State Formation and the Origins of Developmental States in South Korea and Indonesia*

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This article addresses the question why developmental states emerged where they did, with a focus on the cases of South Korea and Indonesia. The analysis centers on state developmental structures, not on developmental roles or pro-growth policies. In contrast with existing scholarship that stresses colonial legacies, I argue that intraelite and elite-mass interactions, especially, but not necessarily during state formation, are the primary origin of developmental states. The framework suggested here not only fills in a critical theoretical lacuna in the developmental state literature, but also contributes to the debate on the relationship between regime types and development.

Roles, Structures, and the Historical Origins of Developmental States

This article compares state formation patterns in South Korea and Indonesia, and offers an explanation for the emergence of developmental states in these cases. Broadly speaking, the voluminous literature on developmental statism has focused on three fundamental questions.[1] First, what roles do these states play in the successful industrialization of their countries? Answers to this question have typically stressed state aggressive involvement in two policy areas. One is industrial policies, including subsidizing inputs, promoting exports, imposing performance standards on industries receiving state support, and creating industrial groups in key dynamic sectors (Amsden, 1989; Haggard, 1990; Evans, 1995). The other concerns limited redistributive social programs ranging from land reform to investment in basic education (Johnson, 1987; Doner et al., 2005). Growth results from policies that allow a state to play *developmental roles*, as a custodian, demiurge, midwife and shepherd, in the economy (Evans, 1995: 77-81).

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Second, there has also been considerable attention to the character of developmental states. What do these states share and what is generalizable about them? Most theorists accept a general model of successful developmental states that has two components (Johnson, 1987; Evans, 1995; Kohli, 2004). The first is a *developmental structure,* including a stable, centralized government, a cohesive bureaucracy, and effective coercive institutions. Socially, this structure must rest on an alliance with producer classes and the exclusion of workers and peasants. This structure enables a state, if it so chooses, to effectively formulate and implement strategies for industrialization with minimal concerns about redistribution. The second component of the model involves the commitment and technical capacity of state leadership to play *developmental roles*. The two components—roles and structures—are interdependent factors that *together* explain successful developmentalism. Without developmental structures, states cannot play developmental roles effectively. On the other hand, structures do not guarantee that state leaders at any particular time are sufficiently committed to industrialization or that policies actually generate growth. As Peter Evans (1995: 77) summarizes succinctly, "Structures create the potential for action; playing out roles translates the potential into real effects."

The above two questions in the literature involve important issues. Many works along these lines represented the earliest scholarship on the topic and were aimed at discrediting the prevailing theory at the time that successful industrialization in these countries resulted from laissez-faire policy. As a body of scholarship, these studies offer a lucid profile of developmental states and persuasively demonstrate their crucial role in generating high growth. Yet they are not designed to deal with a third question, namely, why did developmental states emerge where they did but not elsewhere? This is clearly a historical issue, but it has obvious implications for the contemporary debate about whether the model can be replicated and similar policies may be feasible in other lands with different historical legacies and social conditions. More important, by turning to history, this question requires scholars to move away from proximate causes of developmental success and address deeper links in the causal chain. The goal is not to explain economic growth or build a profile of developmental states, but to account for their structure. The central concern shifts from the roles of these states to their historical origins. History does not serve as mere background to industrial policies, but is endogenized in this question.

A major recent study that grapples with this third question is by Atul Kohli (2004), who forcefully argues that Japanese colonial legacies laid the foundation for the developmental state in South Korea. Japan colonized Korea for 35 years. During this period, the Japanese oversaw sustained economic growth, built cohesive bureaucratic organizations, and constructed centralized and coercive institutions. For all the sufferings colonial subjects experienced, colonial rule was a blessing in disguise. While Koreans' contributions to later development are acknowledged, they were in a sense simply gliding along the "grooves" or a developmental structure first carved out by the Japanese.[2]

This article follows Kohli (2004) in tackling the third question, although I do not agree that colonialism was the most important causal factor. Based on a theoretical framework of state formation dynamics, the conceptual separation between structures and roles of developmental states, and a systematic comparison between South Korea and Indonesia, the article seeks to offer a more nuanced, historically

grounded, but analytically sharp explanation of the developmental paths in both cases. This explanation gives the primary role to Koreans and Indonesians in the postcolonial period rather than to their colonial masters.

Within the literature, South Korea has received more attention than Indonesia because it has been more successful. Indonesia has achieved significant development since the late 1960s but its performance has been less spectacular. The two have rarely been compared, yet their histories of state formation and postcolonial transformation can provide many useful comparative lessons to analysts of other cases. One lesson is the centrality of intraelite and elite-mass interactions in explaining the emergence of developmental states. Another is the importance of state structure to developmental success, not only in these cases but also elsewhere. Finally, the histories of state formation in South Korea and Indonesia are well known, but have been treated in the literature as mere "historical background" whose link to the developmental state is often assumed but not theorized.[3] Building on these particular histories, I propose a theoretical framework to compare various patterns of state formation in postcolonial societies.

State Formation as a Critical Juncture

State formation may protract over centuries as in Western Europe (Tilly, 1990). States may also emerge with a big bang as in many colonized peripheries in the twentieth century. In these cases, state formation comprised a series of rapid events triggered by the sudden collapses of colonial empires. State formation in much of Japan-occupied Pacific Asia at the end of World War II belonged to this pattern. Imperial collapses leave a vacuum in which political power is suddenly up for grabs by whoever wants it. In this quest for power, I identify two consequential dynamics centered on the behavior of indigenous elites and the masses.[4]

The first is the elite alignment dynamic that consists of four basic patterns depending on the number of elite groups and the distribution of power among them. *Elite unity* is when one single group predominates, whereas *elite fragmentation* is when elites break into many small factions without any dominant group. When the number of groups is relatively small (but more than one) and they are roughly equal in strength, their alignment patterns may express in two other forms—*elite compromise and elite polarization.* Compromise means significant concessions in matters of ideology, organization, and material interests. Compromise may entail more than one step or decision. Initial compromises may be followed by more significant ones as certain elites collaborate on the common project of state formation while other groups are marginalized. Compromise is therefore a process of forming a central bloc and eliminating extremes. In the same vein, polarization involves more than one step and means not simply a rejection of compromise by elites, but the process of forming two or more (but not too many) opposing extremes and the elimination of moderate political options.

The second dynamic of state formation involves elite-mass engagement patterns that vary from *mass incorporation* to *mass suppression*. The power vacuum offers not only national elites the freedom to proclaim independence, but also local groups the opportunity to riot and seize power locally. While elite behavior is often motivated by an anticolonial ideology and involves organization, spontaneous local riots may

be spurred by resentment against colonial rule or simply by some combination of hunger, greed, and opportunism. Confronted by these groups, the emerging state may choose either to incorporate or suppress them. In most cases, this was not really a choice because suppression requires a military or police capacity that the new state does not yet possess, unless it is willing or able to rely on the colonial coercive apparatus.

Different state formation patterns have different consequences for the structure of the new state. *Elite unity* implies unified authority and offers a favorable condition for the creation of a cohesive structure while *elite fragmentation* poses tremendous obstacles to achieving any stable structure. *Elite compromise* may allow some structure to emerge with authority divided among a small number of factions. This structure is not cohesive and depends on how long the compromises last. In contrast, *elite polarization* is likely to produce violent confrontations and civil wars that result in either state breakups or the physical destruction of losing factions by the winners. The ultimate outcome in the new state(s) is not just elite unity, but unity forged and tested through struggle. Turning to elite-mass engagement, the *incorporation* of poorly organized local rioters who took advantage of state collapse to seize power does nothing to guarantee their future loyalty to the central government. What it does is sow the seeds of a fragmented state structure. Conversely, if *mass suppression* can be carried out successfully, the resources and coordination required for such an effort may help the new state acquire a centralized structure and consolidate its coercive organizations.

State formation dynamics condition future politics in profound ways because some states are better endowed than others in their developmental potential simply and because of the way they were born. This importance of intraelite and elite-mass interactive dynamics during state formation as the primary origin of developmental states can be demonstrated by comparing South Korea and Indonesia from the end of World War II to around 1980. In both colonies, national elites sought to establish new states after the Japanese defeat while significant spontaneous mass uprisings took place. Despite these similar events, state formation in the Korean peninsular was characterized by *elite polarization* and *mass repression*; whereas *elite compromise* and *mass incorporation* was the dominant trend in Indonesia. In Korea, polarization produced a divided nation and two opposing states in South and North Korea. Thanks to mass suppression, both states possessed developmental structures upon independence. A massive civil war further intensified polarization and hardened these structures. Not until the early 1960s did the southern state under Park Chung Hee take on developmental roles, but its developmental structure had been consolidated a decade earlier. Yet the Indonesian state emerged in a unified nation, but showed a fractured structure due to elite compromise and mass incorporation. Its government made an early attempt to play developmental roles but failed because of the lack of a developmental structure. A decade later, under conditions of intense elite polarization and brutal mass suppression, a military government came to power under General Suharto. Suharto started to construct such a structure in the late 1960s, but the task was not finished until the mid-1970s. Thanks to this structure, the Indonesian state finally could perform developmental roles effectively for decades afterward.

