
				NA	1		
NA	2	2	2	Graduate	33	6	3
Total	59	14	4		59	14	4

(1) The posts are as in Table B.2.

(2) The haengsi (civil service exam) competitively recruits mid managers (Grade 3B). The teukseung recruits lower ranking officials (Grade 4) for mid managerial posts. The teukchae appoints nonmanagerial professionals for Grade 3B and higher.

(3) The elite universities are: SNU (Seoul National University); KR (Korea); and YS (Yonsei).

(4) NA: Not available.

reshaping societal behavior. This need was in part satisfied by Park who frequently lined behind EPB and disciplined opposing agencies.

State Affair Layers. The hierarchical ordering in economic bureaucracy was moreover a pervasive phenomenon under Park. EPB and MOF held unambiguous leadership. MTI laid in a mid ranking layer. The public agencies which presided over less dynamic economic arenas (less powerful social groups) or which performed mainly auxiliary roles were placed in lower rungs and ignored or harshly sacrificed for enhancing overall economic performance (which his regime primarily defined as expansion). The personnel policy which expressed agency hierarchy is reexamined in Table B.4. Here coercive as well as economic bodies were included for showing overall power balance (or imbalance) under Park. The managerial career a given agency leader had was recorded by his primary home agency (when applicable) and visibly summarizes policy making under Park. Two major patterns were especially crucial for prolonging his presidency.

The first concerned possible rivals or successors. The prime ministership was always bypassed in policy making and was rarely filled by a popular figure.²¹⁾ The nominally second prime minister was usually an obscure career manager or professor (63.6%) or a loyal general (27.3%) who primarily conceived his role as a *personal advisor* to Park and who seldom possessed a mass social base. Park in any case perceived the prime minister as expendable and ironically held him responsible for major policy failures.

The dependence on a loyal army as well as a capable economic bureaucracy for regime maintenance meanwhile engendered our second pattern. The dependence on the two (which were placed in a more zerosum rivalry as Park progressively commanded a narrower ideological and social base) were balanced by organizing broad zones in which core coercive or economic agencies secured a major presence. Two agency groups or issue areas were discernible. The leading coercive bodies (army

21) See Jong Ilgwon for his personal experience as Prime Minister. A more general discussion is Pak Sil, "Gukmuchongriyoljeon (Prime Ministership)," *Sindonga* (August 1983), pp.148-175.

<Table B.4> The Major Career Background of Vice-Ministers and Higher Postholders in Selected Agencies (12/1963~12/1983) (Men)

Prime Minister										
Prior Career	EPB	MOF	MTI	MFA	MIL	BAN	PRO	KCIA		
P/11			2	1	3	2	2			
Economic Agencies										
Agency	Economic Planning Board					Presidential Secretary				
Prior Career	BAN	MOF	MHA	MIL	EPB	EPB	MOF	MHA	MIL	MFA
M/13	5	1		1	3	C/8	1	1	2	2
V/13		3			10	E/9	7	2		
Agency	Finance				Trade and Industry					
Prior Career	EPB	BAN	MHA	MIL	MOF	EPB	MOF	MIL	BAN	MTI
M/14	2	2			3	M/11	4	1	2	1
V/18	4	3			10	V/9	1	4		3
Agency	Agriculture & Forestry					Energy and Resource				
Prior Career	EPB	MOF	MHA	MIL	MAF	EPB	MOF	MTI	MIL	MER
M/15	3	3	4		2	M/7	4	1		1
V/11	4	1			5	V/3	1		1	
Agency	Construction					Transportation				
Prior Career	EPB	MOF	MHA	MIL	MOC	EPB	MOF	MHA	MIL	MOT
M/15	2		1	6		M/16			3	11
V/10	2	1	3	2		V/8	2		2	1
Coercive Agencies										
Agency	Defense					Home Affairs				
Prior Career	EPB	MOF	MHA	MIL	MOD	EPB	MOF	PRO	MIL	MHA
M/9				9		M/13		1	9	2
V/9			1	6		V/13			3	7
Agency	KCIA									
Prior Career	EPB	MOF	MHA	MIL	KCIA					
D/9				7						

Source: Compiled from MGA.

