

The Form of State and Development Policy: Case of Selected Asian Countries

KIM, KWANG-WOONG

Professor, Graduate School of Public Administration, Seoul National University

I. Introduction

Since World War II, many social scientists in the West have proposed numerous theories to examine various issues of national development (Adelman and Morris, 1973; Amsden, 1984; Evans, Rueschemeyer and Skocpol, 1984; Higgott and Robinson, 1985; Zysman, 1983). These theories differ a great deal over the exact role which political factor plays in the process of economic development and industrialization. Pluralist theories, for example, argue that government plays no major role. These theorists assume that society as a whole is organized by interdependent institutional elements, and politics by competitive interest groups which vie for each other for maximizing their own interests. According to them, the polity and the economy are relatively autonomous so that the role of government is not significant in economic change. However, since they are interdependent in nature, certain associations are expected. On the other hand, the statists, particularly those with marxist perspectives, view that politics is essentially a matter of class politics where a hegemonic class rules over the state which in turn facilitates economic change to the benefit of the hegemonic class. Here the role of the government seems to be obvious and predetermined. The only question left is through what mechanism it performs its function. The difference of the two views is, in a word, of paradigmatic nature. Nonetheless, none of these Western theories, however, offers a satisfactory answer to the important question of why some civil or military authoritarian regimes in Asia have been more successful in economic development than others in the same region of the world.

It is, therefore, our task to delve into these theories and their applications in terms of the relationship between political systems, their characteristics, and their effects on economic development. In so doing, a conceptual framework which is more appropriate to the study of economic development in less development

countries(LDC) in Asia needs to be developed. To this end, it will first assess the pluralist and statist theories of economic development in light of available empirical evidence. On the basis of this assessment, it will propose a new framework for identifying the patterns of relationship between political factors and economic development. Finally, the paper will attempt to examine the proposed framework against the economic and political changes occurred in eleven Asian countries over the past decades, and in particular in South Korea and Thailand that needs to be explored as a case study.

II. Theoretical Discussions

1. Political Factors for Economic Development

There is a great deal of literature covering the relationship between political factors and economic development, and it is beyond the scope of this paper to review them all. The literature review here is confined to fourteen works, including empirical as well as theoretical studies, which were purposively selected in consideration of the two theoretical views, namely the pluralist and the statist. It is not always clear which theoretical standpoint a particular study takes unless specified, but it was possible to identify the theoretical inclinations of those studies reviewed.

First of all, let us examine which political factors were taken into account in the selected studies. As shown in Table 1, altogether nine factors of political dimension are identified to be associated with economic change. Though using exactly the same terms, working definitions and measurement of those factors vary considerably among researchers, they can be listed as (1) political party system, (2) power separation, (3) power structure (or representation), (4) political stability, (5) executive leadership and ideology, (6) bureaucracy, (7) policy, (8) type of regime or government, and (9) the state.

A few researchers used a single factor to characterize the type of political system, but others adapted a set of factors either in an enumerative manner or composing a comprehensive scheme. When one uses the regime type or the state factor, it is usually the latter case.

Our next concern is in what ways these political factors are hypothesized that in less developed countries(LDCs), the characteristics conducive to economic growth are: a one-party dominating system rather than competitive or semi-competitive systems; a centralized power structure especially with one strong leader; a stable government; a competent, strong bureaucracy; and an authoritarian regime. However, some studies claim controversial findings on empirical bases, as will be further reviewed in the next section.

So far, we have reviewed previous studies disregarding their theoretical disposition. Some interesting distinctions between the pluralists and the statist are found

Table 1. Political Factors in Relation to Economic Development Indicated in Selected Studies

	Political Party	Power Separation	Power Structure	Political Stability	Executive Leadership & Ideology	Bureaucracy	Policy	Regime or Gov't Type
Rostow	*	*	*	*	*			
Adelman								
& Morris	*	*		*		*	*	
Holt								
& Turner						*	*	
Spengler						*	*	
Hoselitz						*	*	*
Dick	*							*
Cohen								
Rueschmeyer								*
& Evans						*		*
Amsden							*	
Johnson						*	*	*
Zysman					*	*	*	*
Offe						*	*	*
Berg-Schlosser	*	*	*	*	*	*	*	*
Keman								*

Notes: a) The regime type is classified in terms of polyarchy or democratic(competition), socialist, civil authoritarian corporative and military, and connotes variables such as the participation, freedom of opposition, etc.; the power structure is operationalized in terms of personalistic, collective and representative.

b) The power separation refers to both horizontal and vertical division including the degree of centralization/decentralization.

c) Bureaucracy is mentioned with respect to competence in resource management, policy implementation, etc.

d) Policy refers to both mechanism and substances, and also includes economic institution.

e) The notion of state includes autonomy and capacity.

when they are compared with regard to the way in which specific political factors are related to economic development. In the first place, we find that the two groups of studies are distinct in the selected factors which are considered to be associated with economic change. As indicated in Table 2, such factors as political party, power separation and political stability are much more favored by the pluralists, while the regime type and the state are almost exclusively used by the statist. On the other hand, leadership, bureaucracy and policy factors are relatively evenly emphasized by both groups.

Table 2. Comparison between the Pluralist View and the Statist View on Political Factors

	Pluralist (Rostow, Adelman & Morris, Holt & Turner, Spengler, Hoselitz, Dick, Cohen)	Statist (Rueschemeyer & Evans, Amsden, Johnson, Zysman, Offe, Berg-Schlosser, Keman)
Political Party	2(1)*	(1)
Power Separation	2	(1)
Power Structure	1	(1)
Political Stability	2	—
Executive Leadership and Ideology	1	1(1)
Bureaucracy	4	4
Policy	3	3
Regime or Government Type	2	5
State	—	3

