

## 2 The Great Tradition That Failed

Korea is an old country that comprised part of the Great Tradition of East Asia. However, when the Second World War ended in 1945, Korea emerged as a developing, rather than a developed, country due to the country's failure somewhere in its history. This chapter briefly charts Korean history from the very beginning through to 1945. After describing traditional Korea, the chapter explains how the country fell behind not only Europe but also neighboring China and Japan and how it was colonized. It then examines what happened to the country under Japanese colonial rule.

### 2.1 TRADITIONAL KOREA

The Korean peninsula is a pleasant place to live as it is located in a temperate part of the Eurasian continent. Evidence of humans living in the peninsula can be traced back to the Paleolithic age. These people, like all humans in the Paleolithic age, were hunters and gatherers. Human life was transformed from hunting and gathering to farming sometime during the ensuing Neolithic age. Humans settled in villages rather than moving around. The Agricultural Revolution is one of the two great revolutions in human history, together with the Industrial Revolution. The Agricultural Revolution is important for the Industrial Revolution as regions that experienced the Agricultural Revolution before others tend to perform better in the Industrial Revolution.<sup>1</sup>

Agriculture began in Korea in around 4000 BCE, after the start of the Neolithic age in approximately 6000 BCE. Korean soil is good for farming, even though a large share of the total land area comprises

<sup>1</sup> Putterman (2008).

mountains. Little is known about the people who started agriculture in the Korean peninsula around 4000 BCE. They are unlikely to be the ancestors of the majority of today's Koreans; the majority of Koreans probably moved onto the peninsula after agriculture had already begun. The exact origin of current Koreans' ancestors remains unknown, but the founding myths of Korea's early kingdoms generally suggest that the ruling classes migrated from the northern Eurasia, leaving a lasting cultural legacy. However, over the period, China came to have an increasing amount of influence on the Korean peninsula. Therefore, traditional Korea was largely a mixture of the northern legacy and the Chinese influence, with the latter becoming stronger over the years.

### *The Korean State*

The development of agriculture led to the formation of states. The early Korean states were founded as walled town states that subsequently evolved into confederated kingdoms. This process was quickened by the inflow of iron culture from China around the fourth century BCE. In favorable areas, such as the Taedong River near Pyongyang (now the capital of North Korea), the first confederated kingdom called Joseon (called "Old Joseon" in Korea to distinguish it from the Joseon that would appear later) was instituted in approximately the fourth century BCE.

Emperor Wu of China's Han Dynasty conquered Joseon in 108 BCE. The Han Dynasty established a total of four commanderies in the northern part of the peninsula and the southern part of Manchuria. During the second century, the commanderies weakened along with the Han Dynasty. Throughout the period of Chinese domination, Korean confederated kingdoms once again emerged. The emergence of the confederated kingdoms led to the Three Kingdoms period (?-676), with the kingdom of Goguryeo emerging in the area where the Han commanderies were weakening and the Baekje and Silla kingdoms emerging in the south of the peninsula. These three kingdoms were constantly at war.

Over the years, an important factor arose that affected the relationship between China and these three kingdoms. China was rebuilt as a unified empire by the new Sui Dynasty (581–618) and Tang Dynasty (618–907) after being invaded by northern nomads in the early fourth century. The emperors of the new dynasties had to subjugate the peripheral areas of the empire, with Goguryeo being considered the most important. Goguryeo beat back the Chinese invasion many times, even when it was attacked by the Sui army of over a million soldiers led by the emperor himself and the Tang army led by emperor Taizong, a most capable emperor in Chinese history. If Goguryeo had failed to hold off the Sui and Tang armies, Baekje and Silla would not have been safe either. Korea may have been colonized again by China, this time perhaps permanently.

The unification of the peninsula occurred in the context of the scramble for diplomacy in East Asia. Silla made an alliance with Tang, which triumphed over Baekje and Goguryeo. However, after that, Silla fought the Tang army for eight years, helped by the people of the regions previously belonging to Goguryeo and Baekje. By that time, Tang was weaker than it had been during the Taizong era. Silla eventually achieved independence after negotiating a tributary relationship with Tang in 676. In the north of the Unified Silla, the Balhae kingdom was founded in 698, claiming to succeed Goguryeo. It survived until 926, when it was conquered by the Kithans. When Balhae fell, many of the ruling class moved to Goryeo (918–1392), which succeeded the Unified Silla. The name *Korea* comes from Goryeo, which was named after Goguryeo, which it claimed to succeed.