- (1) The prior career here implies mid and upper managerial postholdings in a given public agency.
- (2) The agency a given vice-minister or minister had served as a mid and upper manager is: EPB (Economic Planning Board); MAF (Agriculture and Forestry); MOC (Construction); MOD (Defense); MER (Energy and Resource); MOF (Finance); MFA (Foreign Affairs); MHA (Home Affairs); MTI (Trade and Industry); or MOT (Transportation).
- (3) The career outside bureaucracy includes MIL (former military officer); BAN (bankers); PRO (professors); and KCIA (Korea Central Intelligence Agency).
- (4) The present post includes P (Prime Ministership); M (Ministership); or V (Vice-Ministership). The number shows how many men (11) had served (Prime Ministership) between 12/1963 and 12/1983.
- (5) The non-ministerial cabinet level posts include Chief Secretary (C) and Executive Economic Secretary (E) for Park and KCIA Directorship (D).

and MHA) were a major source for ministership (67.7%) and viceministership (38.9%) in areas where public agencies (MOC and MOT) performed auxiliary roles or were crucial mainly during implementation phases.²²⁾ The key macroeconomic policy makers (EPB and MOF) enjoyed comparable privileges in industrial (MTI and MER) and agricultural (MAF) issue areas and produced every First Economic Secretary since 1966.

The primary consequences were a sharply *simplified* economic policy making process and a considerably *enlarged* policy space. Park purged succession rivalries from bureaucracies by consciously marginalizing his prime ministers and placing public agencies under career managers who could seldom build a mass appeal. The presidential incentive for delegating powers correspondingly remained high in all policy arenas. Each agency head had only one boss or audience and was a policy resource no assembly leader could command. How Park varied his personnel policy across agencies or issue areas was also crucial. The key here is how closely a given core and an auxiliary agency coincided in missions or norms. The army and MHA symbolized one hierarchical value which Park desired in any auxiliary agency responsible for implementation: obedience. The generals and MHA managers in MOC or MOT simply perceived policy making as a command based process and aided EPB and MTI by aggressively building highways and complexes (which any major industrial program required).

Placing EPB and MOF men in industrial and agricultural arenas aided Park in a more complex way. The agency head he desired in an auxiliary arena was a man who aggressively pursued broad goals Park and key policy makers had designed *elsewhere*. Industrial and rural areas in comparison had serious economic repercussions and powerful pressure groups. Here he desired an agency head who could mobilize specialized knowledges; place micro issues in a broader policy framework; and possess independence from social groups. In each no agency equalled EPB and MOF. These were macroeconomic policy makers which housed his Weberian managers. They commanded knowledge over micro and macro policy problems; each also possessed independence from business and rural pressure groups. Their concern over overall policy coherence and economic performance was an ideal ground for preparing a manager who would perceive policy from a broad angle; pride himself on resisting group pressures; and flexibly diagnosing policy failures.²³⁾

The variances in personnel already describe Korea as possessing a wide policy space. There is however a need for analyzing policy consequences more closely. The hybrid manager in Mexico was previously argued as rapidly undermining policy coherence during reform periods. Korea since 1964 radically diverged. The adverse consequences which any reform places on a given state structure were in a sense cushioned by professionalizing key policy makers and some managerial layers in secondary agencies. This causal process shall be explored more closely.

22) The Construction (MOC) and Transportation (MOC) Ministry are major auxiliary agencies. They build infrastructures (highways and industrial complexes) which are required for any major industrial program.

23) The knowledge and mission analyzed here are visible in popular images. The planners are popularly described as *gwanbyon economist* (bureaucratic economist) or *amachuo gyoshu* (amateur professor) who live in *sang'atap* (ivory tower). The images are found in "The Commander in Economic Policy Making: EPB," *Dong-A Ilbo*, April 16 1981. See also Sin Songsun, "Gyongjae gihwaekwon (The Economic Planning Board)," in Son Gwangsik, ed., pp. 25-74.

B. 3. The Capacity for Reform: Flexible Core Agency and Openended Policy

The search for a new policy package had induced major state structural changes in Mexico. The dynamics Korea experienced sharply diverged in kind. The Export First remained basically unchanged. There was *no comparable* search for a new policy response and changes were primarily reinforcing or perfecting export promotion. Two were crucial here. Key policy makers and some pressure groups were polarized or divided in 1964 and 1979. The issue addressed during each year was where in an overall policy hierarchy export should be placed as well as who should bear major economic burdens. The decision in 1964 sacrificed paraestatal banks and agriculture for rapid export growth. The second contracted key intermediate industries and rural subsidies for recouping overall national competitiveness.

The policy dynamics in Korea had significant organizational consequences as in Mexico. The structural outcome was however continuity. The policy priority or consensus endured. The intrastate power distribution *supporting* as well as *justified* by export promotion correspondingly lasted and consolidated. The core in bureaucracy was exemplary. The Export First required a core which could rapidly and sweepingly adjust against an increasingly volatile world economy. This demand for flexibility comprised a crucial power base for EPB which possessed a nonsectoral or open-ended mission and hence an unrivaled capacity for sweepingly changing gears and aggressively following new economic signals.

