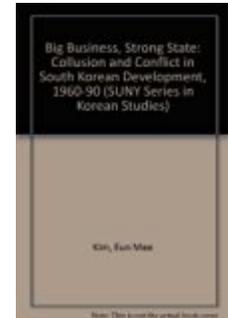


Eun Mee Kim. *Big Business, Strong State: Collusion and Conflict in South Korea, 1960-1990.* Albany: State University of New York Press, 1997. xvii + 280 pp. \$59.50, cloth, ISBN 978-0-7914-3209-9.



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In *Big Business, Strong State*, Eun Mee Kim examines the roles the state and chaebol (large, family-owned enterprises) played independently in the development of the South Korean economy from 1960 to 1990. She also wittingly analyzes how these institutions acted upon and interacted with each other to produce development during the period of review. Using theoretical tools presented by Alexander Gerschenkron in his book *Economic Backwardness in Historical Perspective*,^[1] Kim begins by highlighting both the traditional and innovative aspects of these two institutions and identifies independent as well as co-dependent features of the development-oriented political and business environments created during Park rule. Taking into account the historical roots of Korean hierarchical and authoritarian government and economic environments, Kim argues that Park's decision to create a "comprehensive" development-oriented political environment was both effective and efficient. It was effective in the sense that it allowed individuals targeted as development agents to rely on some well known habits, customs, and norms of behavior.

These traditionally-rooted behaviors had been acquired over five hundred years of Choson dynasty rule. During Park rule individuals relied on some of their "backward" habits, customs, and norms to act upon and interact in new development-oriented economic environments. This freed some resources, and agents could direct these resources toward learning and becoming gradually familiar with new environments. Park's comprehensive, development-oriented state was efficient because it successfully guided these agents to direct their freed as well as previously idle and inefficiently allocated resources to uses that encouraged industrialization, increased investment's share of total output, increased export activity, and decreased the percentage of South Koreans living in poverty. Statistics to support empirically these claims are found throughout Kim's book.

Through their policies, plans, and agencies, Park and his development technocrats solicited the help of the South Korean chaebol. The majority of these businesses were controlled by individuals with power and authority over members of their same kinship groups. In fashions similar to

the state, hierarchical and authoritarian modes of action and interaction dominated the behaviors of individuals involved chaebol activities. Of course, these activities were initially guided by the state and were development-oriented in many respects.

As development proceeded in South Korea, individuals learned from their development-oriented experiences throughout the political and business hierarchies. Between 1960 and 1990, some traditional ways of engaging in economic activities were eventually replaced with modern practices. Individuals learned to manage some of their own global risks and no longer needed to rely totally on development technocrats. Laborers found jobs outside of family circles. Industrial activity increased in social acceptability. Overall, development technocrats under Park rule informed private individuals about attractive business opportunities, created new job opportunities, educated their labor force, and helped develop the entrepreneurial spirit of the private individual. Kim argues that these state efforts eventually produced a new breed of people in South Korea, and these people possessed skills, experiences, perceptions, needs, wants, and desires different from the majority of individuals living in South Korea in the early 1960s and before.

Noticeable competition for political and economic power began to emerge in the early 1970s as this new breed of people emerged. Many leaders of the chaebol as well as laborers in general decreased their dependence on government officials and development technocrats to create, identify, and modify prosperous economic opportunities. These business leaders and South Korean laborers now possessed the desire, intelligence, knowledge, and experiences to buy, sell, and derive income from their privately-owned resources in domestic and international markets. Hence, a private need for the state to take on the role of the protector of property rights emerged. Kim (1997, p. 5) calls this type of state a limited developmental state. It is a state that moves from being plan-

oriented to market-oriented. In summary, the development institutions created under Park rule in the early 1960s played a role in changing the perceptions, skills, and experiences of business leaders and private individuals. These changes, in turn, led many individuals to call for political change in South Korea.

In conclusion, Kim succeeds in telling a non-neoclassical story of economic success in South Korea. She skillfully highlights the developmental importance of recognizing the long-term roles of the neo-classical features required in individual state and business institutions, but, also, she recognizes the importance of admitting that institutional change is gradual and not instantaneous. In addition, Kim claims institutions do not act in isolation but are a part of an intricate web of political, social, and economic institutions. By taking all of this into account, Kim provides a complete analysis of changing developmental roles played by the polity and chaebol of South Korea. She could expand her theoretical base by drawing on the institutional theories of Douglass C. North offered in his books *Institutions, Institutional Change and Economic Performance* (Cambridge, Mass: 1990) and *Structure and Change in Economic History* (New York: 1981).

Additionally, Kim could include in her future research a detailed study of the role played by dominant social institutions present in South Korea during her period of review. Please refer to Tawni Hunt Ferrarini's article "The Economics Behind the Role of the Korean Family Institution in the Development of South Korea." [2]

Notes:

[1]. Cambridge: Harvard University Press, 1962.

[2]. Presented in William R. Childs (ed), *Essays in Economic and Business History*. Columbus, OH: the EBHS and the Department of History at Ohio State University: 1996, pp. 27-43.

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