Korea has continuously existed as an independent country longer than most countries around the world. Its tributary relationship with China basically continued until the end of nineteenth century. It was a strategy to maintain independence in the face of the unequal balance of power, which worked as China did not invade Korea after the seventh century. The tributary relationship involved cultural as well as political relationships, with Korea importing advanced technologies and institutions from China. Therefore, Korea produced

items, such as china, almost as soon as China produced them (Korea probably started producing china in the tenth century), and Korea also introduced metal movable types in the thirteenth century, which was the first of its kind outside of China.<sup>2</sup>

Koreans differed from other peoples in East Asia in many respects. The majority of nomadic peoples in the north, who used to be the epicenter of the military turmoil in the Eurasian continent, invaded China and were subsequently absorbed into the Chinese population. The weaker peoples were simply conquered by China and became part of the Chinese. The Southeast Asians survived, some of them with the Sinicization of their cultures. However, they were farther from the center of China's power, which was mostly located in North China; they were also farther from the northern nomads' raids, which were frequent occurrences in Korea. Japan mainly kept to itself owing to its geographical location, and it evolved into a warrior state. Korea was raided by Japanese pirates when the Japanese islands' central authorities failed to control them, but Japan under the control of a central authority invaded Korea in 1592 and devastated the country for six years.

In Korea, for reasons that cannot be provided here, dynasties had unusual longevity. Silla existed for hundreds of years before unifying the peninsula in 676, after which it survived until 935. Goryeo was founded in 918 and ruled until 1392. The succeeding Joseon was founded in 1392 and survived until 1910. However, the political system constantly evolved over the years, with many twists and turns. It could be summarized as a process of building a bureaucratic state that aligned with the Chinese model. Silla was initially ruled by aristocrats, who were determined based on their bloodlines, but this was later challenged by a reformist idea that was based on Confucianism. The reformist idea from Confucianism continued to challenge the aristocracy during the Goryeo dynasty. Joseon finally completed the transition to a bureaucratic state in line with the Chinese model by

<sup>2</sup> Jeon (2020); Kim (2012).

instituting a system in which the country was ruled by a king assisted by neo-Confucian literati officials who were selected through merit-based examinations.

The completion of the transition to a bureaucratic state brought about the pinnacle of traditional Korea's cultural creativity in the fifteenth century, most notably during the era of King Sejong's rule (1418–1450). King Sejong could be regarded as a model "philosopher king." During his rule, Korea invented its own alphabet, Hangeul, and carried out many scientific inventions. Joseon subsequently produced a few more kings who deserved the title of "philosopher king," but Korea's history from the sixteenth century onward was marked by a long anticlimax. The longevity of Joseon meant that its decline was protracted. Joseon was also becoming the Hermit Kingdom due to a limited amount of interaction with the outside world. Most importantly, Korea's relationships with China and Japan were limited as China and Japan also isolated themselves from the outside world.

### *Agriculture and Commerce*

After agriculture began, agricultural technology advanced sporadically. First of all, the staple crops changed over time. Initially, the staple crop was millet, but in time it was replaced by rice. Major technological changes that occurred subsequently included the spread of iron tools and the use of cows in cultivation from the fourth to the eighth century. As elsewhere in the world, agriculture in Korea had fallow system, but it disappeared sometime between the tenth to the fifteenth century – earlier than in Europe where the system existed into the nineteenth century. Another important technological advance was the introduction of transplanting rice seedlings in the sixteenth and seventeenth centuries. There were other technological changes as well, such as improvements in fertilizers, irrigation, and tools. State and Confucian literati were interested in increasing agricultural productivity, which was manifested, among other things, by the publication of many agricultural books. In the mid-eighteenth century, the ratio of planting to cropping was one to 40–50, whereas

the ratio in Europe was about one to six in the seventeenth century.<sup>3</sup> Technological progress went side by side with the reclamation of land to increase production.

As a result, population increased. It is difficult to trace the precise population, but estimates suggest that the Korean population increased more than threefold during the Joseon era, sparking a very high population density, like in other parts of East Asia.<sup>4</sup> Little is known about the trends of per capita product in traditional Korea. The trend of per capita product before the Industrial Revolution seems to be an unsettled issue even for Europe. For example, Gregory Clark shows that per capita product fluctuated in a negative correlation with population, as the law of diminishing returns in agriculture was in action. In contrast, Angus Maddison holds that Europe in the early modern era underwent a slow but consistent growth of per capita product.<sup>5</sup> In China, from which Korea borrowed much, per capita product increased for quite a long period of time during the Song Dynasty (960–1279).<sup>6</sup> But no study has identified the increase in Korea's per capita product for a significant period of time.

Slavery was widely practiced in the Three Kingdoms period, as the kingdoms were constantly at war. Yet it is questionable whether slavery was the dominant class relationship in the Three Kingdoms period. One may remember that, even in ancient Greece and Rome, slavery was a complex system difficult to define monolithically.<sup>7</sup> It is also questionable whether the unfree laborers in Korea could be called slaves in the Western sense; they may better be called "servants." Servant labor in agriculture declined over the years. Until the fifteenth century, large farms using servant labor proliferated along with sharecropping; however, sharecropping came to dominate from the sixteenth century on. Peasants were no longer personally subservient to landlords, though economically they had little bargaining

<sup>3</sup> Lee (2018: 59).

<sup>4</sup> Lee (2018: 51–61).