The most direct link between policy responses and ministerial power balance laid once again in personnel turnovers. The sixties witnessed a rapid expansion in world trade and a boom in international financial intermediation. Park and EPB reacted in 1964 by aggressively pursuing a threefold policy response. The policy identified export as a major pillar for growth; fueled a massive capital inflow for building new export bases; and subsidized exporters by directly squeezing state banks. They were measures which sacrificed finance for expansion and which seriously jeopardized the allocative and countercyclical powers of MOF.²⁴ The presidential support was expressed through successive dismissals of opposing MOF men. Six served as its secretary while Jang Giyong headed EPB between 1964 and 1967. The MOF vice-ministership was similarly occupied by five men in a rapid succession (Figure B.1).

The 1979 recession unleashed a sharply diverging policy change. MOF again pushed for fiscal discipline. The program—unlike similar contractionary programs MOF had proposed—won an enduring adherence from key policy makers and became a basis for an aggressive hard money policy. Why did 1979 diverge from prior recessions? The answer partly lies in EPB. The proposal was endorsed only because Chun and EPB perceived in expansionary financing a cause for a major sociopolitical crisis. EPB was in essence a *swing* variable. The planner no longer championed an easy money policy and increasingly perceived MOF as an ally in disciplining public programs and lowering price increases. The previously hegemonic leader among expansionary agencies rapidly

24) The specific measures Jang proposed and Park endorsed explained why MOF vigorously opposed EPB. The new domestic L/C, *yokgeumri* (reverse margin interests), automatically rediscounted export loans, and special funds for specific industrial purposes all reduced monetary constraint on industrial/commercial policy and removed an increasingly large share of capital from MOF control. The measures are discussed in EPB, *Gaebal nyondaewi gyongjaek jongchaek: gyongjaek-gihwaekwonui isipnyonsa* (Economic Policy during the Developmental Decades: The Twenty-Year History of Economic Planning Board; Seoul; EPB, 1982).

<Fig. B.1> Turnovers among MOF Minister and Vice-Minister 5/1964-10/67

Years	63	64	65	66	67	68	69	70
EPB Minister								
		*			*		*	
MOF Minister								
	*	*	*	*	*	*	*	*
MOF Vice-Minister								
	*	**	*	*	*	*	*	*
EPB Career Managers in MOF (1)								
MOF Grade 2A			1					
All MOF Grades			1					

* Changes in personnel.

(1) The figure shows the number of EPB career managers who filled MOF upper and mid layers.

<Fig. B.2> Former EPB Men in MTI Ministerial Posts (1979~1982)

Years	79	80	81	82	83
EPB Men as MTI Minister					
		1	2	1	2
EPB Men as MTI Vice-Minister					
		1	2	2	
EPB Men as New MTI Managers					
All MTI Grades: None					

(1) career managers as MTI Minister or Vice-Minister.

(2) Ministerial changes filled by non-EPB men.

changed side and joined powerful MOF managers.

The policy issues or goals which converged our core agencies in one broad alliance were however dissimilar in kind. MOF mainly judged performance by price rises and proposed a hard money policy as a remedy for financial imbalance. For EPB major issues were more *diverse*. The planner also placed microeconomic problems on a *higher and broader policy plane* and rapidly reshaped all possible policy arms (including financial) for realizing one common goal: recovering export competitiveness. The decisive changes were industrial. The deepening had seriously jeopardized export potential by inducing an inflationary spiral and exchange rigidity. The program had also caused labor and capital shortages in traditional export sectors. The planner correspondingly pushed for slowing down and redesigning many deepening programs.²⁵⁾

Finance was also an arena where EPB pushed for change. In Korea all commercial banks were publicly owned. The ownership was perceived as allowing expansionary financing and became one major issue in which EPB desired change. The ownership was accordingly made more mixed. The more liberal banking order had been moreover preceded by measures which reduced pressures on

25) Company mergers were especially crucial for slowing down deepening and raising efficiency. See Korea Development Institute (KDI), *Gyongjae anjonghwa sichaek jaryojip* (The Collected Documents of Economic Stabilization Measures; Seoul: KDI, 1981), pp.81-89 and 1149-1225,

prices;²⁶⁾ its consolidation correspondingly had a more solid ground. These were indeed major changes. They were possible only because EPB had succeeded in showing Park and Chun how high economic *and* political costs—progressively lowered export competitiveness—would be if its proposal for liberalizing diverse policies was refused. The unshaken elite confidence in export promotion lined Park and Chun behind EPB and was once again expressed through personnel change. Two EPB men headed MTI between 1979 and 1982; another filled in MTI vice-ministership. The bank reform was similarly pushed while former planners presided over MOF and occupied the First Economic Secretary to the President.