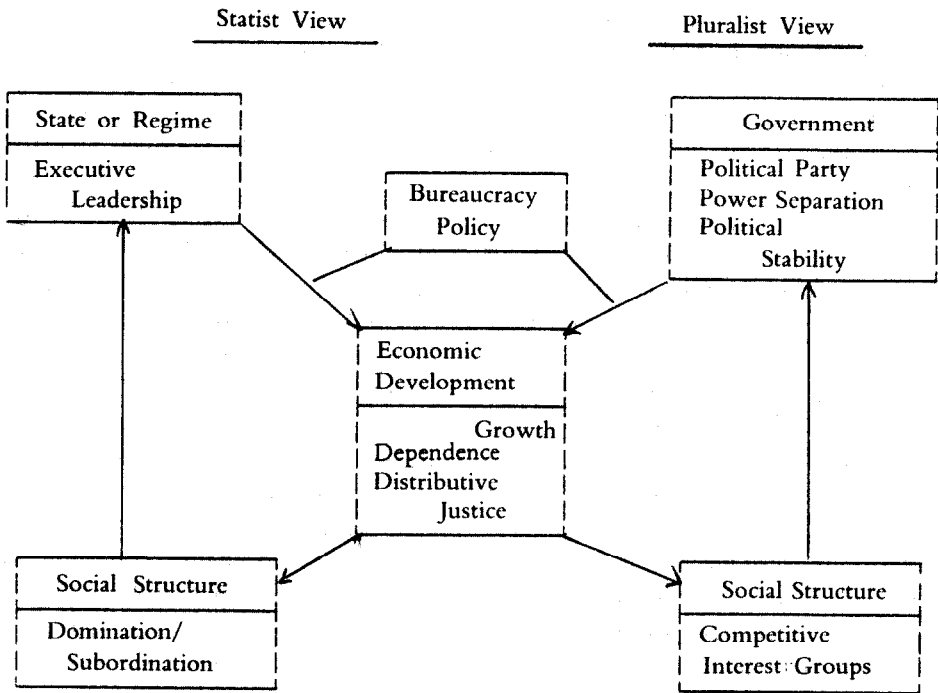
Secondly, it is also noted that economic development is differently conceptualized: the pluralists tend to view it almost identically with materialistic growth which is eventually conducive to an enhancing of distributive justice; the statist seem to be primarily interested in distributive justice or the possibility of class disparity widening as the capitalist economy expands as foreign dependence is deepened in the LDCs.

Moreover, in the analysis of variables, the two groups seem entirely different from each other. The pluralists normally assume a set of explanatory variables having equal weight and thus easily compose a regression model which overlooks qualitative interaction among the variables. On the other hand, the statist emphasize the qualitative aspects of the political system and its relationship with

the economy. Methodologically speaking, these two perspectives bear their own limitations, and there are respective efforts to overcome these limitations. The pluralists attempt to arrive at a composite indicator for the political system character, and the statisticians attempt to incorporate some conventional research strategies adopting empirical indicators that would define the nature of the state.

Figure 1 compares the two theoretical views to show the basic distinctions in the conceptual framework in terms of the relationship between the political system and economic development.

Figure 1. The Conceptual Framework of the Relationship between the Political System and Economic Development



Arrows in the figure imply the major impact flows among political, economic and societal elements: the state, or the government, plays an important role in economic development and is conditioned by social structure, the character of which is differentially conceived by the two views: and economic development in turn contributes to changes in social structure. Although the relationship among the three elements shows the same pattern as expressed by the single arrows, the differential conceptualization of each element makes the two views distinct. It is also noted that bureaucracy and policy are counted by both groups as instrumental factors that connect essentially political factors and economic develop-

ment.

2. Regime, Executive Leadership and Bureaucracy in Economic Development

Successful economic growth in East Asia has mostly been induced by systematic planning or rigorous state involvement, which entails policy mechanism and the mobilization of bureaucracy as the main instruments propelling industrialization and economic growth. Economic policies and strategies including industrial policy, manpower policy and fiscal, finance and monetary policies varied, but rapid economic growth in the region shared the similarity in that it has been subject to state policies.

Then, our first question should be, "What kind of policies are likely to bring about economic growth?" However, considering the variation in the type of growth policies and strategies that could result in the similar rate of economic growth, the more important question would be the character of the state which derived the specific developments strategies and the manner of policy formation and execution.

"The state" here is used as a rather abstract concept inclusive of all the political aspects of governing society, the character of which is also closely associated with the economic and social structure. Though the concept is still elusive, it is preferred to other indicators of the political system, such as the political party or the separation of power, when analyzing developing countries where mostly foreign political institutions mean something else than they do in the countries where they originated. In this regard, a notion such as "soft authoritarianism/capitalism nexus" used in interpreting the government and business relationship in Japan, South Korea and Taiwan (Johnson, 1987) seems to be more agreeable, although the nature of capitalism in Korea and Taiwan may need further scrutiny.

Assuming that East Asian countries have some sort of capitalist economies, our main task is how we operationalize the concept state, or what factors of the state are salient in the comparative study of the relationship between political factors and economic development. It is suggested in this paper that the types of regime, executive leadership and bureaucracy are worth studying in relation to economic development in East Asia.

This is not entirely an innovative idea, but has been suggested by earlier works. For instance, Zysman is one who advocated these indicators to account for economic growth in France and Japan (1983). Viewing that the emergence of bureaucratic-authoritarian regimes in Brazil and elsewhere presents an issue that different economic problems pose different political tasks, he also emphasized the political regime rather than the entrepreneurial agent of industrialization as the major factor explaining economic growth.

