Guest Editors’ Introduction

Suggestions for New Perspectives on the Land Reform in South Korea

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Introduction

There were a lot of issues involving the establishment of a new independent government on the Korean Peninsula after its emancipation from the Japanese Empire in 1945. One of the most critical issues relating to Korea’s future economic system was land reform (*nongji gaehyeok*), a question faced by both the South and North. In North Korea land reform was implemented in early 1946 by the Interim People’s Committee, with Soviet support, on the socialist principle of “uncompensated redistribution” (*musang bunbae*) of land.

In South Korea, discussions began in the Interim Legislative Assembly in 1947 before the establishment of the Republic of Korea (ROK, or South Korea) government and in the face of loud opposition on the part of landlords. South Korea’s land reform was carried out shortly before the outbreak of the Korean War in 1950, one year after the law and regulations were enacted in the National Assembly. What deserves attention in the ROK’s land reform is its contribution to the formation and maintenance of a market system in South Korea. Ironically, even though the way the land reform was carried out was inconsistent with the market system, it enabled the ROK government to seek economic rehabilitation and growth within the market system. The reform was enforced by the ROK government with American support in 1949 and 1950 as one of its anti-revolutionary strategies.

Despite the criticism it received from many intellectuals and specialists, the South Korean land reform created independent farmers who replaced the

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former colonial landlords. It was very successful relative to such contemporary initiatives in other countries, because South Korea created a relatively equal ownership structure in rural areas through the distribution of repossessed lands to poor peasants.¹

However, so far assessments of the land reform in South Korea have not been very positive. The representative view among scholars of the land reforms is that they fell short of their goals. But this attitude was reversed by Jang Sanghwan's (1984, 1985) case studies. While the traditional evaluations of land reform tended to focus on whether or not the distribution of land was free, Jang's research focused on the collapse of the colonial landlord system and the establishment of the independent farmer system (jajangnong cheje). Also, in 1989, the governmental research organization, the Korean Rural Economic Institute (Hanguk nongchon gyeongje yeonguwon) published a report entitled "Research on the History of Land Reform"² that suggested the formation of the independent farmer system through land reform was the cornerstone of Korean capitalism. This kind of historical perception was a shocking paradigm shift at the time and yet has become a mainstream historical interpretation of the land reforms in South Korea.

This mainstream analysis can be summarized as follows. Even though the attempts at land reform in many other countries were unsuccessful, South Korea was able to successfully implement its policies for the following reasons. First, the American plan to establish an anti-communist democratic country in South Korea was accomplished by satisfying the desire of the majority of

1. There were three types of land reform enacted after World War II: landed elite system reforms (Asia), Hacienda reforms (Latin America), and nationalization reforms (Communist style). But it was the first type of reform that has been evaluated as the most successful. Sobhan (1993) analyzed 36 countries' experiences before and after land reform based on their individual indexes, and classified them according to whether or not they succeeded in accomplishing societal change and equality. According to that study, South Korea's "reform" was a rare case wherein equality was accomplished. Kay (2002) went further to uncover the reasons behind the success of land reform in South Korea and Taiwan compared to such reforms in Latin America. That study pointed out the failure of socialist collective farming in creating economic incentives as well as the disadvantages of large-scale farming; it also highlighted the fact that Latin American-style reforms failed to eliminate the political power of landed elites or to develop small-scale entrepreneurs. However, more research is needed to determine whether or not Asian style reforms invariably led to the development of a small entrepreneurial class.

2. Kim 1989. While land reform was a project of such importance that all citizens could be considered stakeholders, in the end the government failed to publish any satisfactory report on the process. This is partly due to the lack of sufficiently broad and accurate statistics, but also to the general perception by society that the reforms had failed to live up to expectations. This book is made up of official reports on the land reform process. Against this background, this work can be regarded as a de facto official report on the reforms.
tenants for land ownership. Second, eliminating the economic foundation of the political landlord class was in the interest of President Syngman Rhee. Third, although there is room for debate on this point, the landed elite needed to develop a new economic escape route as the colonial land ownership system's profitability was declining. Due to these reasons, South Korea's land reforms were implemented without significant resistance and the independent farmer system and equal structure of land ownership that emerged after the land reforms contributed greatly to South Korea's development of capitalism.