In sum, state formation patterns explain the origins of the developmental *structure* of the South Korean state and the failure of the Indonesian state to play de-

velopmental *roles* successfully in the 1950s. The creation of a developmental state structure in Indonesia under Suharto during 1965-1975 was *not* a result of the state formation dynamics there. Nevertheless, this fact does not invalidate the argument in the Korean case because Suharto's developmental state was also created under the conditions of elite polarization and mass suppression that characterized state formation in Korea. In the next section, I will compare briefly the colonial legacies of Korea and Indonesia to provide a useful starting point for subsequent sections on state formation. While these legacies were important for Korea, it will be argued that had it taken the Indonesian path of state formation, its greater developmental endowment accrued under colonialism would have been wasted. But such legacies were less significant and had contradictory impact in Indonesia. The colonial thesis is even less persuasive in this case.

Colonial Legacies

What were the colonial legacies in Korea and Indonesia and how much did they matter in each case?[5] A standard historical text of Korean history begins its discussion of the colonial period by noting that "the Japanese assumed control of Korea with purpose and decisiveness" (Eckert et al., 1990: 254). They did indeed. Within 35 years, the traditional Korean monarchy and decayed agrarian bureaucracy were transformed into a modern centralized state. Effective coercive institutions were developed as the colonial state forged a close alliance with producer classes while suppressing labor and peasants (Kohli, 2004: 27). This structural transformation formed the basis on which the colonial state's interventionist policies generated high economic growth and significant industrialization.

In contrast, the Dutch joined the contest over the Spice Islands in the Indonesian archipelago in the early seventeenth century but did not establish full control over it until the beginning of the twentieth century. Their colonization can be characterized by anything but decisiveness. This is not to say that Dutch colonial rule was inchoate and ineffective, especially on Java where Dutch rule was consolidated early. In terms of extraction and penetration, Dutch colonialism ranked somewhere between the Japanese and other European systems. Compared to the British in India, for example, Dutch presence in Indonesia was far more intense. Toward the end of the colonial period, Dutch presence in Indonesia was about eight times bigger than the British in India relative to population (Maddison, 1989: 656). From 1921 to 1938, Dutch net drain of income from Indonesia as a proportion of Indonesia's domestic product was twice as large as British income from India (646). The number of Europeans in the Dutch civil administration relative to total population was nearly 15 times the ratio in India (656).

Nevertheless, Dutch colonialism did not match Japanese rule in Korea by all indicators. In the 1930s, more than 240,000 Dutch and Eurasians were living in Indonesia (0.4 percent of total population) compared to more than 570,000 Japanese in Korea (2.6 percent).[6] In 1930, the number of Europeans employed in the Dutch colonial government (both civil and military) was about 20,000, whereas that of Japanese civil servants in Korea was about 52,000 (Maddison, 1989: 659; Eckert et al., 1990: 257).

Compared to the Japanese in Korea, the Dutch left behind an institutional legacy that did not clearly favor postcolonial developmentalism. First, Dutch rulers united

scattered islands, transformed numerous sultanates into districts and provinces under a central government, built a modern bureaucracy that reached deeply into native society, and established a limited modern educational system (Benda, 1966; Dick et al., 2001). Most postcolonial leaders received either college education in Dutch schools or practical training in the colonial bureaucracy. Yet the Dutch avoided changing local cultures and customs whenever possible (Vandenbosch, 1943: 498). The colonial bureaucracy also systematically incorporated members of the traditional aristocratic class in parallel positions with European ones. While Dutch officials had the upper hand, traditional aristocrats were able to preserve their status well into the postcolonial time.

Second, the Dutch contributed significantly to postcolonial development by promoting exports and foreign investment. From 1900 to 1930, average growth rate *per annum* in Indonesia was about 3 percent, equal to that in Korea,[7] while foreign investment exceeded $1.3 billion in 1940. Nevertheless, the colonial economy relied heavily on the primary sector that processed agricultural products or raw materials for export. There was much less industrialization than in Korea.[8] The Dutch also left less human capital behind than Japan did in Korea. Less than 7 percent Indonesians were literate in 1930, whereas the ratio for Koreans was close to 50 percent in 1945 (Emerson, 1946: 499; Eckert et al., 1990: 263). In addition, the colonial regime used Chinese as middlemen and gave Indonesians few opportunities to develop into an indigenous capitalist class. Although Chinese capital would play an important role under Suharto, their ethnic minority status limited their contributions and hurt the legitimacy of his regime.

The Dutch also left Indonesia with no coercive institution. The Japanese organized a police force of 60,000 or one for every 400 Koreans (Eckert et al., 1990: 259). This police force would be retained almost intact in the service of the postcolonial state. But, besides a small police force,[9] the Dutch colonial army had about 38,000 men in 1938, or one for every 1,600 Indonesians (Elson, 2001: 8). While many of Indonesia's first military commanders were trained under the Dutch,[10] the Dutch army *as an organization* was disbanded after the Japanese took control of Indonesian in 1942. The lack of a Dutch legacy in this matter was compounded by the legacy of Japanese occupation. The latter organized large indigenous militias during 1942-1945, but dissolved these groups and took away their weapons right before Japan's Emperor announced surrender. Although many leaders of those groups would help form and lead the Indonesian military, many others would go home to become guerrilla leaders or local strongmen who would challenge the authority of the central government after independence.

It is true that "the contemporary Indonesian state bears striking resemblance to the institutions which took shape in the final century of colonial rule."[11] However, the continuity between the colonial and contemporary state was not predetermined and the interests and actions of Indonesians should not be overlooked. In any case, the Dutch must be credited for starting a modernizing process, but their legacies were less significant and more ambiguous than in the Korean case.[12] While these limited legacies meant Indonesia was disadvantaged *vis-à-vis* South Korea, the argument here is that state formation dynamics were so crucial to the extent that the Dutch colonial experience became even less relevant. I also argue that the Japanese legacies in South Korea might have meant little under different historical conditions of postcolonial state formation.

State Formation in South Korea, 1945-1948

The establishment of independent Koreas comprised a series of contingencies that fed a relentless pattern of polarization. As Tokyo was near defeat, Washington and Moscow agreed to divide the Korean peninsula at the 38th parallel and to place it under temporary U.S. and Soviet trusteeship (Cumings, 1981: 104-105). On the day Japan announced its surrender, the Japanese colonial government in Seoul asked a retired revolutionary, Yo Unhyong,[13] to create an administrative body that would maintain order and protect Japanese from reprisals by Koreans (71-81). Within days, Yo and his underground group established the Committee in Preparation for Korean Independence (CPKI), secured the release of 16,000 political prisoners, and called for the founding of local CPKI branches. In response, local People's Committees sprang up in most provinces (273-275). These committees organized security teams and assumed many government functions left by fleeing Japanese officials.

By its composition, the CPKI was not a political compromise. Most CPKI members were communists and the rest, with one exception, belonged to Yo's leftist group. Conservative nationalists and those who had collaborated with Japan were not invited. When it was known in late August that U.S. forces would occupy South Korea, the CPKI made a frenzied effort to form a new Korean government. Three days before U.S. troops marched in, the CPKI formed the Korean People's Republic (KPR), which, by appearance, was more compromising than the CPKI. Among KPR Central Committee's members, 42 out of 55 published names were associated with leftist groups; the remaining were prominent nationalists (115-116).[14] The nationalists, most of whom were still out of the country, were not consulted and it was unclear whether they would agree to join the KPR. Even if the list were an honest demonstration of "generosity" by the left toward the right rather than a gesture to impress the Americans, it was only a unilateral act but not a result of compromise.[15]

A week before, Soviet troops had arrived in Pyongyang with a detachment of Korean guerrillas led by Kim Il-sung (121). Kim had been fighting the Japanese since the 1930s as a leader of a small guerrilla band, first in China then in the Soviet Far East (Suh, 1967: 314-315). After entering North Korea, Kim began to build up his power base in the North under Soviet aegis, ignoring the scramble for power in Seoul at the time. By 1947, Pyongyang would become the Mecca for frustrated leftist politicians and communist revolutionaries fleeing from the South.

Arriving in Seoul two weeks after the Soviets had entered Pyongyang, the U.S. commander, General Hodge, set up a military government (MG) run by Americans but advised by former Japanese officials and their Korean collaborators (Jun, 1991: 137-138).[16] Apparently because of their advice, Hodge refused to accept the KPR as a legitimate Korean government and this nominal symbol of compromise died quietly to make way for two opposing groups. On the left, the Korean Communist Party (KCP) was resurrected on September 11 under Pak Honyong, a veteran communist leader, who wasted no time in organizing peasants and workers (143-144).[17] By 1947, KCP-affiliated labor unions would claim half a million members (Cumings 1981: 198). Between August 1945 and March 1947, there would be 2,388 labor demonstrations involving 600,000 workers (Koo, 2001: 26).

On the right, conservative groups that included leading figures in Korean industry, education, and the colonial government also united in their Korean Democratic Party (KDP) (Jun, 1991: 146-147).[18] Some of them had impeccable nationalist records but most had collaborated with the Japanese. While the formation of the KCP and KDP triggered the polarization of Seoul politics, in late 1945, such a pattern did not appear irreversible. In October, the most prominent nationalist, Syngman Rhee[19] returned to Seoul from the United States and founded the Central Council for the Acceleration of Korean Independence (CCAKI) (160-161). The KCP approached Rhee but failed to persuade him to exclude "Japanese collaborators" from the CCAKI and drop his hostility toward the Soviet Union.[20] While Rhee rejected any alliance with communists, not all right-wing politicians did. Kim Ku,[21] also a prominent exile returning from China, opposed the U.S. trusteeship plan for Korea and sought help from leftist groups to overthrow the U.S. occupation. The MG quickly repulsed this *coup d'etat* and this second attempt at compromise among Korean elites foundered (Cumings, 1981: 221).