He further pointed out that a government's action depends upon the personali-

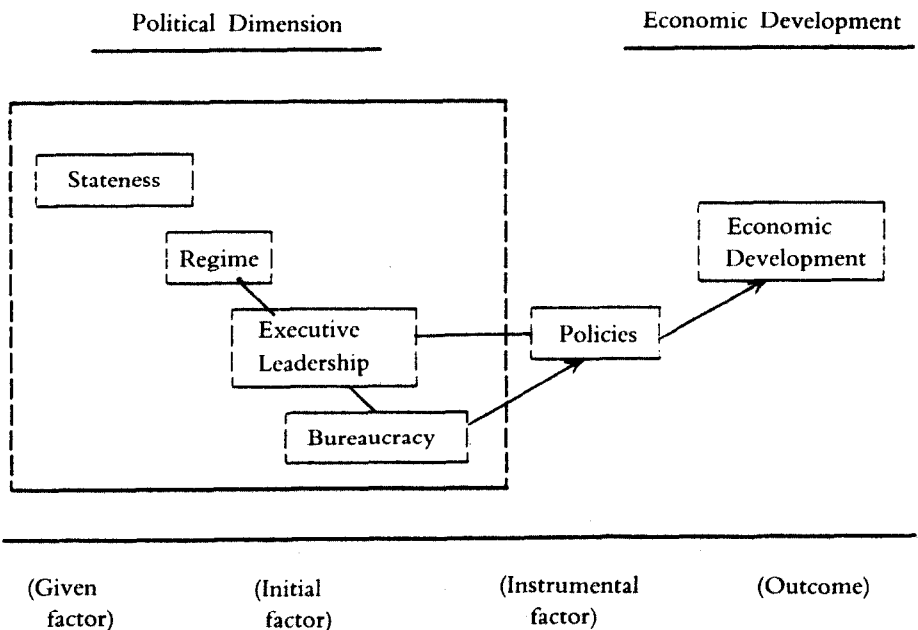
ties and goals of those who govern and the capacity of the state, particularly of the executive body. This capacity is the power of the executive branch of government to get its way when implementing policy by mobilizing and directing the resources in the executive branch being a function of the political structure, internal coherence of the bureaucracy, and the relation of the bureaucracy to the legislature and to various interest groups.

To reconstruct Zysman, we can pose that a certain type of regime combined with some degree of executive capacity and bureaucratic capacity is more likely than others to succeed in inducing economic growth through policies. The regime, as an approximate of the state, represents, the collective character of the state with respect to its representativeness, power structure and the mode of operation. The character of a regime is a variable to the specific historical conjunction of the state. The legitimacy, ideology and capacity of a regime is typically characterized by the executive leadership and the bureaucratic apparatus that are directly responsible for the selection of strategies and policies and the mode of their execution.

Figure 2 visualizes the relationship of these factors of political dimensions to economic development.

As the figure below shows, within the context of the stateness of a historically

Figure 2. Conceptual Scheme for the Relationship between Political Factors and Economic Development



and geopolitically given factor, the regime, the executive leadership and bureaucracy are posed as the initial political factors linked to economic development through the policy mechanism. Although the bureaucracy is often conceived as an instrument, which it normally is, it should be noted that in many developing countries it exerts considerable initiative power rather than merely being instrumental.

The commitment of the executive leader(s) to development and the capability of the bureaucracy are relatively clear as the substantial factors of policy formation and execution toward economic development. Therefore, the following discussion will be focused on the type of regime and its economic performance.

Zysman was not alone in his concern with regime as a collective indicator of the state to account for government policies and consequent development. A number of studies reviewed in the previous section take it as the main variable explaining economic development. The specific types of regime classified by these studies are shown in Table 3.

Table 3. Types of Regime in Connection with Economic Performance

	Polyarchy– Democratic	Socialist	Authoritarian	
			Civil	Military
Dick (Europe & Asia) a/	*		*	*
Cohen (Latin America) b/	*		*	*
Amsden (Asia) c/				*
Johnson (Asia) d/			*	
Zysman (Europe & Asia)	*		*	
Berg–Schlosser (Africa)	*	*	*	*

Notes: a/ Cohen uses Columbia, Brazil and Argentina as a case.

b/ Amsden focuses on Taiwan, indicating conquest-oriented regime.

c/ Johnson examines Japan, Korea and Taiwan.

d/ Zysman compares France with Japan, and focuses not the regime type per se, but the centralized system of both countries.

These studies are also distinctive in that they came up with a strong suggestion of the necessity of modifying the classic hypothesis that development of late industrializing countries is best served by some variants of the authoritarian regime. Dick, for example, defining the character of the regime mainly by the political party system, found that in Asia the authoritarian governments performed slightly better than the competitive ones but not nearly as well as the semi-competitive governments (1974). Furthermore, while the authoritarian governments performed better than competitive ones in the countries below the median GDP per capita, the reverse was true among the countries above the median. This suggests that the authoritarian regimes may be capable of achieving faster economic growth only in the earlier stages of development, but not in the later stages.

Cohen's analysis of two Latin American cases at different times concluded that bureaucratic-authoritarian regimes are somewhat more effective in terms of economic performance: their contribution in Brazil (1964-1976) to the average annual growth rate exceeded that of the democratic Columbian regime (1945-1963) by half a percent, which amounts to a substantial figure over a period of time (1985). However, he adds, the economic growth under the bureaucratic-authoritarian regime had to pay for the enormous political costs such as the suspension of constitutional rights, restriction on political parties, censorship of the mass media, arrests, exiles and executions, which may not justify the economic performance of the regime. This study suggests that the concept "development" should be expanded to include political and social justice as well as mere economic growth. When development is viewed as such, the reputation for economic performance of the bureaucratic-authoritarian regime should be reassessed.

Finally, Berg-Schlosser's work on the African political systems is worthy of being noted in conjunction with the analysis and classification of the regimes and the conceptualization of economic development (1984). He constructed an historically-oriented multidimensional typology of political systems against differences from both conventional approaches of the systems theory and marxist state derivation theory. He used seven different political variables including party systems, legitimacy, recruitment of the executive head, the division of power, the power structure, the scope of control and ideological orientation to identify four clusters of system characteristics, namely polyarchic, socialist, civil-authoritarian and military regimes. He also shows the changes of the regime type and executive transfers in African countries since 1960.

The Berg-Schlosser's regime typology was certainly a comprehensive scheme encompassing structural and ideological indicators of the state. However, it remains questionable whether an equal importance of these variables may be assumed. Moreover, another methodological note is necessary: typology strongly reflects historical and regional peculiarities in the sense that the major criterion for

selecting variables and the expressed categories in each variable was that they were "deemed to be most useful and sufficiently discriminating for a comparative analysis of contemporary African states"(1984: 128).

His conceptualization and operationalization of development is also interesting. The economic performance of the regime was measured in terms of the growth of gross national product(GNP) per capita, improvements in the physical quality of life, and the deepening of dependence. Finally, the acceptance of normative standards such as human rights was accounted as an important aspect of the regime performance.