That the change in perception of Korea's land reforms came about in the mid-1980s was no mere coincidence. Indeed, the 1980s witnessed fundamental changes in views of modern Korean history. The colonial modernization theory and the developmental state theory, which sought to delineate the positive aspects of the colonial period and the Park Chung Hee era, gained wide currency during this period. Although those theories were not prominent, they led to heated disputes and constituted a major challenge to conventional historical perceptions. That is, perceptions of the ROK shifted from that of a semi-autonomous country that had survived due to America's intravenous drip of aid, to that of a full-fledged nation that rode out its hardships and pulled itself up by its own bootstraps. This reappraisal of South Korea's land reform policies was naturally connected to the consensus that developed around the success of South Korea's capitalism.

But in the 2010s, it is becoming increasingly difficult to merely sing the praises of the myth of successful Korean capitalism. After the disappearance of socialism, it was thought that through globalization and financial capitalism the new global capitalist society would experience speedy and limitless growth, but the financial crisis exposed the vulnerability of the system. While Korean capitalism successfully conquered extreme poverty, it now faces the new problem of economic polarization. During the rise of neo-liberalist policies, Korean capitalism was the subject of one-sided praise, but now it is the subject of negative introspection.

With this change in eras, the significance of land reform too needs to be reappraised. Indeed, the positive perception of the land reform in South Korea has not been immune to a bandwagon effect due to the myth of the success of Korean capitalism. In hindsight, even if it is thought that land reform was successful, agriculture itself collapsed. While the non-market ideology of "land to the tiller" on which the reform was based was maintained throughout the twentieth century, it is necessary to probe the exact connection between this ideology and the success of Korean capitalism. Therefore, a "new start" of research on land reform needs to be undertaken that consists of ample case
studies on the concrete processes of land reform. Also, research should head in
the direction of reevaluating the comparative historical significance of Korea's
land reforms in world history and reappraising the significance of the principles
of "land to the tiller (gyeongja yujeon)" and "limitation of ownership (soyu
sanghan)" that formed the scope under which land reform took place.

This introduction will proceed in the following manner. In the following
section, trends in land reform research to the present day will be summarized in
the context of historical evaluations of the Korean economy. In the third section,
standards for comparing Korean land reform with the land reforms of other
postwar countries will be established based upon the beneficiaries of each
respective country's reform and the characteristics of the Korean land reform
policies in terms of the gains and losses experienced by the three agents involved
(landlords, peasantry, government). In the fourth section, while agreeing with
the basic perception that the outcome of the land reform policies was the
establishment of an independent farmer system, we will reassess the significance
of land reforms in terms of agricultural productivity, the structure of production,
and system changes in the context of Korean history. In addition, sections three
and four will pay attention to the kind of interpretative gaps that currently exist
in research on South Korea's land reform, and discuss new areas for research. In
the conclusion, along with a summary of the arguments, the significance of the
articles published in this special theme issue will be presented.

A Review of Historical Research on Korean Land Reform

Land reform was one of the core issues during the formation of the Korean
government and discussions on how to implement it continued for a long time
after that government's establishment. After some initial complications, in 1950
the enforcement laws were promulgated and the process put on track, but the
outbreak of the Korean War delayed the process until it was finally possible to
complete it towards the end of the 1960s. The land reform process, which had
been expected to take as little as five years, took nearly twenty. This implies that
there is a need to understand that the South Korean land reform did not progress
in a rapid fashion, but was completed over a long period of time and after
undergoing many adjustments.

However, early research on land reform focused solely on its initial legislative
process. The core issue in the land reform's legislative process was the distribution
(bunbae) method. Because North Korea had confiscated land without
compensation (musang molsu) in 1946 there were many demanding an
identical method for land distribution in the South. However, in the end, a method of compensated redistribution (yusang bunbae) was selected. Early research on land reform concluded that, due to the fact that during the legislative process the compensated redistribution method was chosen, and due to the fact that some tenant farmers (sojangnong) sold their land before the land reform (sajeon bangmae) due to delays in its implementation, it was not advantageous to tenant farmers. Because of this, these researchers argued that the principle of farm ownership was not completely accomplished, and thus the reforms were only carried out in an incomplete fashion (Yu Inho 1975; Kim Byeongtae 1981; Hwang Hansik 1981). This first generation of researchers was able to witness first-hand the land reform's planning and implementation process or were able to listen to vivid testimonies of the process. It seems that their “incomplete realization” argument thus sprang from their disappointment over the reality of the reforms (Sein, as it was accomplished) relative to the ideal (Sollen, how it should have been).