The MG itself did not oppose elite collaboration and sought to fight polarization by shoring up the center. It organized a Left-Right Coalition Committee, headed by moderates Yo Unhyong and Kim Kyusik (227-230).[22] This committee excluded, and was denounced by, both radical communists like Pak and conservatives like Rhee. As tension grew between the KCP and the MG, leftist labor unions launched a general strike, to be followed by a massive peasants' uprising to oppose the MG's policy of forced rice collection (237-243, 252-258). The uprising involved about 30 percent of the counties in South Korea and an estimated 2.3 million participants (mostly peasants). The MG met the strike and uprising with force, resulting in thousands of arrests. American suppression forced communist leaders to flee to the North or move underground. By mid-1947, when U.S.-Soviet relations worsened, the MG let the Coalition Committee die and turned to Rhee as the most prominent politician who supported separate elections for the South. Rhee's extreme and consistent anticommunism had paid off.[23] Figure 1 shows that all the moderate alternatives had been eliminated or expelled from South Korea by 1950, leaving the rightwing extremist Rhee in command.

In sum, Yo's dubious and unreciprocated effort at compromise, Kim Ku's failed coup, and the short-lived MG-organized Left-Right Coalition Committee were three brief diversions from the relentless course of elite polarization in the South.

Figure 1
The Polarization of the Koreas

Kim Il-sung Pak Honyong Yo Unhyong Kim Kyusik Kim Ku Rhee Syngman

Extremism ←——————→ **Extremism**

Pak Honyong: fled to North Korea in 1947 and was executed by Kim Il-sung in 1955.
Yo Unhyong: assassinated in 1947.
Kim Kyusik: believed killed by North Korean troops in Seoul in 1950.
Kim Ku: assassinated in 1949, probably by Rhee's police.

During the same period, Kim Il-sung in North Korea also succeeded in defeating several moderates who challenged his leadership (Cumings, 1981: 382-427). By early 1948, Pyongyang and Seoul had become centers of ideological extremism with Rhee facing Kim across the 38th parallel. When U.S. and Soviet forces withdrew from the peninsula in mid-1948, two separate states had been established, formally institutionalizing the process of elite polarization.

The sequences of mass uprisings and state repression interacted with elite polarization described above (267-381). We have seen that, in response to Yo Unhyong's appeal in August 1945, People's Committees (PCs) sprang up all over the peninsula. This was a week before the Soviets entered Pyongyang and three weeks before the Americans marched into Seoul. These PCs were launched by various kinds of people: underground communist cadres, released political prisoners, migrant workers returning from cities and from overseas, and local traditional elites.[24] Left to continue, the PCs would have posed formidable challenges to the postcolonial state, as will be seen later in Indonesia. It was the MG's move to dissolve them in late 1945 that took Korea on a different path. This move was not easy as many PCs refused to disappear. During 1947-1948, local leftist groups led mass organizations in several strikes and attacks on police posts throughout the South (Merrill, 1980). On Cheju Island off the southern coast, local communist guerrillas overran half of police posts. A regiment of South Korea's constabulary force, trained by the MG but infiltrated by communists rebelled in Yosu, only two months after sovereignty, had been transferred to the Rhee government. The strikes and rebellions gave the MG and later the Rhee government excuses to carry out massive repression of the left (182).

How did elite polarization and mass suppression shape the emerging South Korean state? Elite polarization banished a popular and most radical elite group—the communists— permanently from national politics. The best organized communist forces in the South either fled to the North or were destroyed by 1948. Moderate alternatives were similarly eliminated or weakened, leaving the political arena to a smaller circle of conservative collaborators and anticommunist politicians. Political power was now concentrated within this narrow group that shared an intense anticommunist ideology. The participation of those collaborators, including colonial bureaucrats, police, landlords, and industrialists, in a new government led by a fiercely anticolonial leader was not a coincidence but a result of polarization along ideological lines. At the same time, the successful suppression of local PCs and mass movements allowed the new state not only to build a new centralized structure out of chaos, but also to revive disintegrating colonial bureaucratic and coercive institutions, reorganize them under Korean command, test them in battles, and reorient them toward repressing communism.

To be sure, foreign powers played an important role in the state-forming process. The partition of the Korean peninsula into U.S. and Soviet competing zones of authority was decisive in generating elite polarization in Korea, especially since 1947. The MG protected and promoted English-speaking conservatives while being lukewarm or hostile toward leftist revolutionaries. Similarly, Soviet protection made life more comfortable for Kim Il-sung. The availability of tacit U.S. support reduced the need for southern conservative politicians to accept a secondary role in a coalition with leftwing parties, which appeared better organized. At the same

time, the Soviet presence in the North made southern leftists bolder in pursuing their radical agenda. Yet the role of foreign powers should not be exaggerated. The MG at first did not expect a permanent division of Korea; it was Rhee who went to the United States to lobby for a confrontational approach that suited his anticommunist belief. The MG also tried to promote compromise by establishing the Left-Right Coalition Committee, but this attempt was frustrated by radicals on the left and conservatives on the right. Observers have suggested that the communists were doomed to fail under U.S. occupation (Suh, 1967: 337); yet this does not explain why an extremist like Rhee but not a moderate nationalist like Kim Kyusik would come out the winner.

The next section will discuss how the civil war and Rhee's moves to monopolize power would further strengthen the developmental structure of the Korean state. Rhee's corrupt and personalized rule has often been regarded either as the evidence that developmentalism began with Park Chung Hee, or as a temporary deviation from Korea's developmental path preset by the Japanese. This article suggests to the contrary that politics under Rhee perpetuated the patterns of elite polarization and mass suppression during state formation. While his regime was economically ineffective, it will be argued that Rhee played a crucial role in consolidating the developmental assets inherited from the Japanese and reorganized during state formation.

The Consolidation of a Developmental Structure, 1948-1960

In 1948, when he became president, Rhee's most formidable opponents such as Kim Il-sung and Pak Honyong were in the North and the southern communist movement had been brutally suppressed. Still, he faced institutional constraints and some organized opposition. The National Assembly elected under the MG was the main institutional check on Rhee's power. In 1948, this body had significant constitutional authority, including the rights to elect a president and approve a prime minister (Seo, 1996: 82; Reeve, 1996: 41). While the MG and the division of Korea saved Rhee from major opponents, they hardly guaranteed him a monopoly of power. Similarly, the events during 1945-1950 removed the deepest chasm in Korean politics and externalized it to become the permanent threat from North Korea, but they did not make South Korea the land of perfect elite unity. Organized opposition to Rhee came from a small leftist group (the *So-jang pa*),[25] and supporters of Kim Ku and Kim Kyusik, two moderate nationalists who advocated peaceful unification with North Korea (Seo, 1996: 83). The conservative KDP was a minority group that did not always support Rhee (Lee, 1968: 71-73). As seen below, Rhee, with his brutal maneuvers to eliminate rivals and his extreme anticommunism, contributed significantly (albeit inadvertently) to building a new structure for the Korean developmental state.

Politicians can consolidate their personal power base differently. Some means may enhance state power; others may not. For example, if politicians seek to build a personal network of loyal clients in the bureaucracy, this network helps them but not the state they run. Instead, if they consolidate their power base by building effective coercive state apparatuses, these may stay with the state long after they have left the scene. By the same logic, if politicians orchestrate the assassination of their opponents, this often benefits only them. If they eliminate an entire swathe

of the political spectrum (e.g., all members of an ethnic-based or leftist coalition), their perfidious acts may irreversibly alter the component and character of the state and the elites.

Rhee did all of the above. As many have noted, he built a massive network of loyal clients with U.S. aid (Haggard and Moon, 1993: 62-63). What is often overlooked is Rhee's certain power-seeking behavior that built a solid state structure for developmentalism. In particular, the most critical contribution by Rhee, to be described below, was the construction of an extremely repressive anticommunist political system, which effectively guaranteed long-term state domination and a social environment favorable to capitalist development.

Right after the communist-instigated Yosu rebellion, Rhee and the KDP collaborated to have the National Security bill enacted in December 1948. This draconian law was aimed at "any association, groups or organizations that conspire against the state" (Seo, 1996: 85-86). Under this law, Rhee curbed press freedom, banned political activities by religious organizations and labor unions, and imprisoned anti-American activists and effectively all leftists (Reeve, 1963: 41). In 1958, Rhee further revamped the law, giving even broader authorities to police to "suppress communists." When legislators from opposition parties organized a sit-in strike to protest this bill, Rhee's security guards hauled them out of the Assembly floor and locked them up while his supporters in the National Assembly passed the bill into law (Hong, 2000: 126-128). This law and the coercive apparatus that enforced it would cast a long shadow over South Korean society. General Park would add a few more items to make it even harsher, but the basic law is still in force today.

A second act with long-term consequences was Rhee's protection of former Japanese collaborators, who filled his police force and bureaucracy.[26] In August 1948, the Assembly passed a law aimed at purging Japanese collaborators from the government. This legislation responded to popular sentiments but was condemned by policemen and bureaucrats who had begun their careers under the Japanese (Seo, 1996: 90-91). Rhee intervened to protect senior police officials, mobilized his supporters to demonstrate against the Assembly, and ordered the arrests of seven assembly members, including the vice speaker, ostensibly for being communists (Seo, 1996: 98-99).[27] Their trials were the first cases under the scope of the National Security Law. Rhee decimated parliamentary opposition in this move but he also, consciously or not, preserved the coercive state apparatus on which Park would rely.

