

〈Book Review〉

The State, Public Policy and NIC Development\*\*

Ahn, Hae-Kyun\*

This book addresses an important question that has not so far received an adequate answer: What role has the state played in two East Asian newly industrializing countries (NICs), such as South Korea and Taiwan? This question is important for practical as well as theoretical reasons because of the impact NICs have had upon international political economy in the 1970s-1980s. The industrialization experience of South Korea and Taiwan is of vital importance to understanding the position of Third World countries in the world political and economic system. The NIC's position in the world system has shifted from the "periphery" to the "semi-periphery". The NICs possess a distinctive structural position in the international division of labor as important exporters of manufactured goods. Recently, many less developing countries (LDCs) try to learn the lessons of the industrialization experience of the NICs for their development. Even such leading countries of the socialist bloc as Soviet Union and China begin to open their economies partially to world economy by adopting the lessons from the NIC experience. Further, theoretically, the economic development of the NICs cannot be satisfactorily explained by modernization, dependency, and world system theories. In the process of deepening industrialization, we note that the NICs have strong states. The strong states of the NICs seem to have performed crucial role in NIC development. In addition, most of the Asian NICs have experienced state-led development by transforming their inward-looking, import-substituting (ISI) development strategies into more open, export-oriented ones. Their experience suggests that states can adopt development strategies which lead to industrialization and a more independent role within the world economy. In this regard, the author sees that those strong states with high state capacity and export-led strategy seem to be the most important variable in Asian NIC development. The author derives a set of specific questions: "Why do strong states arise? What do they do, and

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\*Graduate School of Public Administration, Seoul National University.

\*\*Suk Joon Kim

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why? How successful are they, and why? and What are the implications?"(pp. 2-3).

By adopting current statist theory, both neo-Weberian and neo-Marxist, as an alternative explanation of the NIC experience, the author compares across two Asian NICs and time periods (ISI, export-led, adjustment and readjustment periods) with an emphasis on historical depth. This volume consists with three parts: theoretical framework, the state's role in South Korean development, and the state's role in NIC development. The first part describes the statist theories in explaining the role of state in NIC development after criticizing the limitations of society-centered theories, such as modernization, dependency, and world system theories. The author derives theory of state capacity in terms of state institutionalization, policy networks linking state and society, both domestic and international, and a model of the neo-mercantile security state by criticizing both neo-Weberian theories of strong state and bureaucratic-authoritarian(B-A) model and neo-Marxist's theories of the state. Following the first chapter of introduction, chapter two delves toward an explanation of NIC development: from modernization to state capacity. The author specifies state capacity into three aspects: variations in the structuring of the state apparatus itself(executive autonomy, cohesive state bureaucracy-centralization, and reorganization), policy networks linking state and society(ruling coalition, encouraging ruling coalition members, controlling anti-ruling coalition members), and transnational linkages(ADC state, MNCs, IOs). Chapter three refers societal actors, state capacity, and development strategies. The relationships among them are regarded as outcomes of the interplay of world system, the state, and social class.

According to this theoretical framework of this book, the second part examines the political economy of Korean development historically. Chapter four describes "the political economy of Korean ISI: the political security state", while chapter five analyzes "the political economy of Korean export-oriented industrialization(EOI): the neo-mercantile security state." Further, chapter six evaluates the political economy of readjustment in the 1980s and compares the experiences of the five Korean political regimes. Part three analyzes the state's role in NIC development by comparing the Korean case with other NICs'. Chapter seven delves the state's role in Taiwan development, while chapter eight analyzes the political economy of NIC development with a set of comparative quantitative analyses. Both cases of South Korean and Taiwan are analyzed longitudinally, while the cases of the NICs and 95 Third World countries are compared cross-nationally by applying sophisticated quantitative techniques. Chapter nine summarizes the findings and concludes this volume.