But with the arrival of the Baby Boom generation at the forefront of academia, land reform was no longer a lived reality but a thing of the past, history. As previously mentioned, through Jang Sanghwan’s Geunheung-myeon case study (Jang Sanghwan 1984, 1985), the focus of research on land reform changed to emphasize “the break-up of the landlord class and the establishment of the independent farmer system,” rather than the legislative process (Bak Seokdu 1987; Ryu Gicheon 1990; Hong Seongchan 1992; Jang Siwon 1995; Jeong Seungjin 2004; Jeong and Matsumoto 2006). The general trend in the academic climate of the time was to study the exceptional success of Korean capitalism and naturally South Korea’s land reform stood out as one of the reasons for that unprecedented success. Hence, the evaluation of the historical significance of the land reforms developed towards claiming that the independent farmer system that was naturally established by land reform contributed to the development of Korean capitalism (Gwon Byeongtak 1984; Kim Seongho 1989; Yi Jisu 1994; Kim Ilyeong 2000; Jang Sanghwan 2000; Hong Seongchan 2001).

However, the link connecting the independent farmer system and capitalism’s development is not as clear as one might think. The average area owned by farmers in the independent farmer system was less than 1 jeongbo (about 9,900 square meters), and thus the possibility of large-scale reproduction was doubtful. Even if one recognizes the increased production as a result of the land reform, the claim that “land reform focused on the equal distribution of farmland and failed to overcome the structural contradictions of Korea’s agricultural industry that was composed of too many small farms” (Bak
Gihyeok (1966, 210) is very persuasive. Even if there was an accumulation of agricultural production, it is not clear what kind of contribution it made towards the surplus of capital for Korean capitalism. Arguments such as Yi Daekeun’s (Yi 2002) Agricultural Sacrifice Accumulation Theory (Nongseop huiasaeng chukjeok non) or Jo Seokgon and O Yuseok’s (Jo and O 2003) claim that in the 1950s farmers’ consumption expenditures rose, do not really match the positive evaluations of land reform. Put bluntly, it seems that that in the process of explaining the success of South Korean capitalism ex-post facto the theory that land reform played a role has become nothing but a myth.

In the 2000s this mainstream evaluation of the land reform did not change much, but there was a significant change in the research on land reform. If the first generation researchers focused on the starting point, i.e. the land reform’s legislative process, you could say that the second generation of researchers focused on the end results of the land reform. On the other hand, a lot of contemporary research on land reform also focuses on the actual process or progress of the land reform.

Jeong Seungjin and Matsumoto Takenori (Jeong and Matsumoto 2006) emphasized that in order to study the historical characteristics of the land reform, an understanding of the long process between 1948 through the 1960s was needed and they then applied this through a case study in Iksan. Ha Yusik (Ha 2010), by studying the process of implementing land reforms in Ulsan’s Sangbuk-myeon, analyzed the trends of that region’s inhabitants through the parameter of the land reform committee (Nongji wiwonhoe). Jo Seokgon (Jo 2009, 2013) attempted to clarify the historical character of the observed widespread prior sale of distributed land (bunbae nongji jeonmaeae). Jo Seokgon (Jo 2011) also analyzed the progress of the land reforms in Gwangju from the point of view of the aforementioned three agents: poor farmers, the landlords, and the government. Through these kinds of studies new facts about the actual process of the land reforms have been revealed. And because of this, more research on the “land reform process” can be expected in the future.

But there are still areas that almost no research has addressed. The influence that the Korean War exerted on the land reform was not insignificant yet there has been surprisingly little research done on this topic. Jeong Byeongjun (Jeong 2003) raised doubts about when the land reform actually began; regardless of the validity of his claim, this is another very important area for study. Only a handful of research projects have been undertaken on the land reform of reclaimed areas during the war, while research on areas occupied by North Korea, and in which they implemented land reform, and how that influenced the process in the South is non-existent. There are limits to sources, but these
are missing puzzle pieces to our understanding of the historical character of the land reforms. However you look at it, these types of studies can contribute to the effort to restore land reform, whose mainstream interpretation may have descended into myth, to a historical event.

The Effects of the Land Reform's Redistribution of Land: Who Benefitted?