Not satisfied with anticommunist rhetoric, Rhee made a systematic effort to root out communist support in the population through a massive program in late 1949 to register, "reeducate," and monitor those suspected of having ties to leftist organizations. This program, ironically called *Podo Yonmaeng* [Preserving the Alliance], led to the arrest of about 300,000 people who were interrogated and forced to make confessions, name others, and declare loyalty to the government (Seo, 1996: 104-106). By isolating, terrorizing, and maintaining surveillance of leftists, Rhee effectively eliminated their influence and institutionalized long-term social submission to conservative rule.

The civil war in 1950-1953 augmented what Rhee had done. This war was remarkable in its swift reversals of fortunes for the warring parties in its first year. The battlefront first moved all the way south; three months after the war started, Pyong-

yang conquered nearly all of South Korea. The table was turned when UN troops under U.S. command entered and quickly drove North Korean forces all the way north to the Chinese border. When Chinese armies entered the conflict, the outcome was a stalemate. The war caused severe losses and stresses for South Korea, but it also generated a massive structural growth and maturity of the South Korean state as it mobilized and coordinated society to fight the war, suppress communists, and restore postwar order (Kim, 1981: 259-260). The clearest example of this growth was the South Korean army, which grew six times to 600,000 men at the end of the war, despite its loss of more than 100,000 soldiers (Kim, 1971: 39-40).

We have observed that state formation in Korea was marked by elite polarization and mass repression. The war was an extension of this process and Rhee must be "credited" for his role in the war. While North Korea made the first attacks, Rhee's strident and repeated calls for "marching north" may have contributed to rising tensions that led to the war. He and Kim Il-sung oversaw the massive arrests and killings during each regime's turn of good fortune.[28] The violence intensified what had already been northern extreme anti-Americanism and southern extreme anticommunism (Yang, 1972: 29-30; Han, 1972: 44-45). The masses were not passive spectators: during the war, millions of North Koreans, especially landlords and Christians, fled south, while many leftist politicians and activists in the South went northwards (44-45). Kim Il-sung was saved from northern Christians' festering resentment while Rhee gained a staunchly anticommunist constituency.[29] The war homogenized both societies and reinforced their extremist elites.

A major "accomplishment" of Rhee during the war was his successful effort to amend the constitution in 1952 to have the president elected directly by the people instead of being selected by the National Assembly. To overcome overwhelming opposition in the Assembly to this move, Rhee imposed martial law on the grounds of fighting communist guerrillas, used army trucks to tow buses full of Assembly members to military police stations for questioning, arrested dozens of his opponents, and coerced them into approving the amendment (Oh, 1968: 39-46). Thanks in part to wartime conditions, Rhee was able to further centralize power in the executive, making another contribution to building a developmental state structure.

In sum, by his efforts to increase personal power, Rhee radically reorganized postcolonial politics, added substantially to the developmental structure of the Korean state, and inadvertently prepared it well for playing developmental roles later. Without Rhee's draconian but effective policies, communist ideology and networks must have persisted, created political instability, and contested any developmental policies. In his work, Rhee was aided tremendously by the MG and subsequent U.S. support. He contributed to making the war happen, and with its quick turns of fortune for both sides, the war further polarized both political systems. As mentioned above, structure is not sufficient unless the state undertakes developmental roles, and the Rhee regime did not. Nevertheless, the Park government could not have played such roles so soon after it assumed power without the developmental structure created by Rhee already in place. This fact will become clear while examining in the next section the relationships between the postcolonial Korean state and peasants, workers, and students during 1953-1980. Given the frequency and massive scale of labor strikes and peasant uprisings of 1947-1948, the absence of opposition from these two groups up to the late 1970s requires explanation.

The State vs. Popular Sectors, 1950-1980

Except for a brief period during 1960-1961, state-society relations in South Korea from 1953 to 1980 were largely devoid of contention. Peasant unrest, for example, was unheard of after 1953. Yet state extraction was heavy and state penetration intrusive. The government was a major buyer of agricultural products, collecting between one- and two-thirds of the annual marketed surplus of rice and barley crops.[30] Food prices were kept low under tight government control until 1968. In almost every year to 1960, government purchase prices were between 20 and 50 percent lower than production costs, depending on the particular year (Ban et al., 1980: 240). Until 1972, peasants were paid less than market prices. When General Park seized power in 1961, he paid lip service to the need to improve peasants' living standards. Yet his first two Five-Year Plans emphasized industrial development and neglected agriculture (167-191, 275).[31] Despite this neglect, Park received more electoral support among rural than urban voters. Only in the third Five-Year Plan did Park begin to raise food prices, offer fertilizer subsidies and increase investment in agriculture. This policy change was partly motivated by the regime's concern about the decline of food production and the large amount of foreign exchange required for food imports. Politically, Park felt threatened ever since the 1971 election when a substantial erosion of rural support nearly doomed his presidency.

As part of his strategy to boost local control, Park launched *Semaul Undong* or the New Community Movement (Ban et al., 1980: 275-80; Keim, 1979: 18-23; Kihl, 1979: 150-159). The ostensible goal of this movement was to upgrade the physical quality of village life through the spirit of cooperation, self-help, and frugality. While only a small amount of fund was spent on assistance to villages, the Ministry of Home Affairs orchestrated a massive campaign that involved intense propaganda and excessive coercion (Kihl, 1979: 152). For example, if peasants did not replace their thatched roofs with composition or tile as instructed by the campaign, local officials would come and tear down their roofs. There were occasional protests, but the overwhelming picture was a malleable peasantry unable to resist the state onslaught.[32] Although Park's concentrated efforts to indoctrinate peasants contributed to their submission, these efforts were built on an existing nation-wide system of communication, control, and surveillance— centralized at the top in the Ministry of Home Affairs and assisted by the police that extended down to every village (151).

State-labor relations were similarly peaceful under Rhee and Park. In the 1950s, there were three strikes and about 50 disputes annually. In the popular movement that overthrew Rhee in April 1960, workers played a small role (Lee, 1999: 104-106). This brief democratic opening before Park's coup in May 1961 saw the birth of hundreds of unions and a surge of labor disputes. Between April 1960 and May 1961 more than 200 disputes involving 75 strikes occurred (100-106). After the coup, Park easily squashed this movement. With a few preemptive changes in labor law, his regime was able to prevent the rise of a strong labor movement until the 1970s (292, 297-300, 373). Despite a three-fold increase in the number of workers from 1.3 million to 3.4 million during 1960-1970, the overall level of disputes remained very low (Koo, 2001: 29).[33] Although labor disputes increased and unions expanded in the 1970s, only during the 1980s did these disputes reach the scale of 1946-1947 and become a serious threat to the economic order (29).

The absence of labor activism from the 1950s through the 1970s by no means indicated workers' contentment as sometimes believed (Doner et al., 2005). South Korean real wages were low by world standards and their growth rates lagged behind productivity increases (Deyo, 1987: 196-199).[34] Submissive behavior was also not a Korean labor tradition. Labor disputes in the 1920s and 1930s occurred more often than in the 1960s and 1970s (Koo, 2001: 25). We have seen as well how communist-led labor unions expanded rapidly and acted militantly during 1946-1948 but were crushed by the late 1940s. The Park regime no doubt contributed to labor peace by manipulating labor relations, implementing populist measures, and increasing repression.[35] Yet these policies did not explain labor acquiescence in the 1950s, and were built on the suppression of communists and organized labor under Rhee.

Rhee was not able to forestall *all* opposition to his regime. A huge student movement emerged out of nowhere in 1960 and toppled his regime.[36] Although Rhee's fall was a spectacular event, students' demands were not radical and marginally related to economic issues (Kim, 1983: 136; Han, 1980: 146). Corruption, election rigging, and police brutality—but not social inequality, capitalist exploitation, or even the authoritarian political system—were what drew students into the streets. This fact demonstrates that the once powerful communist challenge to the South Korean state in the late 1940s had been completely eliminated and left no trace.

After Rhee's fall, student organizations continued to mobilize support for different political parties and oppose the Chang Myon government's security bills. The military coup in May 1961 and its martial laws significantly weakened but failed to stop sporadic student protests. Some demonstrations took place in the capital almost every year throughout the 1960s. These demonstrations targeted specific, noneconomic issues, including the U.S.-Korea status-of-force agreement (1962), the normalization of relations with Japan (1963, 1965), and constitutional revisions (1969). Student protests against Park's rule continued intermittently in the 1970s but these did not focus on economic issues either.

The review of state-society relations shows that Korean leaders up to the late 1970s confronted little opposition to their *economic* policies. By then, a radical ideology had emerged that went beyond the familiar issues of unification and democracy to attack the regime's poor record on economic justice.[37] Until this radical ideology called *Minjung* consolidated in the 1980s, developmentalism, or policies to promote economic growth and industrialization, regardless of social distributive consequences, was rarely, if ever, challenged. State domination over peasants, workers, and students, and the unchallenged hegemony of the capitalist developmental ideology, starkly contrasted the contentious politics of 1946-1948. Counterfactually, one wonders whether the Korean state could have undertaken capitalist developmental roles in the 1960s without elite polarization and mass suppression that had early on created a cohesive and hegemonic state.

Since state-society relations were generally peaceful from 1953 to 1979, observers have tended to take these conditions for granted and overlooked their origins. The problem with this neglect will be especially illuminated when we turn to Indonesia, a country that shared with South Korea many similarities, but took a different path of state formation characterized by elite compromise and mass incorporation. State formation failed to generate a developmental structure for the Indonesian state,

and not until the 1970s was such a structure established and developmental roles performed effectively.