His analysis of the relationship between the regime type and economic and political performance in Africa reveals that, contrary to the widely held assumption concerning the developmental advantages of civil or military authoritarian rule in Third World countries, the polyarchic regimes fare quite well in every aspect of their performance of development including protection of civil liberties and freedom from political repression. Socialist regimes show a poorer performance in terms of economic growth, but have a good record in improving the living condition of a larger part of the population particularly in the fields of education and health. The civil-authoritarian states do well with respect to GNP growth, but relatively little of this growth contributes to the improvement of basic living standards. Praetorian, or military regimes have the worst records in all these regards.

It has been observed in the few studies discussed above that the regime type is suggested to be a powerful factor in explaining economic and other development. What remains to be discussed is how in the Asian context the regime is to be analyzed and classified. For this, as shown in Table 4, a hypothetical typology of few Asian countries with regard to the types of regime and the executive power

Table 4. Hypothetical Typology of Asian Countries with Regard to the Types of Regime and the Executive Power of Bureaucracy

Polyarchy	Types of Regime		
	Civil Authoritarian	Military Authoritarian	Socialist
India	Japan Malaysia Singapore	South Korea Taiwan	China North Korea
Philippines		Thailand Indonesia	Burma

of bureaucracy is presented. In addition, how the regime as a comprehensive variable can become more powerful by incorporating the rest of the political factors, namely the executive leadership and bureaucracy should also be explored.

III. Stateness and the State of Economic Development: Eleven Asian Countries

One of our objectives is to observe the relationship between the stateness and the state of economic development of 11 countries in Asia. The stateness is operationalized in terms of the type of regime and the executive power of bureaucracy. As shown in Table 1, 11 Asian countries—the Philippines, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand, Indonesia, China, North Korea, and Burma—were chosen to be compared according to the two indicators of stateness. It is arguable whether these countries fall into only one cell of the classificatory schema. In other words, the Philippines may or may not fall into the cell of the polyarchy and the weak bureaucracy, for instance. Such argument is also correspondable to other countries in the schema.

What is to be examined in these countries is their economic development with an emphasis on growth, dependence, and distribution. As discussed earlier, pluralists and statistes emphasize different aspects of economic development. The pluralists view economic development in connection with growth, whereas the statistes envisage economic development within the context of distribution. Therefore, it matters more to statistes than pluralists that a country is highly dependent on a core country and also is vulnerable in realizing distributive justice, although it has been successful in growth.

This section does not attempt to verify a certain hypotheses concerning the views mentioned above. But we are tempted to observe that military authoritarian countries with a strong bureaucracy tend to attain a high economic growth with a heavy dependence and with a low distributive justice; civil authoritarian countries may be a less asymmetric in this contrast; military authoritarian countries with a weak bureaucracy may not be as same as the case of one with a strong bureaucracy; socialist countries, no matter how their bureaucracy is powerful or not, may not be as equal as the capitalist countries in terms of growth and dependence with an exception of distributive justice.

In order to determine how differentiated the 11 countries are, we have three tables of statistics, growth, dependence, and distribution indicators. First, as shown in Table 5, except for Japan, Malaysia, and Singapore in particular are distinctive in GNP growth rate. Remember that these countries are in the regime of civil authoritarian and a strong bureaucracy. The military authoritarian countries with a strong bureaucracy like South Korea and Taiwan maintain a high growth rate in both 70s and 80s, while the military authoritarian countries with a

Table 5. Growth Indicators of 11 Asian Countries

	% average real growth GNP		GNP per cap(US\$)		Industry as % GNP
	1970-80	1982-86	1970-80	1982-86	1980-86
Philippines	6.2	-1.1	365	655	34.6
Japan	5.4	3.7	3760	8696	78.7
Malaysia	8.0	3.2	792	1798	24.3
Singapore	14.4	7.1	2230	5315	38.4
South Korea	8.7	8.6	727	1856	32.7
Taiwan	8.5	7.5	1280 ^{a)}	2793	46.8
Thailand	7.0	4.1	342	701	27.8
Indonesia	7.5	3.5	201	531	28.1
China	6.5	9.8	-	277	42.0
North Korea	7.5	2.0	-	972	76.0 ^{b)}
Burma	3.6	5.5	-	175	12.0

Source: Far Eastern Economic Review Yearbook, 1970-88; IMF, Government Finance Statistics Yearbook, 1980

Notes: a) 1974-1979

b) 1980-1982

weak bureaucracy like Thailand and Indonesia were good in the 70s, but slow down in 80s. China as a socialist country is also good in her GNP growth rate in 70s and moreover is extremely good in the 80s, possibly owing to the open door policy, which may also accelerate the dependence rate at the same time. It is not easy to identify the reason why the growth rate of North Korea is sharply down in the 80s in comparison with the 70s. In the meantime, if we look at the figures of industry proportion in GNP, Singapore, South Korea and Taiwan with a background of military regime have a relatively high proportion of industry in GNP. It is interesting to know that both China and North Korea, socialist countries, also retain high proportion, which shares something in common with other military regime of nonsocialist country. The Philippines appears exceptional in this case.

We now compare three indicators to measure the level of dependence of each country: outstanding for debt, percentage trade with US, and percentage trade with Japan. As far as the outstanding for debt indicator is concerned, South Korea, Indonesia, the Philippines and Malaysia are leading countries as shown in Table 6. The table also shows that Taiwan, the Philippines and South Korea have relatively high trade relations with US, while Indonesia, Burma, Malaysia, North Korea and China maintain an active trade relations with Japan.