The personnel changes here however diverged from our Mexican ones in one crucial way. The MOF and MTI managerial layers remained closed (See Figure B.1 and B.2) and remained professionalized. Being a loser in major policy rivalries scarcely changed mid and upper personnel and left intact the *long run bases* for capable and cohesive behavior in economic policy making. The specialized knowledge and mission MOF and MTI possessed were jealously guarded and would prepare each for oncoming policy changes.

The continuities in policy responses and state structures were in conclusion causally interrelated. The Mexican search for a new policy response fueled parastatal expansion; established SPP; and destabilized SHCP. The enduring consensus in Korea politically legitimated flexible EPB. The causal process was also in a reverse direction. The opened and professionalized EPB could rapidly adjust itself and comprehensively design new remedies for changing socioeconomic problems. Its unsurpassed organizational capacity for recognizing new issues and sweepingly designing new remedies allowed for a greater control over economic imbalance and hence a longer survival of a given policy package. The agency mission and policy character were similar; each was opened and emphasized continuous adjustment. The policy and EPB dominance accordingly endured over a considerably longer period.

C. Conclusion

Key variables in our analysis were conceived as structures. Their precise meanings however need be specified here for distinguishing our research angle from rival paradigms. Two were especially crucial principles governing our empirical analysis: disaggregation and interdependence. The state is seldom a unified policy maker which holds readily definable and reconcilable goals. To answer why reform capacities vary across geographic and dynamic dimensions accordingly requires a focus on real social problems as well as rivalries among policy making bodies. Who are key decision makers? Which issues are polarizing public and social groups? Why do players endorse diverging ideological norms and policy angles for remedying a given problem? The generic character of managers and agency missions are as real and as crucial as class cleavages in pressuring policy change. *Disaggregation* is hence needed for showing specifically how each variable shapes power balance in bureaucracy whose form (hegemonic or bipolar) and base (planning or financial) place decisive

26) EPB had dismantled price ceilings and rural subsidies. Trade barriers were progressively lowered as well. See Byung Sun Choi, "Institutionalizing a Liberal Economic Order in Korea: The Strategic Management of Economic Change," Unpublished Ph.D Dissertation (Cambridge: Harvard University, 1987), pp.196-346.

influences on policy choice.

The power balance in bureaucracy may be indeed conceived as a major variable influencing policy dynamics. The Finance dominance in Mexico made policy making less permeable by social groups and allowed for a model which would bring financial deepening before 1971. The lopsided power balance was however a seed for radical policy reversals and personalized decision making processes as well since her hard money policy was scarcely an answer for underemployed marginal popular groups and progressively polarized key academic and managerial groups. There emerged an expansionary social welfare model which challenged SHCP. Its powers—diagnosed as hindering a major policy change—were correspondingly reduced by Echeverria. This had profound repercussions on overall policy processes. There had been no visible change in any larger state structural and ideological variable; reducing Treasury influence was accordingly inducing a power vacuum in bureaucracy which Echeverria personally filled in and used for increasing his own policy choices.

The power balance in Korea unleashed diverging dynamics. The core agency here possessed an open-ended mission; flexibly diagnosed policy legacies and remedies; and rapidly endorsed or discarded expansionary goals as a new opening or challenge rose abroad. The changing social agenda or main problem areas were correspondingly less a menace for EPB managers. The openended planner rapidly changed gears and successfully guarded powers. Flexible EPB also allowed for building cohesive and capable secondary agencies. The core was available as a personal resource for Park and lined behind his policy hierarchy in myriad commissions. Endorsing a hard or easy money policy hence seldom required a large personnel change in MTI or MOF. The resources each had developed *s1S* vis a *viss0S* public banks and business combines were in fact guarded and mobilized for a common purpose by EPB managers.

The contrast between Korea and Mexico brings us to the second principle governing our analysis: The institutional variables we emphasize are placed in a complex interactive process where a change in one assumes a specific policy meaning only after influencing or being reshaped by our remaining dimensions. For example, the economic consequences which an all encompassing planner brings are mediated and reshaped by how personnel is organized in secondary and core agencies as well as who are rivals over presidential succession. The changes in one dimension seldom influence policy performance directly. Their precise roles depend on all key variables which are changed as well as which remain rigid. Similar reforms accordingly hold diverging policy meanings in dissimilar regimes and bureaucracies.