State Formation in Indonesia, 1945-1949

State formation in Indonesia began under the Japanese, who ended Dutch colonial rule in 1942. By bringing together indigenous elites to work for them, the Japanese contributed decisively to the pattern of compromise later. Sukarno and Mohammed Hatta, two leaders who three years later would proclaim the birth of the Indonesian republic, first worked together as a team under the Japanese and would continue to do so for the next two decades.[38]

Elite compromise went far beyond a few leaders, however. The Japanese convened a Study Commission for the Preparation of Independence (BPKI) in March 1945 (Kahin, 1952: 121-127). This Indonesian body was created very differently from its Korean equivalent headed by Yo Unhyong. Its members, who all collaborated with the Japanese, met several times over many months to draft the constitution of the future Indonesian republic. The Japanese were careful to appoint to the committee only older, experienced, and discreet men (Anderson, 1972: 62-65). Radical communists and radical Muslims were not invited. Still, the BPKI's membership was broad enough to include most prominent Indonesian political activists with genuine nationalist credentials. The committee was able to achieve important compromises on the constitution and on *Pancasila*, Sukarno-proposed five principles of the future state. A major compromise was forged between secular nationalists and modernist Muslim politicians who desired an Islamic state (87-88). *Pancasila*'s fifth principle, "One Nation under One Supreme God," which intentionally left God undefined, epitomized this compromise.

After Japan's surrender, Sukarno and Hatta declared independence and formed a cabinet composed mainly of Japanese collaborators like themselves. With the BPKI as the core, they nominated leaders from various groups to form a Central National Committee (KNIP). Although this KNIP was only an advisory body, with broad and active participation among major groups, it represented a true compromise that would help shape future ones. Another key compromise took place a few weeks later. Sutan Sjahrir, KNIP's chairman, persuaded Hatta and enough KNIP members to approve the change of the KNIP from an advisory agency to a parliament to which the cabinet was accountable (170-177).[39] Given the Allies' imminent landing to disarm the Japanese, Sukarno and Hatta must have realized that Sjahrir's noncollaboration credentials were needed if the republic was to win international recognition.[40] As a compromise, Sukarno and Hatta were retained as figureheads, but their Japanese-tainted cabinet was dissolved. In its place was a new cabinet led by Sjahrir.

Once in power, Sjahrir's government called for local committees to be established and for political parties to be formed to participate in these committees. This move generated further collaboration as new parties were formed and defunct ones resurrected *so that* they could claim seats in these committees. Within a few months, several dozen parties, including the dormant Indonesian Communist Party (PKI), were founded or resurrected.[41] These parties were so hastily established that they were little more than alliances of personal factions. This lack of cohesion would

contribute to later political fragmentation but, in late 1945, these parties simply reinforced the pattern of elite compromise.

This compromise was robust enough to survive two challenges from the left to the Sukarno-Hatta-Sjahrir leadership. The first challenge was launched by Tan Malaka, a former PKI leader with significant reputation but no organization in 1945.[42] Demanding that the Indonesian government stop negotiating with the Dutch, Malaka sought elite support to oust the Sjahrir cabinet. Sjahrir was forced to resign in February 1946, but with help from Sukarno and Hatta, he was able to buy off Malaka's allies and eventually return to the premiership. Sjahrir's dominant position was weakened in this struggle, but the government became more inclusive as Malaka's supporters were invited in.

The second challenge came from Musso, another exiled PKI leader who returned from the Soviet Union in August 1948 (Kahin, 1985: 272-303).[43] Musso introduced a new Soviet doctrine that called for communist movements worldwide to reject alliance with bourgeois groups (Reid, 1974: 136-147). He took command of the PKI and pushed through a radical program of social revolution (Swift, 1989). However, a revolt by a unit of PKI-affiliated militia stampeded Musso into launching a premature military coup against the Sukarno-Hatta government. He was killed and his forces were decimated in a few weeks. Many PKI leaders did not participate in the uprising and the party was denounced but not banned after the event. Like Malaka, Musso failed to disrupt the pattern of elite compromise.

As in Korea, the Indonesian story would be incomplete without the masses. In large cities on Java, local groups launched massive attacks on the Japanese and the British who came to disarm Japanese troops (Anderson, 1972). In Aceh, East Sumatra, and Surakarta, radical youth groups dethroned local royal rulers and seized local governments, despite the republic's policy to the contrary (Reid, 1974: 65-68, 92-93; Kahin, 1985). Similar upheavals took place in West and Central Java where local religious leaders led mass groups to attack local officials, including those freshly appointed by the new republic (Anderson, 1972: 335-342; Kahin, 1985).

Indonesia's mass movements did not share the same fate with their counterparts in South Korea, which in turn had different implications for the two states. While the overall story in South Korea by 1947 was one of repression, in Indonesia it was mass incorporation. This was not because Indonesian leaders believed in mass participation. The Sjahrir government tried to mobilize popular support for the republic but it believed in diplomacy, not war. To win diplomatic recognition as the uncontested sovereign of Indonesia, it could not condone poorly directed mass actions. Unlike the MG in South Korea, which commanded thousands of U.S. troops and Korean policemen, the infant Indonesian government had no real army until 1947. Lacking coercive power, it mostly had to settle for incorporation rather than repression.[44] Local militias and other mass organizations were accepted into local governments, usually as affiliates with national political parties, together with remnants of the colonial bureaucracy. Unlike in South Korea where repression brought centralization and increased the state's coercive power, in Indonesia mass incorporation produced a fragmented state structure in which the central government and national political organizations had little control over local governments and local political groups.[45] As a result, there were considerable frictions among their auxiliary mass organizations and militias at local levels throughout the independence struggle (Reid, 1974: 134-136; 141).

Owing to elite compromise and mass incorporation during state formation, Indonesia largely avoided the violence and the ideological extremism that engulfed the Korean peninsular during the civil war. A unified Indonesian nation-state emerged in 1949 after the Dutch gave up. Yet compromise and incorporation left a state structure that was very different from that found in South Korea. As will be clear shortly, the legacies of state formation would pose formidable challenges to postcolonial state builders and technocrats when they took on developmental roles prematurely.

The Failure of Premature Developmentalism, 1950-1957

Thanks to elite compromise at the time of independence, Indonesia's parliament encompassed the entire political spectrum from left to right and from religion-based to secular nationalist parties (Feith, 1962). There were two large Muslim parties, parties of other religions, several nationalist parties, several communist parties, and many functional groups representing workers, peasants, the armed forces, ethnic minorities, and regional interests. A similar rainbow existed in local councils and governments. Compromise had led to an inclusive but fragile government based on poorly organized parties. While some parties were able to consolidate, none was able to dominate while most would disintegrate into small personal factions (Pauker, 1958; Lev, 1967). Political stability was elusive: in its first seven years, Indonesia saw seven cabinets.

Three of the seven cabinets were led by factions having pro-Western outlooks.[46] Foreign and economic policies were made by Dutch-trained technocrats with advanced economic or law degrees. Under these men, the government pursued pro-growth policies with the long-term transformative goal of building a capitalist but socially progressive national economy. Western investment and technology were courted while foreign property rights were protected according to the terms of independence negotiated with the Dutch. These technocrats lacked neither competency nor commitment to growth. Their mistake was to take on developmental roles without a developmental structure in place.

We have seen that South Korean rulers faced little opposition to their economic policy. In contrast, Indonesian technocrats' economic agenda met resistance from day one. Opposition emerged not only from leftist and ultra-nationalist parties that supported the nationalization of all foreign assets and demanded government protection for labor and peasants against foreign management (Feith, 1962: 131-134; van der Kroef, 219-222). Opposition also came from inside the ruling parties, either among their factions or from local branches. All Indonesian parties had been formed hastily in late 1945 through incorporating various factions and autonomous mass groups; now it became extremely difficult even for those in power to hold their organizations together.

How the legacy of elite compromise interacted with that of mass incorporation to frustrate state developmentalism is clear in the cases of peasants' and workers' resistance to capitalism. Under Japanese occupation and during the struggle for independence, peasants had squatted on estate lands that were now to be returned to their foreign owners. Government attempts to evict these squatters led to direct conflicts, the killings of several peasants, and the fall in 1953 of the Wilopo Cabinet led by pro-Western technocrats (Feith, 1962: 293-296; 308). In their struggle, the

squatters were supported by the local branches of not only leftist parties, but also those parties included in Wilopo's coalitional government.

The same situation applied to labor groups that were nominally affiliated with major political parties but were often autonomous (Hawkins, 1963: 200-201). These groups had been incorporated into national political parties during the independence struggle; in their postcolonial struggle, the enemy was no longer the colonial state but its successor. They resisted the return of foreign capital even though this policy was supported by most parties. The number of labor disputes rose from less than 200 in 1950 to nearly 4,000 in 1956 (232-242). Disputes between estate workers and foreign management led to widespread strikes drawing hundreds of thousands of workers. Widespread labor unrest was a main reason why Indonesia attracted little foreign investment except in its oil sector.

In the context of popular unrest and severe elite bickering, by the mid-1950s, power had been transferred to populist and ultra-nationalist factions opposed to foreign capital and capitalist development. These factions championed a nationalization campaign to seize Dutch properties in the late 1950s. This adventurous policy not only destroyed economic progress made since independence, but also triggered a long recession (Mackie, 1967).