Table 6. Dependence Indicators of 11 Asian Countries

	Outstanding for debt	% trade with US	% trade with Japan
	1980-86	1980-86	1980-86
	(US \$M)		
Philippines	22,148	28.1	18.9
Japan	—	25.9	—
Malaysia	10,016	14.8	23.1
Singapore	1,346	15.7	12.2
South Korea	32,867	27.1	22.9
Taiwan	5,691 ^{a)}	34.4	18.5
Thailand	9,170	14.0	19.8
Indonesia	24,186	18.2	39.9
China	6,882 ^{b)}	13.3	22.5
North Korea	2,167 ^{c)}	—	19.3
Burma	1,982	4.8	26.8

Source: Far Eastern Economic Review Yearbook, 1980-88

Notes: a) 1981-1986

b) 1980 and 1985 are not included

c) 1985 is not included

Countries with high foreign debt could be subjected to a hegemonic power including core countries and/or major international organizations. Except for the Philippines, civil or military country like Malaysia, South Korea and Indonesia tends to be dependent upon outside assistance, but their economic growth conditions are not all the same, which may be associated with the level of bureaucratic power. Powerful bureaucracy may be able to link the foreign debt to industrial production with regulative or promotive policy interventions. South Korea may serve as an exemplar for this case.

As far as the trade affairs with either US or Japan, again the civil or military countries like Malaysia, South Korea, Taiwan and Indonesia seem relatively active. Socialist countries like China and Burma are not exceptional in this case. It is interesting to know that although they are militaristic, the dependenceness of Singapore and Thailand appears to be diversified.

Finally, it was not easy to obtain the data of distribution indicators for the concerned countries, as shown in Table 4, there are two distribution indicators, percentage share of household income and Gini index with many missings. At any rate, it is good to know how unequal these countries are. Table 7 presents the income share data for eight countries that are cross-classified according to different levels of overall inequality. The table distinguishes three countries, the

Table 7. Distribution Indicator of 11 Asian Countries

	Percentage share of household income		Gini
	Lowest 40%	Top 20%	
Philippines(1971)	11.6	53.8	0.50
Japan(1979)	21.9	37.5	0.31
Malaysia(1973)	11.2	56.1	0.36
Singapore	—	—	—
South Korea(1976)	16.9	45.3	0.37
(1982)	18.8	43.0	
Taiwan(1971)	21.9	39.2	0.32
Thailand(1975-76)	15.2	49.8	0.50
Indonesia(1976)	14.4	49.4	—
China	—	—	—
North Korea	—	—	—
Burma	16.5	44.8	—

Sources; The World Bank(1988). *World Development Report 1988*(Oxford University Press), pp. 272-273.; Hollis Chenery and others(1974). *Redistribution with Growth*(Oxford University Press), pp. 8-9.; D.K.Kim(1989). *Modern Public Finance*(Parkyoungsa), p. 235.

Philippines, Malaysia, and Indonesia from the rest whose lowest percentage shares are less than 15%. Although Thailand is not included in this category, 15.2% tell us that she is nearly similar to other three countries. The inequality, as far as these three to four countries are concerned, seems nothing to do with the type of regime except for the case of two countries. That is to say, with Thailand and Indonesia, we may be able to hypothesize that the military authoritarian regime with a weak bureaucracy is unlikely to control uneven income distribution. Burma as socialist country is better off than other countries except Japan and South Korea.

Gini index of the table shows that Japan and Taiwan have relatively high degree of equality in their distribution in incomes; the Philippines and Thailand have low degree of equality; Malaysia and South Korea are located in between the two groups. It is difficult to generalize, but we may say that inequality tends to be associated with a weak bureaucracy. Though there are no figures for socialist countries in the table, the European socialist countries like Bulgaria(0.21), Poland(0.25) and Hungary(0.24) implies the possibility that China, North Korea and Burma may share relatively equal incomes among the people.

IV. Case Analysis: Comparing South Korea and Thailand

Of 11 Asian countries, two countries are selected from Northeast and Southeast Asia for cross-national comparison. Specifically, South Korea and Thailand are chosen for three reasons.

First, the two countries are both military authoritarian systems. In Thailand, its King is assigned a centrifugal role in the political process and has often been able to dilute the political power of the military. Yet, military officers in uniform and ex-military officers have been very active in politics and administration since 1932. Prime minister and other key positions of the cabinet, as well as most of Senate seats have been occupied by the military elite. The same is true in Korea, where the military has been the most powerful force shaping the political process since 1961. Four different republics since then have been headed by former generals. Many of their cabinet members and other key government officials have come from a military background.

A second important reason for comparing South Korea and Thailand is that they contrast sharply in terms of the way in which their politics has been run, despite similarities in the type of political system. The two countries differ a great deal with respect to the degree and mode of state penetration or intervention in other aspects of public life, as described below. They also differ considerably in the way in which their bureaucracies have participated in economic planning and performance.

Third, the two Asian countries are at different levels of economic development after decades of dissimilar performance. South Korea is widely known as one of the "four little dragons" whose economies have expanded most rapidly in the past two decades. Thailand, unlike South Korea, is not a member of the dragon club; it is currently emulating the Korean model and challenging to become a fifth dragon in Asia. This difference in economic development and the other factors specified above make the two countries an interesting case study.

1. Economic Performance

Politically, both South Korea and Thailand have experienced the same type of military/authoritarian rule for more than three decades now. Economically, however, the two countries have achieved markedly different levels of economic growth over the same period, as Table 2 indicates. Between 1960 and 1980, South Korea achieved an average annual growth rate of 7 percent in per capita income. Thailand registered 4.7 percent growth, making South Korea's annual increases in per capita income nearly 50 percent higher than Thailand's. As a result of this difference in growth rate, the two countries are currently at considerably different levels of economic development when compared in terms of per capita

income. According to the World Bank's 1980 per capita income statistic, South Korea and Thailand recorded \$1,520 and \$677, respectively. On average, South Koreans are over two times better-off than Thais, although the two nations were equally poor four decades ago.