After World War II, the number of countries that implemented land reform reached about 40, but because the implementation method and the range of inclusion in each country was so diverse, there is a need to define land reform in a functional way in order to comparatively analyze them. Since Horowitz’s concise definition of land reform as “the non-market transfer of land from the traditional landed elite to the landless poor farmers” (Horowitz 1993, 1003) can be applied to all countries, it is extremely valuable. This provides a means of analyzing any land reform through a look at the typical three parties involved (the landed elite who are deprived of their land holdings, the poor farmers who receive the land, and the transfer enforcement intermediary—usually the government) as well as their mutual relationships. Each country’s land reform can be compared by an analysis of the gains and losses each of these three agents—landlords, peasants, and government—incurred through the reform process. This method carries the additional benefit of allowing us to analyze the flow of agricultural surplus outside of the agriculture sector.

The effect of South Korea’s land redistribution can be summarized as having destroyed the landed elite class and transformed tenant farmers into independent farmers, but relative to the case in other countries, in South Korea the contrast between these two classes was much more pronounced. Because of this, whether or not the government as a third party benefited from the land reform process has received relatively less attention. But, from the perspective of a newly emerging independent nation, how to prepare the resources to push forward such a large-scale, financially demanding project as land reform was a very important question. This paper will summarize the gains and losses for each of the three agents involved in land reform—the peasants as the beneficiaries, the landed elite who lost their large landholdings, and the government, which played the role of middleman. We will then present the findings of existing research regarding each of these three agents along with outlining areas for future research.

First, from the perspective of the government of the new Republic of Korea,
land reform was an unavoidable undertaking, but it was also something that promised many practical benefits. This fact has been surprisingly overlooked by many researchers, perhaps because scholars have tended to view the government as not being a party directly involved in land reform but simply as an executor of the policy. For the government, land reform was a profitable business. Firstly, land reform was something that Korea’s majority peasant farmer population wanted, which meant that there was little political cost and great potential for public support in implementing land reform. Second, land reform did not require a special organization to propel it, since existing administrative institutions could be used to reduce the administrative costs. Third, the government was not required to use money from its budget for the land reform process, but rather “took money” while managing the process as an intermediary. In order to push forward the land reform, the government used a special account for land reform (nongji gaebyeok saeop teukbyeol hoegye) and this special account itself presumed and consisted of a surplus.\(^{3}\) When compared to the large-scale land surveys instituted by the colonial authorities, which had been managed by a separate organization termed the Temporary Land Survey Bureau (Joseon imsi toji josaguk), the Syngman Rhee government was able not only to win over the poor peasants through land reform, but also to obtain resources for agricultural investment.

Although there has been no research dealing with how much of a surplus the government was able to obtain through the land reform, the scale of this surplus can be roughly estimated.\(^{4}\) Repayment for restituted land that had belonged to Japanese (gwisok nongji) was in fact income that did not require compensation. Even in the case of purchased land (maesu nongji), repayments were received in kind (sanghwangok), but the compensation was provided at a legal price that was based on the 1950 exchange rate, which led to considerable price differences. Since the amount of restituted land that had belonged to the Japanese exceeded 40 percent of the redistributed land, one can estimate the magnitude of the surplus the government received. In any case, since research on the enactment process of the special account for land reform and the

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3. According to clause two of the Law on the Land Reform Process Special Account enacted on April 1, 1952, land reform expenses were funded from grain repayments on transacted land, while the grain repayments for restituted land were to be used for land improvement projects or construction.

4. To analyze the special account in the land reform process, Morrisson and Thorbecke (1990) used a method by which they analyzed in whose hands the difference between the revenue and the expenditures ended up. Through this it is possible to calculate the government’s surplus and, by the same method, to deduce the surplus of the landed elite and the small farmers.
management of that account is nonexistent, it cannot be denied that there is a gap in the research on land reform. Analyses on the surplus size and the ways in which that surplus was used would provide new insights into South Korea of the 1950s and the character of the Syngman Rhee government.

Second, let us consider the gains and losses of impoverished peasants. According to the definition we adopted, land reform is the non-market process of taking the landholdings of the landed elite and redistributing them to the peasantry, something that is premised on the peasant’s advantage in the costs associated with the ownership transfer. This cost is logically between zero and the market price of the land. In cases such as North Korea, where there was no compensation given for the land confiscated, the cost was close to zero. On the other hand, the greater the landed elite’s political power in a given society undertaking land reform, the closer the price of that land will be to the market value.