Polarization, Suppression, and the Construction of a Developmental Structure, 1960-1975

The weak postcolonial state did not succumb entirely to the legacy of mass incorporation as demonstrated by several armed revolts in Sumatra, Sulawesi, and the Malukus in 1957. These movements were led by disgruntled army officers and supported by many leaders of the pro-Western, pro-capitalist coalition now out of power (Harvey, 1977). The origins of these rebellions can be found in the struggle for independence when local armed units organized themselves spontaneously and were incorporated into the national army.[47] They now resisted national leaders' effort to centralize army command. The revolts threatened the survival of the Indonesian Republic, and President Sukarno responded by issuing martial laws, replacing elected parliamentary members with those selected by him, and sending troops to battle the rebels. In similar ways with the Yosu rebellion and the civil war in Korea *nearly a decade earlier*, the Indonesian state and the central military command were strengthened when the rebellions were defeated (Lev, 1966; McVey, 1971/1972).

However, the suppression of these revolts left intact the legacy of mass incorporation on Java, where most Indonesians lived. Leftist parties with a proclivity to mass mobilization naturally benefited the most from the situation. Surviving the Musso debacle, thanks to elite compromise, the PKI and other leftwing parties took advantage of the fractured structure of the state to penetrate the factionalized military, the politicized bureaucracy, autonomous local councils, militant labor unions, and numerous urban and rural groups on Java that had never been demobilized since state formation. As the crusader against capitalism and imperialism and the champion of mass demands for land redistribution, higher wages, workers' rights, food subsidies, and price controls, the PKI expanded exponentially and became the largest political party by the early 1960s (Hindley, 1964; van der Kroef, 1965; Mortimer, 1974).

President Sukarno also contributed significantly to perpetuating the legacy of mass incorporation. Unlike Rhee, Sukarno lacked a loyal police force but was compensated with great oratory talents. His strategy to consolidate power naturally relied less on repression than on broad-based mass mobilization campaigns that stressed themes of national independence and socioeconomic justice (Legge, 1972). While Rhee ruthlessly suppressed the masses, Sukarno lovingly incorporated them.

Toward the mid-1960s, a polarizing pattern among Sukarno, the PKI, and the military became increasingly clear (Elson, 2001: 88-98; Ulfhaussen, 1982: 162-225). As president and commander-in-chief, the charismatic Sukarno had immense international prestige, broad popular support, and stood in charge of a massive patronage network in the government. The PKI claimed 2.5 million members, a nation-wide organization of branches and cells, and the backing of many political factions—certain military commanders and sometimes Sukarno. The military, the third pole in the polarizing trend, had become more unified and greatly expanded after successfully quelling the regional rebellions. Its top leaders were staunchly anticommunist and sought to counter an anticipated PKI coup by expanding military commanding posts to subdistrict and village levels (Sundhaussen, 1982: 171-180). During 1963-1965, politics became more sharply polarized as Sukarno attempted to curb rising military power by aligning himself closely with the PKI (170).

Under these circumstances, a failed coup carried out in 1965 by PKI sympathizers in the army brought the military under Suharto to power (Crouch, 1988). One of Suharto's first acts after replacing Sukarno was to coordinate a massacre in which the military and local Muslim groups killed about a quarter million communists (Cribb, 1990). The PKI was banned while radical union peasant and student leaders were arrested *en masse*. A massive purge of communists and leftists was launched throughout the state bureaucracy (Emmerson, 1978: 91).

Over the next decade, Suharto would carry out other systematic measures that together erased all legacies of compromise and incorporation of earlier periods (Elson, 2001: 183-191). The old party system, the very symbol of compromise, was first to go. Suharto banned many political parties and forced the rest to amalgamate into two. Except the new government party composed of mostly military officers and bureaucrats, other parties were no longer allowed to campaign in the villages. This new party system would ensure the reelection of Suharto to the presidency for the next three decades. Another critical step by Suharto to restructure politics was the militarization of the state. By the early 1970s, almost all provincial governors and most district chiefs were military officers (Emmerson, 1978: 103). A new and ironically named "Regional Autonomy Law" enacted in 1974 finally completed the unfinished centralization project under the Dutch by providing a uniform vertical administrative system across the country. Local elections were now formally replaced by appointments by the Ministry of Home Affairs and ultimately by Suharto himself, whose power could now match that of the Dutch Governor General (Elson, 2001: 209).

On the economic front, Suharto and his team of young advisers armed with American Ph.D.s in economics launched an emergency program for recovery and a long-term plan of national development. This program brought immediate recovery and rapid growth rates that reached double digits in 1968 and 1974 (Hill, 2000: 12). Impressive economic progress, staunchly anticommunist credentials, and lib-

eral economic policies earned the regime significant admiration in the West. This helped Suharto build a close relationship with foreign capital: by the early 1970s, Indonesia attracted $6 billion of realized foreign direct investment while becoming the second-largest foreign aid recipient after India among all developing countries (Robison, 1986: 142; Thee, 2002: 205-206). After restrictions on domestic capital were removed, intimate links between military commanders and Chinese businesses soon developed into powerful monopolies and became another important base of the regime (Thee, 2002: 205-206; Elson, 2001: 191-194).

Less than a decade of assuming power, Suharto had fundamentally reshaped Indonesian politics and built a cohesive state structure. However, destabilizing elements traceable to the state formation period would once again almost thwart his developmental policies in 1974. Although Suharto achieved early success in removing Sukarno and the PKI by 1966, anticapitalist and anti-Western sentiments ran deep as a result of intense leftist mass mobilization politics in the previous decade. In addition, Muslim and other nationalist organizations dating from the state formation period remained intact and expanded as they participated in the massacre of communists. These groups were angered by Suharto's maneuvers to monopolize power and his slavishly pro-Western policies. They had helped bring the military to power but soon they were back on the streets. Large demonstrations and riots took place in 1968 and 1973, but the peak of their movement was the huge riots in January 1974 to protest Japanese Prime Minister Tanaka's visit to Indonesia. These so-called Malari riots involved thousands of students and led to many deaths and hundreds detained (van Dijk, 1975: 1-4). In these protests, the regime was accused of selling out national wealth to foreign countries and ethnic Chinese. Not just foreign investment, but capitalism itself, was put on trial.[48]

Shaken by the crisis, Suharto carried out systematic repression while retreating from his liberal economic platform. He created a Council for Political Stabilization and National Security both to effectively coordinate repression and to better channel dissent through state-sponsored mediums such as the government party (Elson, 2001: 209). By the end of the 1970s, university campuses had been brought under tight state control with the abolition of independent student councils and with rectors made responsible for campus order (Emmerson, 1978: 125). To appease its critics, the government imposed a range of policies to restrict foreign capital, require indigenous shares in joint-venture projects, and increase credits to indigenous entrepreneurs (Robison, 1986: 167). The regime's foreign capital-based, export-oriented strategy was replaced by one that relied on domestic capital and import substitution for industrialization. Some close advisers of Suharto had long advocated economic nationalism, but the riots helped them prevail over supporters of liberalism in the government (Robison, 1986: 159-172). This strategic shift did not seem to affect Indonesia's long-term development because rapid growth and industrialization continued at the same time as the massive inflows of oil windfalls during 1974-1982. Yet growth could have been more efficient had liberal policies continued.[49] Without oil windfalls, Indonesia arguably might not have seen *any* growth with its import substitution strategy. The significance of the Malari riots was diminished by the oil boom but the event still exposed a structural weakness of the state—its fragile domination over society in particular—nearly a decade after Suharto assumed power.

In sum, the legacies of state formation explain why Indonesian developmentalism failed in the 1950s and had difficulties even after nearly a decade under military rule. Indonesia's particular pattern of state formation offered few developmental assets. By 1955, Rhee had essentially completed the task of building a developmental structure. But in Indonesia of the 1960s, state power at the apex was still divided among Sukarno, the army, and the PKI. While elites became increasingly polarized, the legacy of mass incorporation persisted. Among other measures, Suharto engineered a systematic destruction of communists in Indonesia similar to Rhee's *Podo Yonmaeng* program in South Korea. Note that Rhee acted in the late 1940s, while Suharto acted 20 years later. The military regime under Suharto must be credited for erecting a cohesive developmental structure, which allowed it to perform developmental roles effectively thereafter. Yet, by the early 1970s, it was still hampered by the residual legacies of state formation whereas Park had a relatively free hand with economic policies.

State formation politics does not explain why developmentalism emerged triumphantly in Indonesia by the 1970s. As in the Korean case, elite polarization and mass suppression dynamics were again instrumental in transforming the ineffective Indonesian state under Sukarno into a developmental one. These dynamics catapulted Suharto into politics after the tragic events of 1965 and were the logic behind much of his policies to reorganize state power up to the late 1970s. They did not occur during the state formation period but were a result of the struggle for power between the military and the PKI backed by Sukarno.

Conclusion

This article attempts to answer the question why developmental states emerged where they did while focusing on the cases of South Korea and Indonesia. The analysis centers on state developmental structures, not on developmental roles or pro-growth policies. In contrast with existing scholarship that stresses colonial legacies, I argue that intraelite and elite-mass interactions, especially but not necessarily during state formation, are the primary origin of developmental states in the two cases under examination.