Both countries witnessed a rapid transformation in the structure of economic production. Between 1960 and 1980, the share of agriculture in the GNP is

Table 8. General Economic Demographic Situation of the Two Countries

	Korea	Thailand
Area(1000km ²)	99.2	514
Pop(mil)	42.1	53.6
Pop growth(60-70)	2.5	3.0
(70-80)	1.7	2.5
GNP in 86(US\$b)	95	40.18
per cap income 1980(US\$)	2,256	749
per cap income(60-80)	7.0	4.7
GDP growth(%) (60-70)	8.6	8.4
(70-80)	9.5	7.2
Terms of Trade(1975=100)		
1960	99	121
1980	75	63

Source: World Development Report 1982; Asia Year Book 1988

Table 9. Sectoral Growth and Structure of Production

	Korea	Thailand
Agriculture 1960-70	4.4	5.6
1970-80	3.2	4.7
Growth of Production(%) Industry		
1960-70	17.2	11.9
1970-80	15.4	10.0
Services 1960-70	8.9	9.1
1970-80	8.5	7.3
Structure of Production		
Agriculture 1960	37	40
1980	16	25
Industry 1960	20	19
1980	41	29
Services 1960	43	41
1980	41	46

Source: World Development Report 1982

shown in Table 3 to have declined from 37 to 16 percent in South Korea and from 40 to 25 percent in Thailand. During the same period, manufacturing industries grew annually by 21 percent in South Korea and by 10 percent in Thailand. It is important to note that although the two countries experienced great structural change, South Korea is much more industrialized than Thailand, which remains relatively heavily dependent on agriculture.

It is difficult to tell which of the two countries has been more successful in distributing the benefits of economic growth fairly. According to the most recent data on income distribution for the year of 1976, the distribution of personal income was slightly more equal in South Korea than in Thailand. In the former, the lowest 40 percent of the population shared 16.9 percent of total national income before taxes, while the highest 20 percent for the lowest 40 percent of the population and 49.9 percent for the highest 20 percent. The Gini index was 0.370 for South Korea(1982) and 0.459 for Thailand(1980).

The poverty data presented in Table 11 also confirm the differences in income distribution and equality between the two countries. In South Korea, approximately 15 percent of the population were found to be living below the poverty line during the 1975-76 period was 31 percent. Looking more closely at the poverty data, we find that in Korea the incidence of absolute poverty was 7 percentage points higher for rural areas than for urban centers(18 versus 11 per-

Table 10. Percentage share of Household income and the Gini Index

	Percentage Share		Gini Index	
	1976		1976	1980-82
	lowest40%	Highest20%		
South Korea	16.9	45.3	0.3616	0.3700
Thailand	15.2	49.8	0.3996	0.4590

Sources: World Bank Report 1984; 4N, A Survey of National Income Distribution Statistics 1985.

Table 11. Incidence of Absolute Poverty

	Total	Percentage of population in absolute poverty	
		Urban	Rural
Korea(1976-79)	15	18	11
Thailand(1975/76)	31	15	34

Sources: World Bank staff estimates.

cent). In Thailand, however, it was 19 percentage points higher for rural areas than for urban centers (34 versus 15 percent). Therefore, of the two countries, poverty was not only greater but also more heavily concentrated in Thailand than in Korea.

It is true that South Korea scores worse than Thailand when they are compared in terms of total outstanding foreign debt relative to GNP (29.0 versus 18.2 percent). In recent years, however, foreign debt has been accumulating at a much faster rate in Thailand than in Korea (34.6 versus 22.9 percent). As Table 12 indicates, Thailand is rapidly becoming one of the world's most heavily indebted countries.

Table 12. Comparative Debt Indicators and Growth in External Indebtedness

	Debt Indicator	Growth in external Indebtedness		
		1971-80	1971-75	1975-80
	Disbursed and outstanding debt/GNP a/			
Korea	29.0	23.5	24.2	22.9
Thailand	18.2	15.2	14.3	34.6

a/ Public and private debt.

Source: The World Bank, *Thailand: Managing Public Resources for Structural Adjustment*, 1984; World Debt Table; and World Bank mission estimates.

The economic statistics presented above, when considered together, suggest that Thailand is currently at the stage of economic development reached by South Korea in the mid-1970's. The nominal per capita GDP in Korea at that time was \$582. Granted, this figure is substantially lower than the current figure for Thailand. But an adjustment for the inflation taken place in Thailand over the past decades places South Korea's 1975 level of economic development well ahead of Thailand's current level. Moreover, the 1975 rate of population growth in South Korea is similar to that in Thailand today. The two countries are also remarkably similar in terms of export performance: South Korea's exports were growing by 40 percent annually in the mid-1970's, and Thailand's exports are currently growing at around 35-40 percent annually. Based on these findings, It is fair to conclude that Thailand is about one decade behind South Korea in economic development.

2. Executive Leadership

What factors can account for the time lag in economic development that exists between Thailand and South Korea? To explore this question, we need to examine intermediate level political factors known to affect economic development. They are: (1) executive leadership; (2) bureaucracy; and (3) the mode of policy intervention.

It is generally believed that development policies can be executed most effectively when they are integrated through a planning or coordinating unit in the government. The two countries have both established government agencies for the functions of planning and coordinating development policies. South Korea's Economic Planning Board (EPB), however, has been able to perform those functions much more efficiently and effectively than Thailand's National Economic and Social Planning Board (NESDB).

The EPB is authorized to perform policy coordination and planning, as well as resources allocation, which often encroaches on jurisdiction of other related ministries. It holds on a weekly basis Council Meetings of all ministers and vice ministers related to the economy, and the Industrial Policy Deliberation Council. In these meetings, economic policy alternatives are screened before being placed on agenda for the cabinet meeting.

In Thailand, the NESDB is concerned mainly with the formulation of broad development policies and projects for other government agencies. The functions of coordination and funding are left with the Bureau of Budget. Consequently, in Thai administration, little coordination exists between the economic planning agency and the central budget office. Former Prime Minister, therefore, remarked: "Each person is doing the job by himself without any coordination with others. Thus, the multi-million irrigation system, for example, cannot supply water to the farmers due to the lack of irrigation canals, thus wasting a lot of money" (Chai-Anan, 1987).

3. Governmental Bureaucracy

How successfully development policies are formulated and implemented depends a lot on the consciousness and behavior of career civil servants. In general, they are expected to be professional and specialized in a certain policy area; they are also expected to work in the interest of their nation as a whole rather than their families or friends. Bureaucrats in both South Korea and Thailand are far from fulfilling these expectations. They tend to be ascriptive, parochial and personal in their orientations; they also tend to be unsystematic and irrational in the management of development policies and programs.