There is no objection to the view that the land redistribution repayment costs were advantageously set in favor of the impoverished peasants. For the distributed land the poor farmers were required to pay 1.5 times of the amount of crop they produced, only half of the amount the industrial committee of the National Assembly, which reflected the landlords’ interests, had originally set. The reason for this was that as land prices were expected to bottom out on the eve of the land reform, the amount of repayment would be less than in an ordinary situation. Second, in ownership transfer cases where the legal relationship of the land was complicated, such as when the customary claim to the land was multi-layered, it was not easy to differentiate what kind of claim was being transferred to the poor farmer. But in the South Korean case, because during the colonial period legal claims to land had already been settled such that there was one owner only for a particular plot, the transfer of ownership of the land distributed to poor farmers (soyugwon ijeon) literally meant that ownership was completely and unambiguously transferred to the poor farmers. This was a benefit that the poor peasants of South Korea enjoyed. This is an important reason why South Korea’s land reform has been evaluated as a success compared to that of other countries.

However, if the question changes to, “were the benefits of land reform distributed to all poor people equally?” then the answer is not as simple. First, if the land-receiving household (subunbaeja) had once been tenant farmers themselves then the redistribution was unequal from the start. This is due to the

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5. If the cost were the same or higher than the market price then there would be no real need for land reform.
fact that colonial period tenant farmland was not equally distributed. Extremely poor peasants (such as servants and farmhands) did not receive land because they were unable to manage their own tenant farms and so were left out of the redistribution. To address this point, the government had planned a “point system,” but it did not officially apply it. If one posits that the main result of land reform was the accomplishment of equality, then it is strange that there has been no research considering the point system as practiced during the land reform process or that addresses the dominance of the aforementioned principle of “tenant farmer priority.”

Second, there is a need for further analysis of land purchases made after land redistribution. When looking at the farmers who received final ownership of land, it turns out that 30 percent were not initially recipients of redistributed land. This fact was pointed out in “Research on the History of Land Reform” (Kim 1989), but the historical significance of this fact has not been properly ascertained. The fact that through the illegal transaction of distributed land, one-third of the originally redistributed lands changed ownership has important significance for the analysis of the results of the land reform. This is because if the class character of those receiving the land changes, then the essence of the land redistribution changes as well. A few recent case studies have attempted to address this problem (Jo 2009, 2013), but the conclusions are different based on each case. In the future, a more general conclusion is needed based on more various case studies.

Finally, let us examine the gains and losses for the landowners. Everybody agrees that the landed elite were the primary victims of land reform. As described earlier, the land wealth of the landed elites was through the reform transferred to the peasant class and the government. In that case, what did the landed elite do with the compensation (jiga jeunggwon: land bonds) they received for their land? It has been hypothesized that the landed elite lost their land bonds by selling them at a discount or squandered their compensations during the desperate days of the Korean War, but this is unlikely. According to recent case studies (Jo 2011, 2013), compensation for the landed elite (jiuju bosang) had not even started in 1950. There is need for more detailed analyses on how the ratio of compensation for the land bonds distributed to landlords differed across various time periods.

Another important problem associated with the landed elite class in the wake of the reform was their transformation into capitalists. From its inception the South Korean Land Reform Act had a stipulation regarding the transformation into capitalists for members of the landed elite class in order to benefit that class. Those who owned land bonds had priority in bidding on
assets restituted from the Japanese. However, not only are cases of landed elites finding new professions through this regulation few, but the cases of success are also rare. But this “economic incapacity” of the landed elite class is not related to the urban migration by that same class during the colonial period. This means there is a need for studies of cases of landed elites who changed their professions as well as historical interpretations of those cases.

The Results of the Land Reform: Was the Independent Farmer System Effective?

In order to evaluate the historical significance of the South Korean land reform, there is a need to weigh the role of the independent farmer system created by the land reform in terms of the flow of Korean history. If the previous sections focused on a comparative historical analysis of cross-sections of the land reform, this section will analyze the reforms diachronically in the flow of Korean history. In this case, rather than a functional definition, a historical definition is needed, and here land reform will be defined as “a process that created the independent farmer system based on the ‘land to the tillers’ (gyeongja yujeon) and ‘ownership limit’ (soyu sanghan) principles and which redistributed land previously held by the landed elite class to the farm workers.” (Jo 2013) The “land to the tillers” and the “ownership limit” principles defined the scope of the land reform; the “land to the tillers” principle in particular, which is stipulated in the present South Korean constitution, continues to exert a strong influence in Korea. There is a need to understand what kind of influence this scope of the land reform, and the independent farmer system created by the land reform, exerted on both the Korean agricultural industry, and, in broader terms, the development of Korean capitalism. This section will describe the following issues: the effect of increased production, the evaluation of the production structure of the independent farmer system, the system created by the aforementioned “scope of the land reform,” and the ideological effects of the reform.