In particular, divergent dynamics of such interactions during state formation explain the variations in postcolonial developmental structures in the two cases upon independence. The Korean state by that time had already acquired a solid developmental structure. It was highly centralized with cohesive state apparatuses inherited from the Japanese but reorganized and restructured during state formation. Former colonial elites including landlords, industrialists, and bureaucrats either dominated or supported the state. A crucial character of this narrow and exclusive social foundation was its being pro-growth. After the early and systematic removal of communists and leftists, the state enjoyed relative stability and hegemony over society. Colonial legacies were important; however, their preservation and the formation of a new centralized and hegemonic state were not natural developments as often assumed, but rather the results of a particular pattern of state formation characterized by elite polarization and mass suppression. Successful developmentalism depends as much on state structure as on the willingness and technical capacity of state leaders to perform developmental roles effectively. Rhee contributed decisively

to building a developmental structure but failed to embrace developmental roles. But without Rhee's prior work, Park would not have had any structure to launch his developmental policies only a few years after assuming power.

Indonesia similarly illuminates the importance of structure and the limitations of colonial legacies. Due to elite compromise and mass incorporation during state formation, the state was born without a developmental structure. Authority was fragmented at the top under shifting ruling coalitions of unstable political factions, which reflected the broad multi-class foundation of the state. Unlike Korea, this social base was inclusive and oriented toward redistribution, not growth. The state was highly decentralized: local militias and political groups were well organized and practically autonomous. State bureaucracy and the military were thoroughly infiltrated by political factions. A pro-growth coalition was in power initially and attempted to play developmental roles, but was quickly defeated for lacking a developmental structure to carry out their policies. These legacies of state formation eventually ended with the massacre of communists and other systematic measures to build a developmental structure by the military government under Suharto. Only after this structure was firmly established around the mid-1970s could the state take on developmental roles effectively.

Viewed in the long term, there may be some continuity between the colonial and military state in Indonesia. Yet colonial legacies here were more limited than in the Korean case and created many new problems for postcolonial developmentalism. The emergence of successful developmentalism since the late 1960s is not due to state formation politics, but neither can it be credited to colonial legacies. Rather, the same dynamics of elite polarization and mass suppression, which had produced a developmental structure in South Korea in the 1950s occurred in Indonesia during 1965-1975, and generated a similar result. A testable proposition for future studies emerges from these two cases, namely that elite polarization and mass suppression are especially conducive to the construction of developmental states, whether these dynamics occurred during state formation (South Korea) or took place after the country had gained independence (Indonesia).

Understanding the importance of state structure in successful developmentalism is crucial to go beyond the inconclusive debate about the relationship between authoritarianism and development. Since developmental states tend to be authoritarian, many students of these states have been put in the morally uncomfortable and quantitatively untenable position that authoritarianism is correlated with or necessary for development. As Chalmers Johnson (1987: 143), who coined the concept of developmental states, admits, "It should … not be forgotten that authoritarianism is the most common form of political regime on earth but one that is only rarely accompanied by the trade-off of very high-speed, equitably distributed economic growth." Many quantitative studies have since confirmed that the relationship is not a general law (e.g., Przeworski and Limongi, 1993; Przeworski et al., 2000).

Yet both sides of the debate seem to miss the point. The problem lies not with the relationship but with the concept of authoritarianism itself. "Authoritarianism" covers a wide range of regimes from modern military dictatorships to traditional patrimonial systems. Even fascist and communist states are sometimes referred to as authoritarian. There is a critical difference between regimes where a cohesive and purposive Weberian bureaucracy exists and those where bureaucrats are only personal

servants of patrimonial rulers (Kohli, 2004: 9). Both kinds of regimes may be equally repressive, but only the former possess developmental structures. What Rhee and Suharto did with their communist and other opponents was not simply repression; it was the systematic coordination of large-scale violence, political control, and the concomitant mobilization of support from foreign and domestic capital. Their success in this task helped them build a cohesive bureaucratic structure, institutionalize social submission, and develop a close relationship with domestic producer classes (and foreign capital in Suharto's case). At the same time, the structures they built were sufficiently cohesive to avoid being captured by private interests. Conversely, most authoritarian regimes can kill their opponents or suppress occasional anti-government demonstrations, but few are able to build cohesive bureaucratic and coercive institutions for the task, or develop close but independent relationship with producer classes or foreign capital. While repression is reprehensible, the debate about authoritarianism and development distracts students of political economy from the real issue: authoritarianism refers to a particular pattern of relationship between rulers and the ruled, but more important is not this pattern but the level of institutionalization of the relationship. It is an institutional structure that gives *any* state a basis for playing developmental roles effectively, *assuming that state leaders at some point are willing to undertake such roles*.

What do the two case studies teach us about the conditions under which state elites may choose to play developmental roles? The case of Indonesia in the early 1950s, when technocrats such as Hatta and Wilopo were in power and adopted developmental policies based on their technocratic beliefs, seems rare in developing countries. There technocrats often serve as advisers or bureaucrats but not political leaders; because both Hatta and Wilopo did not last long as political leaders, it suggests that beliefs are perhaps insufficient to generate developmental commitments among most state elites. For military men such as Park and Suharto, economic development became the primary regime goal less because of their beliefs than because their predecessors's dismal record of corruption and economic mismanagement was an important, if not the chief, justification for their seizing and remaining in power. Once regime legitimacy had been defined in terms of economic growth or at least efficiency, other factors such as bureaucratic traditions (e.g., Confucian or revolutionary concepts of statecraft that entrust the state with the mission to develop society), the availability of past models (colonial experiences), or domestic entrepreneurs (ethnic Chinese), and favorable international stimuli as goods or capital market access (U.S. aid and market) converged to lock elite interests firmly in undertaking developmental roles.

Even if structure and roles join to produce successful developmentalism, a narrow focus on growth implies many trade-offs and the experience of developmental states may not be worth emulating. Kohli (2004: 421) warns that "any assessment of economic success in [developmental states] must be weighed against the serious political costs paid by the citizens of these countries." The costs of institutionalized authoritarianism paid by South Koreans are still apparent today as evidenced in the following episodes. On August 19, 2004, the leader of South Korea's ruling party, Shin Ki-nam, tearfully announced his resignation after his father's work in the Japanese colonial government as a military police was revealed.[50] "I still find it shocking and difficult to believe the details of recent reports about my father," he

said. Shin was the first victim of an inquiry launched by President Roh Moo-hyun into South Korea's modern history, including the Japanese occupation from 1910-1945, and authoritarian rule until 1987. Just two years before, when President Roh himself was running for election, the news came out that his father-in-law had been a left-wing activist, was arrested during the Korean War, and died in prison when his wife was a child.[51] When a rival took issue with Roh's father-in-law's record during the heated presidential race, Roh retorted, "Should I leave my wife just because of her father, whom I never even met?"[52]

When these two separate events are placed next to each other, a great irony emerges. The two men now belong to the same ruling party, but one's father and the other's father-in-law used to be enemies. The man who was not mentioned in the newspaper stories but who loomed large behind both is President Syngman Rhee. Under his rule, Mr. Shin's father was protected and promoted while Mrs. Roh's dad languished in jail and died a premature death. South Koreans today may be proud of their economic achievements but perhaps, for years to come, will continue to be haunted by the dark decades under dictatorship.

Notes

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1. For literature reviews, see Wade (1992), Kang (1995), and Woo-Cumings (1999).
2. For a debate on the colonial thesis, see Haggard et al. (1997) and Kohli (1997).
3. Cumings authors the seminal study of events in Korea during 1945-1953, but in his essay (1987), he supports product cycle and dependent development theories and gives the period only a marginal role. Koo (1987) mentions pre-1960 developments in Korea, only to prove that South Korean success story cannot be explained in terms of world systems theory alone. Jun (1991) focuses on the 1945-48 period and suggests that this period contributed to the later formation of a developmental state in South Korea, but he does not show how. While Kohli goes further than most in taking history seriously, he treats the formation of the South Korean state (1945-1953) merely as "an interregnum," and overlooks the massive social turmoil following the collapse of the Japanese colonial empire. The serious neglect or biased treatment of the pre-1960 period in Korean modern historiography is recently criticized in S. J. Kim (2001:11-12), which also offers the best analysis to date of Rhee's role in winning American protection for South Korea.
4. The definition of "elites" here follows Feith (1962: 108), who builds an elite model of Indonesian politics based on the works of Harold Lasswell. While "elites" are defined as the few hundred indigenous men and women who exercised the greatest political power in colonial centers or were politically influential in their communities above local levels, the "mass" were local elites, locally organized groups, and ordinary people.
5. Because Kohli (2004) presents a thorough treatment of Japanese colonialism, I will focus more on the Dutch in this section.
6. Data from Maddison (1989: 660). Vandenbosch (1944: 171) provides the number of 212,000 total employees (including 29,000 Europeans) in the colonial civil service in 1928. There were about 170,000 Europeans in British India (0.05 percent of total population). In Eckert et al. (1990: 256), the data for Korea were 708,000 Japanese or 3.2 percent of total population in 1940.
7. This is the combined rate of 1.8 percent *per capita* annual growth and 1.4 percent population growth rate (Lindblad, 2002: 122, 113). Maddison, cited in Booth (1998: 6), estimates a much lower *per capita* annual rate of 0.3 percent for the Dutch Indies during 1900-1950, which is translated into only 1.7 percent in aggregate terms. This estimate includes the tumultous years from 1939 to 1950, which is perhaps the main reason why it is lower. Data for Korea is from Kohli (2004: 27).