Three main findings of this book are: "first, the state plays a key role in NIC development by formulating and implementing its own development goals, and by supporting local businesses rather than multinational corporations(MNCs) in the accumulation process. Their regional security role and weak class forces have allowed the rise of strong security states in Korea and Taiwan, which have been entrepreneurs, bankers, and planners in the countries' development. Second, state capacity... the nature of state bureaucracy, state ideology, ruling coalition, and policy networks linking state and society, both domestic and international... is the crucial variable for determining shifts in state strategies. Third, the pattern of NIC determining shifts in state strategies. Third, the pattern of NIC development stems largely from state capacity and state strategy."(p. 32)

This book contributes to the existing literature on the state theory and Third World development as follows. The first and third points of the findings reject the theoretical relevancy of modernization, dependency, and world system theories to both South Korean and Taiwan experiences. Instead, the author shows how the "theory of state capacity" which he derives from the industrialization experience of the NICs, such as Korea and Taiwan, is more relevant to these cases. For example, both "dependent development"(Peter Evans, Hyun-Chin Lim) and "bureaucratic-authoritarian model" (G. O'Donnell), which have been regarded as more relevant theories than any other development theories to two Asian NIC cases, are criticized due to the different patterns of political exclusion of the popular sector, class structure, state structure and its linkage to world system between Latin America and East Asia.(pp. 764-770). The author also criticizes neo-Weberian theories of "strong state," such as S. Krasner's "national interest" and Peter Katzenstein's state structuralism. The author develops a new model of the "neo-mercantile security state" which is derived from such unique historical experiences of South Korea and Taiwan as the interplay of regional security role, strong traditional authoritarian state, and weak class forces in the post-war period.

Further, the author initiates his creative model of "state capacity" and the "neo-mercantile security state," which can handle "regime change" or "institutional change". So far, the existing state literature covers state institutionalization rather than its change. Instead, the author develops an institutional changing model by defining regime change as an outcome of the interplay of world system, the state, and social class. Since theories of world system and social class, for instance, are criticized due to "economic determinism", "class determinism", and "economic reductionism," the author's model is dynamic and useful. Especially, when we note frequent collapse of Korean regimes, for

example, the author's dynamic model is more relevant to Korean case whose government was established by strong American support(1948), was reorganized through "military coup(1961)", rather than other theories of the state.

In addition, the author's approach to the state is recommendable to the students of the state and Third World development. The author employs the comparative historical approach with the analytical induction method. Analytical induction is used not only because no preexisting grand theory of the state seems adequate, but also because this method works well in comparative and historical studies of social change, politics, and policy making. According to the analytic induction approach, the author draws research questions, concepts, and propositions from a variety of existing theoretical debates, especially from the juxtaposition of the Weberian understanding of states with causal hypotheses drawn from recent neo-Marxist theories. The author also uses both comparative historical method and quantitative method. By now, there are only few books which accommodate two contradictory theories, such as neo-Weberian and neo-Marxist theories, and methods, such as qualitative and quantitative methods. The author, however, synthesizes both different theories and methods in this book. This is why this volume is too long.

This volume is certainly creative, provocative, productive, and readable, but the author's presentation is sometimes brief and sketchy. For example, he devotes a mere four pages(pp. 51-54) for develop his model of the "neo-mercantile security state" and another four pages(pp. 55-59) for "regime change" model. Although the author supports his models with historical and quantitative data in the later part, but his conceptual framework needs more specification. For example, his classification of state ideology into "political power-seeking" and "economic power-seeking" is too brief in relation to multiple goals of the state(pp. 51-52). Secondly, the reviewer is not clear how different theories of world unique framework without any theoretical problems, even though the author tries to convince. The author needs more works on this regard to cristalize his theoretical framework.

In sum, this is a finely crafted study of the state and NIC development, especially South Korea and Taiwan. Whatever its problems, *THE STATE, PUBLIC POLICY, AND NIC DEVELOPMENT* is a book from which the reviewer learned very important things about even some familiar material and a book that forced me to think seriously and critically about important issues. There is an impressive amount of useful information and data analysis in this book. I recommend this volume to anyone interested in the role of the state in NIC development, especially in South Korean and Taiwan development.