The first question is whether or not agricultural production increased as a result of the land reforms. While this question is very important with regards to the outcome of the reform, there have been surprisingly few empirical studies on this topic. Bak Giheyok (Bak et al. 1966) argued through survey data that the increase in production after the land reform was due to the increased drive to farm after the peasantry became independent farmers through the land reform, but the study did not distinguish whether this was due to the increased
input of other factors or because of the abolishment of the tenant farmer system. Jeon and Kim (2000), using macroscopic data from both before and after Korean independence compared the production of both periods and deduced that agricultural production increased due to the repeal of the tenant farmer system. However, U Daehyeong (U 2001) used data from the Gyeongbuk region and found that the higher the ratio of tenant farmers during the Japanese rule, the less production increased in that area, thereby concluding that the effect of the land reform on production was not large. U Daehyeong went one step further to state that the level of contribution the landed elite made through the elements they invested in production (including their ability to manage the farms) was greater than the contribution made by the incentive created by the switch to the independent farm system. Even though all these studies used empirical evidence they arrived at different conclusions on the effect of the land reform on production.

From a theoretical perspective, the effect of the land reform on production is not univocal. The land reforms were based on and progressed through the "land to the tillers" and the "cap on ownership" principles, but if economic theory is applied, both principles theoretically restricted the increase of production. The "land to the tillers" principle caused restrictions on the sale and lease market because it banned the sale and lease of land, while the "limit on ownership" principle had the effect of restricting the realization of an economy of scale in agriculture. But because the agricultural market is not a fully economic market, this sort of theoretical explanation is meaningless.

First, let us take a look at the former restriction. The restrictions placed on the sale and lease of land were not completely disadvantageous for farmers. The "land to the tillers" principle did not ban all land dealings but only banned land ownership for non-farmers. This proved a factor in decreasing demand for land and suppressing land prices and, therefore, was disadvantageous for those leaving farming and advantageous for farmers. In inheritance and other situations the land ownership rights of non-farmers were recognized and since the rate for tenant farming was locked in, it was not disadvantageous for farmers. The restrictions on the sales market acted as a kind of opportunity for farmers. The restrictions on the lease market enhanced the disadvantageous position of the farm workers who did not even have tenant land under the colonial system and was advantageous for farming peasants. Therefore, the market restrictions created by the "land to the tillers" principle were hard on farm workers and those seeking to leave farming, but had the potential of making market conditions advantageous for farming peasants. But this possibility was not realized because the population rise, which increased the number of people in
each farm family, diluted the income structure of those growing families. To more rationally understand these theoretical explanations there must be more varied empirical studies on the effect of the land reforms on production.

Next, it is possible to point out that the cap on land ownership principle, which was established by the land reforms, disrupted the realization of economies of scale at the farm family level, but Deininger (2003) points out that many case studies have shown that economies of scale do not apply to agriculture. Whether or not economies of scale exist in agriculture is a very old controversy because in situations where farmers are controlled the capital market and labor market do not fully operate. In the case of small farms, chances to access agricultural credit outside of high interest rate loans are few and far between, and because of the small scale of the land and monitoring cost problems, investment in labor expansion does not fare well.

Second, let us take a look at what kind of influence was exerted by the changes in the structure of production due to the independent farmer system. First, if the aforementioned argument is mainly about which component of production inputs led to increased production, then the subsequent argument is related to a "technical choice problem" according to structural changes of production. This topic is connected to the argument around the effectiveness of the colonial landed elite, and if, like U Daehyeong, the active role played by the colonial landed elite is positively evaluated, then the effect of the switch to the independent farmer system is not significant. But if the landed elite's cost of monitoring the tenant farmers was high, then the independent farmer system was effective.