Despite these similarities, South Korean and Thai bureaucrats engage in distinc-

tively divergent modes of management practice. In Thailand, bureaucrats are openly allowed to occupy multiple roles besides that of a civil servant. Consequently, they often become involved with and committed to the promotion of their own private interests. A typical example may be found in the case of a police general who was deputy minister of agriculture and who at the same time served in 10 boards of private firms. One of these firms manufactured gunny bags that were sold to rice millers on a compulsory basis (Riggs, 1966). Likewise, cabinet members hold formal memberships in various private organizations and are very active in private business affairs. For this reason, they are often called "capitalist bureaucrats".

South Korean bureaucrats, in sharp contrast, are forbidden to hold dual or multiple positions in either private or public organizations. Legally, they are prohibited from assuming any responsibility in a profit-making organization. They are also prohibited from occupying multiple positions in other government agencies. This is not to say that Korean bureaucrats are completely fair to all the people whom they are supposed to serve fairly and competently. But as a result of the absence of role agglomeration, they are more insulated from business and party politics, and they are less tempted to engage in corruption than their counterparts in Thailand.

The executive leadership that was most critical to Korea's economic development was provided by President Park Chung Hee. More so than any of his predecessors or successors, he was able to minimize outside influence upon economic decision-making and maximize the administrative autonomy (Chung, 1987). He protected the EPB from outside political influence securing for the economic elite the maximum policy space possible (Kim, 1987). With presidential support and protection, the Korean economic elite was able to initiate various policies that have contributed a great deal to the expansion of foreign exports. Included in these policies are tariff exemption for materials and parts, reductions of both direct and indirect domestic tax, a special depreciation system, and an importer registration system based on export performance (Kang, 1988).

Under President Park's leadership, South Korea established more than two decades ago a prestigious and state-conscious career civil service. These career civil servants had easy access to key executive posts and did initiate, coordinate and implement important economic policies and projects for their nation. This is indeed one of the factors which sociologist Skocpol (1985) has found most crucial to economic development: "such possible underpinnings of strong state power as a prestigious and state-conscious career civil service" with predictable access to key executive posts; authoritative planning agencies; direct executive control over a national central bank and public ownership of strategic parts of the economy."

4. Mode of Policy Intervention

The two countries compared here were in disagreement over the role which their government should play in economic development. The state can intervene directly in economic development endeavors; or it can merely promote such endeavors indirectly. As Luedde-Neurath(1984) points out, state intervention may be a necessary condition for successful economic development in less developed countries. Of the two different roles which government could play, South Korea chose the direct intervention approach, while Thailand chose the promotional intervention approach.

In South Korea, a number of factors enabled the state to intervene directly in economic life, including the effective channels of communication(Luedde-Neurath, 1984). Domestic financial and merchandise markets were tightly controlled, as were foreign trade, the foreign exchange market, foreign investment, and the transfer of foreign technology. Export industries were supported through direct subsidies, continued until 1972 when heavy and chemical industries(HCI) were selected for state intervention. The HCI drive continued until 1979 when the government began to adjust for the failures of its intervention in those industries. The adjustment period lasted until 1985, since which time the South Korean government had been searching for a more appropriate industrial policy for further development of its economy.

The government in Thailand, unlike its South Korean counterpart, had to opt for the promotional intervention approach. Internal and external conditions in the country were not favorable to direct governmental intervention in economic affairs. Traditionally, a private enterprise system with minimal government intervention was widely believed to produce an economic environment conducive to the growth of private investment. Every government, being preoccupied with the issues of internal security and political stability, was not interested in controlling the flow of economic affairs, particularly trade affairs. The management of trade in Thailand, for example, was left almost entirely to the invisible hands of the private sector. This hands-off approach contrasts sharply with the Korean practice of direct and extensive intervention in foreign trade and industrial development.

In recent years, Prime Minister Prem and other government leaders have chosen to play a more active role in the management of economic affairs. Under the scheme of "promotional privileges," they have emphasized policies that would promote foreign investment and import-substitutive industrialization. Recognizing the fact that the Thai bourgeoisie operates within an expanding international system, the government now actively seeks to regulate the conditions under which foreign capital operates. It is also in the process of centralizing the economic policymaking apparatus in order to minimize the Japanese influence on

the Thai clique bourgeoisie.

V. Summary and Conclusions

There are many political factors known to affect economic development. Of these factors, previous studies have concentrated on the type of political system or regime in order to explain cross-national variations in economic development. These studies have generated impressive evidence to support the theory that less developed countries under authoritarian rule are more capable of promoting economic development than those under non-authoritarian rule. The same studies, however, have failed to account for a great deal of variations in economic development that exist between countries that have long been under the same type of political rule.

This study has sought to explain why economic development in some authoritarian states is more successful than in other authoritarian states. To this end, it has proposed a new conceptual framework that focuses on the interactions among two initial and one instrumental political factor with a given type of political system. The strong commitment of political leadership to the goal of economic development and the professional capacity of the state bureaucracy to formulate and manage development programs are viewed in the framework as the forces initiating economic development. The direct mode of governmental intervention in economic affairs through the policy mechanism, on the other hand, is viewed as an instrumental influence on it.

To test framework as a tool for studying economic variations across political systems of the same type, we have compared South Korea and Thailand, two military authoritarian states in Asia that have taken different paths to economic development. Despite the fact that the two countries have been ruled by the military for more than three decades, they have achieved remarkably different levels of economic development. This difference is found to have stemmed from their differences in the initial and instrumental political factors specified in the model. Based on this finding, we argue that the proposed model could provide new insight on the political sources of economic change in authoritarian states.

References

- Adelman, Irma and Cynthia Taft Morris(1973) *Economic Growth and Social Equity in Developing Countries*. Stanford, CA: Stanford University Press.
- (1967) *Society, Politics, and Economic Development: A Quantitative Approach*, Baltimore: The Johns Hopkins Press.
- Amsden, Alice(1984) "The State and Taiwan's Economic Development," in Peter Evans, D., Rueschemeyer and Theda Skocpol(eds)., *Bringing the State Back In*. Cambridge: Cambridge University Press.