8. Manufacturing accounted for less than 15 percent of Indonesia's domestic product in the early 1940s; Korea's ratio was 40 percent, including mining and timber (Lindblad, 2002: 143; Eckert et al 1990: 210).
9. The most important component of the colonial police force appeared to be the field police, which included mobile units of about 3,000 deployed in troubled rural areas (Vandenbosch, 1944: 341-342).
10. Many, such as President Suharto, were also retrained by the Japanese when they took control of Indonesia during 1942-1945 (Elson, 2001: 8).
11. Cribb (1994: 1). See also Anderson (1983) and Robison (1986: 3-5).
12. In some aspects, the impact of the brief Japanese occupation may have been more significant than the Dutch legacies (Lebra, 1975; Vu, 2003).
13. Yo helped found the exiled Korean Provisional Government (KPG) in Shanghai in 1919, attended the Congress of the Toilers of the Far East in Moscow in 1921, was brought back to Korea and imprisoned for three years by the Japanese, and worked as a newspaper editor in Seoul after his release in 1932. Yo was always willing to work with communists but never joined the Korean Communist Party (C. S. Lee, 130; Cumings, 474-475).
14. The "left" in South Korea consisted of several groups, from radical communists to left-center moderates. The "right" was also similarly heterogeneous (Meade, 56; Merrill, 151). The blurred division between left and right is discussed in Cumings (1981: 85-86).
15. Cumings provides conflicting evidence of Yo's intention, but (with sympathy) considers the list an honest albeit unrequited attempt at compromise (ibid.).
16. Under the MG, the colonial administrative and coercive apparatus was retained. By early 1946, 75,000 Koreans, most of whom were former employees of the colonial government, were serving the MG (Jun, 186).
17. Pak helped found the KCP in 1925, spent many years in Japanese prison and in exile in China and the Soviet Union in the 1930s. He returned to Korea, attempted in vain to reorganize the KCP and went underground before 1945 (Cumings, 1981: 479; Jun, 65).
18. For an account of the period 1945-1950 seen from the perspective of KDP leaders, see C.Y. Pak (1980: 28-55).
19. Rhee participated in a movement to reform monarchical Korea in the 1890s and spent five years in prison for his activism. After Japan conquered Korea, he came to live in the United States from 1905-1910 and 1912-1945, was elected as president of the short-lived Korean Provisional Government (KPG) in Shanghai in 1919, and founded the Korean Congress to lobby Washington for Korean independence (C.S. Lee, 131-135, 310).
20. "The claim of the KCP—Concerning the formation of the United Front of the Korean People," and "Fundamental differences regarding the National United Front" (*Haebang Ilbo* editorials trans. by C. S. Lee (1977: 49-51, 107-8).
21. Kim Ku headed the KPG in Chongqing during World War II (C. S. Lee, 183-185).
22. Kim Kyusik was educated in the West, belonged to the Shanghai exile group and was minister of foreign affairs in the KPG. He returned to Seoul at the same time with Kim Ku (C.S. Lee, 130-131).
23. Rhee even went to the United States in early 1947 to launch a personal campaign accusing General Hodge of fostering communism (Allen, 89-90).
24. Leftist groups did not always control PCs, although over time, many were able to do so thanks to their superior underground organizing experience (Meade, 55). Also, PCs were not necessarily subject to any central command or order from the KPR or the KCP (Cumings, 1981: 267-350).
25. Zeon (141-184) discusses the role of the *So-jang pa* group in opposing the Land Reform bill. Unlike popular arguments (e.g., see J. W. Kim) that Rhee used land reform politics to curb the influence of the landlord-based KDP, Zeon provides more persuasive evidence that the land reform pitted Rhee and the KDP against the leftist *So-jang pa* faction in the Assembly. The land reform has been viewed as contributing to the absence of mass unrest under Rhee (Zeon 213), but as I argue here, the Korean War and Rhee's anticommunist terrorism may have been even more important.
26. As late as 1960, those who had served in the Japanese police constituted about 70 percent of the high-ranking officers, 40 percent of inspectors, and 15 percent of the lieutenants in the Korean national police force (Han, 1972: 11).

27. Many among the arrested Assembly members belonged to the leftist *So-jang pa* group (Zeon 165).
28. For instance, foreign correspondents reported that thousands of indiscriminate executions of alleged communist collaborators were carried out when the southern government retook Seoul in December 1950 (Koh, 1963: 143). Similar events certainly took place when North Korea had control of southern territory but are not well documented.
29. Prewar Pyongyang was the center of Protestant Church in Korea, where one-sixth of all Korean Christians lived (Steinberg 1989: 89).
30. Data calculated from Ho (1979: 649). Rice and barley accounted for two-thirds of Korea's crop area. This increased to nearly 20 percent by the mid-1970s.
31. Investment in agriculture accounted for less than 9 percent of total investments in the 1960s (Ho, 1979: 648).
32. Samuel Ho (1979: 653) visited some Korean villages at the time and reported "intense" peasant resistance in the early phase of the program, when road construction took land from some peasants without compensation.
33. Amsden (1989: 325) also notes that there was little labor unrest under Park Chung Hee.
34. Although South Korean rates of real wage growth were higher than those in other developing countries, and although the Park government intervened to narrow the wage gap between managers and production workers, it is a mistake to conclude that workers did well. These high rates resulted from Korea's concomitant rising GDP, its starting with a smaller industrial base, the concomitant fast growth in agriculture, gender discrimination and labor market segmentation, and a much longer workweek (53.3 hours compared to 47 in South Africa and 45.6 in Argentina, for example) (Amsden, 1989: 195-208).
35. For example, the government banned the use of color televisions to reduce the perception of social stratification. At the same time, it placed the management of labor affairs under the Korea Central Intelligence Agency (Amsden, 1989: 208).
36. The protest began as a low-key event in a provincial town. A group of high school students protested their school officials, who tried to prevent them from attending the rally of an opposition candidate taking place at the same time. Spontaneous protests soon spread to schools and universities in other cities and exploded after the police killed one student. When the professors in Seoul joined their students to protest, and the military refused to intervene, Rhee had no choice but to resign and go into exile. Q. Y. Kim (1983) offers a detailed analysis of the event; other accounts of the movement can be found in B. H. Oh (1975) and Han (1980).
37. In October 1972, Park declared martial law, dissolved the National Assembly and banned political parties (J. K. Oh 1999, 58-60). Park's death in 1979 provided an opportunity for antigovernment sentiment. Increasingly radicalized student protests led to the Kwangju massacre in 1980 that paved the way for the final showdown in 1987, when the ruling generals yielded to popular pressure to democratize (D. J. Kim, 1993; S. Y. Yun, 1999).
38. Sukarno founded the Indonesian Nationalist Party (PNI) in 1927, and was exiled by the Dutch between1929-1931 and 1934-1942. Mohammad Hatta led the Indonesian League (PI) while a student in the Netherlands in the 1920s. He was exiled in 1934 for his nationalist activities after returning to Indonesia (Anderson, 1972: 446-447, 421-422).
39. Sjahrir worked closely with Hatta in the Netherlands and in Indonesia in the 1920s and 1930s, and was exiled with Hatta. Unlike Hatta, he chose not to cooperate with the Japanese (Anderson, 1972: 439-440).
40. The Dutch, who were determined to reclaim their colony, already portrayed the duo as war criminals who would be tried the first day Dutch rule returned to Indonesia.
41. Even though part of the communist leadership would follow Musso three years later to launch an uprising (see below), the PKI's basic stand throughout the struggle was to collaborate with Sukarno and Hatta.
42. At 25, Malaka was PKI chairman in 1921. He was exiled to Europe in 1922, served as the Comintern representative in Southeast Asia in the mid-1920s, but broke up with exiled PKI leaders and secretly returned to Indonesia in 1942 (Anderson, 1972: 270-276).
43. Musso was a prominent PKI leader in the 1920s before the failed PKI rebellion in 1926-1927 sent him into exile in the Soviet Union (McVey, 1964: 168-169).

44. It helped negotiate a truce between the landing Allied forces and radical youth groups in Surabaya, tried to reign in the rebellion in Surakarta against the Sultan, and suppressed the *Tiga-Daerah* uprising (Anderson, 1972: 162-165; 332-369).
45. Even where repression took place, it did little to bolster the Indonesian state's coercive apparatus: Indonesian rebellions were small by Korean standards. If casualties can be used as a measure of repression, the Cheju rebellion lasted for a year and claimed about 60,000 lives. The Madiun rebellion led by Musso was smashed in a few weeks and could not have caused more than a few thousand deaths (Merrill, 182; Reid, 1974: 142-146).
46. The following discussion is largely based on Feith's (1962) seminal work covering politics in this period. Glassburner (1971) provides classic analyses of economic conditions and policymaking in the 1950s and 1960s. For recent accounts, see Thee (1994) and Booth (1994).
47. For history of the Indonesian military, see Sundhaussen (1982) and Crouch (1988).
48. Aspinall (2005) provides a thorough account of the anti-Suharto student movement.
49. Hill (2000: 158) views the new strategy of industrialization as inefficient. Compared to 1974-1982, growth rates were significantly higher during 1988-1996 after liberal policies had been reimposed following the second oil bust (Hill, 2000: 16-17; Thee, 2002: 215).
50. Andrew Ward, "South Korea's Probe of its Modern History Opens Can of Worms," *The Financial Times*, August 20, 2004.
51. Kim Hyeh-won, "Wife of Roh Believes in Korean Dream," *The Korea Herald*, 12 November, 2002. I thank Kang Myungkoo for pointing out this story to me.
52. Kim Ji-ho, "First Lady Vows to Help the Underprivileged," *The Korea Herald*, 26 February, 2003.

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