The economic literature related to this topic deals with the landed elite and tenant farmer choice problem in the landed elites' management of the farms. The point that must be considered in regards to choices of both parties is the principal-agent problem. The principal-agent problem is divided into two parts: the adverse selection problem due to the principal's inability to fully understand the abilities of the agent, and the moral hazard of impossibility to monitor the agent's application one hundred percent. The landed elite's technique selection is

6. Though this article is not concerned with the controversy surrounding the colonial landed elite system, let us briefly examine Jo Seokgon's (Jo 2012) argument. According to this argument, the colonial landed elite system was not firmly maintained over the entire colonial period and began to decline from the end of the 1930s. The reason for this decline was that the colonial landed elite system had an earnings foundation based upon a rice price gap distribution system with Japan. As a result of agricultural economic crises, the price of rice fell and the delivery systems which benefited the landed elite deteriorated causing a concomitant deterioration in the landed elite's production foundation. Therefore, at the time of the land land reform the internal need for the existence of the landed elite system had already been greatly reduced.
related to the adverse selection problem, while the cost of monitoring is related to the tenant farmer’s moral hazard (Basu 1992). According to Ghatak and Pandey (2000), in the case of the landed elite’s adverse selection, a flat rate zone is the best option, and in the case of the tenant farmer’s moral hazard, a fixed wage is the best solution, and in the case of both parties’ moral hazard, the sharecropping (*punik sojak*) approach is optimum. That is to say, if the tenant farmer’s moral hazard cannot be properly managed, share farming is still advantageous. Empirical and theoretical examinations of whether, under the colonial landed elite system, sharecropping in general resulted from the adverse selection/moral hazard problem are needed, and based on the conclusions of such studies, a judgment on the effect of the formation of the independent farm system can follow.

Of course the significance of the switch to the independent farmer system is that it allowed for the elimination of technological stagnation due to the moral hazard. But in the Korean case, researchers should consider that as the small farmer ownership structure became locked in, agricultural production was also locked in due to the small farmers’ conservatism and their confidence in their productive abilities. In conclusion, before reaching a judgment on this, it seems we need to await more case studies on whether or not the switch to the independent farmer system resulted in increased production through the adoption of new technologies.

Third, let us take a look at the argument regarding what kind of influence the implementation of the land reforms had on the South Korean economy. If we compare the independent farmer system created by the land reforms to the colonial period, we find the creation of an unprecedented egalitarian land ownership structure. In the countryside, the formerly proud small and medium sized landed elite class quickly collapsed and rural society was economically unformalized to a degree unseen in any other period. The maximum land ownership principle also had the function of creating similar sized land plots for the farmers in villages. The general evaluation is that after the implementation of the land reforms that created a more equal economic structure, Korea’s economic growth could take off rapidly.

Kuznets (1955) suggested an inverted U-shaped curve hypothesis on income distribution during periods of economic growth and this became a classic theory, but many more recent case studies do not support this theory. Deininger (2003) used data from thirty countries in the second half of the twentieth century and showed that the more unequally land ownership was divided, the lower the annual growth rate of GDP. You (1998) argued that Kuznets’ hypothesis applied during colonial times, but that after independence this trend
is not observed in the economic growth process. This is because, You argued, after independence economic growth started from a situation of equal distribution. There are various explanations as to why equal distribution structures positively correlate to economic growth. If income distribution is excessively unequal, there is less human capital investment and this has adverse effects on long-term growth (Galor and Zeira 1993; Jeong et al. 2005), while on the other hand, in cases of equal ownership, the political system is more stable and this contributes to economic growth (Banerjee and Newman 1999; Kim 2000). Notably in the South Korean case, equality that is rooted in land reform has increased social liquidity and precipitated the incentive for economic growth. This is also the basis for claims regarding the increase in human capital investment (Jang 2000; Jo 2013).

In contrast to other areas, it seems that there is near universal consensus on the hypothesis that land reform performed a function that was conducive to the development of capitalism. But the egalitarian effect created by the land reform actually meant a “downward standardization,” and the process of transforming landlord capital into industrial capital was not effective. However, there has still been no concrete study explaining how the labor power that contributed to early industrialization were not the sons of farming families who benefited from education fever, but rather the young women laborers who were excluded from those benefits.

Conclusion

This article has shown that, in order to explain the historical character of the process of South Korean land reform, methodologically a comprehensive view based on the combination of historical comparisons and single-country studies is needed, together with more focus on the actual development of the land reform process. Research on land reform during different periods began with studies of the planning process for land reform and then moved on to research on the results of that land reform, and this research has been intimately related to the historical evaluation on the development of Korean capitalism. It was further suggested that new research on the process of the land reform should unfold within a critical introspective analysis of the development of Korean capitalism.