- Berg-Schlosser, Dirk(1984) "African Political Systems: Typology and Performance." *Comparative Political Studies*. 18:1 April, 123-136.
- Chenery, Hollis and Other(1974) *Redistribution with Growth*. Oxford University Press.
- Chirot, Daniel(1977) *Social Change in the Twentieth Century*. New York: Harcourt Brace Jovanovich.
- Cohen, Youssef(1985) "The Impact of Bureaucratic-Authoritarian Rule on Economic Growth," *Comparative Political Studies*. 18:1 April 1985. 123-136.
- Cole, David C. and Princeton N.Lyman(1971) *Korean Development: The Inter-play of Politics and Economics*. Cambridge: Harvard University Press.
- Crone, Donald K.(1983) *The ASEAN States: Coping with Dependence*. New York: Praeger.
- Dick, G. William(1974) "Authoritarian versus Nonauthoritarian Approaches to Economic Development," *Journal of Political Economy*. 2:4 July/August 817-827.
- Evans, Peter, Dietrich Rueschemeyer and Theda Skocpol(1985) *Bringing the State Back In*. Cambridge: Cambridge University Press.
- Grosse, Scott D. (1982) "Regime Type and Performance: A Blind Alley?" *Comparative Political Studies*. 14:4 January, 543-548.
- Haggard, Stephan, Byung-Kook Kim and Chung-In Moon(1987) "The Transition to Export-Led Growth in Korea: 1954-1966," Conference Paper, The Role of the State in Economic Development: Republic of Korea, UCLA Center for Pacific Rim Studies, August 14-16.
- Higgott, Richard and Richard Robison(1985) *South East Asia: Essays in the Political Economy of Structural Change*. Boston: Routledge & Kegan Paul.
- Holt, Robert T. and John E. Turner(1986) *The Political Basis of Economic Development: An Exploration in Comparative Political Analysis*. Princeton, NJ: D. Van Nostrand Co.
- Hoselitz, Berf F.(1967) "Levels of Economic Performance and Bureaucratic Structures" in Joseph Lalombara(ed.) *Bureaucracy and Political Development* Princeton, NJ: Princeton University Press, 168-198.
- Johnson, Chalmers(1987) "Political Institutions and Economic Performance: The Government-Business Relationship in Japan, South Korea, and Taiwan," in Frederic D. Deyo(ed.) *The Political Economy of the New Asian Industrialism*. Ithaca: Cornell University Press.
- Kang, Chul Kyu(1988) "Industrial Policy in Korea: Review and Perspective," Korea Institute for Economics and Technology(KIET), Occasional Paper No. 88-04
- Kang, Sintaek(1987) "Bureaucratic Behavior: Internal Performance and Clientele Relations," Conference Paper, The Role of the State in Economic Development: Republic of Korea, UCLA Center for Pacific Rim Studies, August 14-16.
- Keman, Hans(1984) "Politics, Policies and Consequences: A Cross-National Analysis of Public Policy-formation in Advanced Capitalist Democracies(1967-1981)," *European Journal of Political Research*. 12 July, 147-170
- Kim, Byung Kook(1987) *Bringing and Managing Socioeconomic Change: The State in Korea and Mexico*. Ph.D Thesis, Harvard University.
- King, Dwight(1981) "Regime Type and Performance: Authoritarian Rule, Semi-Capitalist Development, and Rural Inequality in Asia," *Comparative Political Studies*. 13:4, January, 477-504.
- Kraus, Richard and Reeve D. Vanneman(1985) "Bureaucrats versus the State in Capitalist

- and Socialist Regimes" *Comparativer Studies in Society and History*. 27:1 January 1985, 111-122.
- Lee, Hahn-Been(1968) *Korea: Time, Change, and Administration*. Honolulu: East-Asian Center Press.
- Luedde-Neurath, Richard(1984) "State Intervention and Export-Oriented Development in South Korea," in Gordon White and Robert Wade(eds.). *Developmental States in East Asia*. IDS Research Report Rr 16.
- Ratanamongkolnas, Sawaeng(1979) "Political-Ideological Development Interacting with Local Economic-Social Settings," Seminar Paper, Social Development: A Synthesis of Eastern and Western Experience, Chiangmai, Thailand, July 4.
- Riggs, Fred W.(1966)*Thailand: The Modernization of a Bureaucratic Policy*. Honolulu: East-West Center Press.
- Rostow, Walt W.(1960)*The Stages of Economic Growth*. Cambridge, Mass.: Harvard University Press.
- Rueschemeyer, Dietrich and Peter B. Evans(1984) "The State and Economic Development," in Peter B. Evans, D. Rueschemeyer and Theda Skocpol(eds.) *Bringing the State Back In*. Cambridge: Cambridge University Press.
- Samudavanija, Chai-Ana(1987) "The Bureaucracy" in Somasakdi Xuto(ed.). *Government and Politics of Thailand*. Oxford: Oxford University Press. 73-109.
- Sussangkarn, Chalongphob(1988) "Production Structures. Labour Markets and Human Capital Investments: Issues of Balance for Thailand." Conference Paper, Sources of Economic Dynamism in the Asian and Pacific Region: A Human Resource Approach, Tokyo, Japan, January.
- Spengler, Joseph J.(1967) "Bureaucracy and Economic Development." in Joseph Lapalombara(ed.) *Bureaucracy and Political Development*. Princeton, NJ: Princeton University Press. 299-232.
- Todaro, Michael P,(1977) *Economic Development in the Third World* Longman, 129.
- The World Bank(1984) *Thailand: Managing Public Resources for Structural Adjustment*. Washington, D.C.
- The World Bank(1988) *World Development Report 1988* Oxford University Press, 272-273.
- Zysman, John(1983) *Government, Markets, and Growth: Financial Systems and the Politics of Industrial Change*. Ithaca: Cornell University Press. *Far Eastern Economic Review, Asia Yearbook*, 1975-1988.
- IMP, *Government Finance Statistics Yearbook, 1980*.