It was also suggested that there is a need for an evaluation of the Korean land reform through a functional definition of the gains and losses of the typical three agents directly involved in the reform. In order to assess the gains and
losses of the government, peasants, and landlords, it was noted that more research is needed on such topics as the special account for the land reform project, whether or not land reform was equal, and the change of landlords into capitalists, among other things. In terms of national history, the effect of the land reform on increased productivity, the selection of techniques in the independent farmer system, and the effect of the equality created by the land reform on Korean capitalism needs to be more deeply studied.

This special issue of the Seoul Journal of Korean Studies on land reform is comprised of four articles that were first presented as papers in a panel on “Land Reform as a Project of Modernization in East Asia” at the Fourth International Symposium on Korean Studies organized by the Kyujanggak Institute for Korean Studies in August 2011. The main theme of this symposium was “The Project of Modernization: Reconsidering the Capitalist and Socialist Roads,” and it treated land reform as the most important event on South Korea’s road to capitalism. North Korea’s land reform in 1946 was of the socialist model, but the land reform in South Korea was implemented in May 1950, shortly before the outbreak of the Korean War.

The panel suggested approaching land reform from two different angles compared to existing literature. The first was an interdisciplinary approach, whereby land reform would be examined not only from an economic perspective but also from historical and political ones. The second was a comparative research approach, focusing not only on Korea’s experience in land reform, but also on the experience of Japan, China and Taiwan. As a result of the panel discussion, it was concluded that the general evaluation of the land reform as a critical background of economic success in South Korea, Japan and Taiwan, which is widely accepted by academia, should be reexamined due to several controversial and unsolved issues as mentioned above.

When looking at land reform from an economic perspective, if the notion that land reform led to the development of a capitalist economy is undeniable, what also cannot be denied is that in rural areas small farms have seen a downward standardization. Also, it seems there is a need for reviewing not only the problem of agricultural production following the land reform, but also of reconsidering whether or not land ownership was properly transferred following the reform. Indeed, there is data that strongly suggests land transfer did not properly take place (Cho Seok Gon’s article). Another problem concerns not the poor farmers who received redistributed land but the erstwhile landed elite who had their land confiscated by the government. Because the land reform was a capitalist redistribution that included compensation rather than the simple seizure of land, there is the possibility that the formerly landed elite
became entrepreneurs and contributed to the accumulation of domestic capital. However, there is a need for empirical studies on whether or not this transformative capitalist process actually took place. If in fact it did not progress properly, it could be stated that the land reform’s goal of accumulating domestic capital was not successful. This issue is taken up by Hong Sung-Chan in his article.

We also need to rethink what sort of political influence the equality of land ownership through the land reform had. One might easily surmise that the equal distribution of land would have a positive effect on the development of democracy, but in fact in South Korea and Taiwan the political systems that emerged were not democratic. In his article, Kim Seong Bo attempts to analyze and evaluate the land reform’s political character and its influence on South Korea’s political system as a modernization project. This is related to the change in the social structure of the rural area and at the same time to the spread of democracy and its ability to take root. Accordingly, there is also a need for empirical studies on regional structural changes before and after the land reform, a task undertaken by Lee Yong-ki in his article.

The above questions are critical not only for explaining Korean capitalism, but also developmental state theory and the global capitalist system. To be sure, the papers here will provide no definitive answers to these questions because the topics broached above are very extensive ones. Yet through the steady accumulation of detailed case studies arguments can be made more generalized. In fact, this is one of the purposes of this collection. That is to say, through this special issue we hope to revitalize studies on land reform which recently have not provided detailed arguments or analyses on these very important topics. Another purpose of this study is to issue a sort of warning to the global academic community that too easily cites the putative success of the South Korean land reform despite the persistent lack of studies.

It is disappointing that all of the papers presented together at the session could not be published together. Given the remit of this journal, however, articles on land reform in Japan and Taiwan could not be considered for publication. We want to thank Roh Tae-Don, the previous director of the Kyujanggak Institute for Korean Studies for his active support of our panel. Also, we want to thank Cho Ilsoo from Harvard University for translating all four articles. We hope that these studies might serve to reinvigorate the debate surrounding the South Korean land reform.
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