<sup>5</sup> Clark (2007: Part 1); Maddison (2001: Chapter 1).

<sup>6</sup> Jones (1988: Chapter 4); Maddison (2001: Chapter 1).

<sup>7</sup> Finley (1973: Chapter 3).

power in relation to landlords, as they had no alternative to cultivating land. The widespread practice of sharecropping can be identified by the fact that 50.4 percent of all cultivable land was under sharecropping tenancy in 1918, when the Japanese colonial government completed the cadastral survey.<sup>8</sup>

Aristocrats originally owned land and servants, but bureaucrats and ex-bureaucrats replaced them over the years. By the Joseon Dynasty, bureaucrats and ex-bureaucrats owned all land and servants. The majority of them lived in the countryside without any political or military base. The state was typically on the side of aristocrats earlier and bureaucrats later but was often interested in protecting peasants and servants, as the king had to worry about the tax base and long-term viability of the system. In the Joseon period, neo-Confucian ideology may also have worked as a check on the unlimited exploitation of peasants and servants.

To understand Korea's commerce in traditional society, it may be useful to classify commerce into "local trade" and "long-distance trade," referring to the types of commerce in medieval Europe. Local trade catered to the demands of villagers' daily necessities in the markets to which they could travel within a day; long-distance and international trade mainly met the luxury demands of the ruling classes by exchanging goods in farther fairs or cities.<sup>9</sup> In Korea, local trade developed with agricultural development and population increase. By the late Joseon period, village markets that opened every five days densely populated the country. On the other hand, long-distance trade was stagnant. The state of long-distance trade depended much on the state of international trade, given the limited size of the country. International trade stagnated, first of all, because of state control. In the late Unified Silla period, the loosening of state control led to the active participation of Koreans in international trade. But the rise of the Goryeo Dynasty, even though its founder had commercial interests, led to the decline of international trade as the state came

<sup>8</sup> Lee (2018: 331).

<sup>9</sup> Bernard (1975).

to control it more tightly. International trade also depended much on what happened in China. The Tang Dynasty chose a more open system, and Unified Silla was at the eastern end of the Silk Road. The Song Dynasty and Yuan Dynasty (1271–1368) also chose an open system. However, the Ming Dynasty (1368–1644) and Qing Dynasty (1644–1912), which roughly overlapped with the Joseon Dynasty in timing, chose a closed system. Korea's international trade got a further blow when Japan's Tokugawa Shogunate (1603–1868) also adopted a closed system in the seventeenth century.

## 2.2 THE FAILURE

While Korea survived for a long time as an independent country, it ultimately failed to join the early comers to the Industrial Revolution. This was mainly due to two reasons: East Asia lagged behind Europe, and Korea lagged behind neighboring China and Japan.

### *The Great Divergence and the Turning Point*

The failure of East Asia in relation to Europe has recently become known as “the great divergence,” a term coined by Kenneth Pomeranz.<sup>10</sup> The great divergence did occur not because East Asia stagnated in particular, but because Europe forged ahead of the rest of the world. There was thus the “European Miracle” before the “East Asian Miracle,” as Eric Jones argued.<sup>11</sup> Explaining the great divergence has an old but still-unsettled history. The term the great divergence itself is not neutral, as Pomeranz belongs to the “historical accident school” as opposed to the older “lock-in school,” according to Ian Morris.<sup>12</sup> The historical accident school finds the causes of the great divergence in historical contingencies like the existence of coal and the American colonies, while the old lock-in school emphasizes the differences in socio-economic systems. Yet both schools have many variations within themselves.

<sup>10</sup> Pomeranz (2000).

<sup>11</sup> Jones (1987); see also Landes (1998: Chapters 2–15).

<sup>12</sup> Morris (2011).



This is not the place to go through the vast literature about the great divergence. However, the explanation based on the evolution of the political system seems persuasive. In the ancient world, two colossal empires, Han China and Rome, dominated the East and the West, respectively. While China reemerged as a unified empire with the founding of the Sui and Tang dynasties, Rome was broken to pieces permanently. Although some rulers came close to rebuilding an empire in Europe, in the end, no one succeeded. Europe thus came to have a decentralized political system from the medieval era on. While other regions of the world at that time had similar decentralized political systems, Europe maintained this system for the longest. One may question whether this was a sufficient condition for the European Miracle in a global context, as so many observers have mentioned so many other factors. However, it surely seems to have been a necessary condition when Europe is compared with East Asia.<sup>13</sup>

There were benefits of an empire for economic development. The large size of the economy provided a favorable condition for innovations when the pace of innovations was random. It is apparently no exaggeration that most major innovations until the early modern era came out of China, leaving one to wonder why China failed to lead the world subsequently (the "Needham Puzzle"). The benefits of an empire indeed seem to account for China's lead in the long medieval era. There is no agreement over when this primacy ended, but China no doubt lost its edge somewhere in the modern era. Europe's "navigation revolution" in the fifteenth and sixteenth centuries likely marked a watershed event in which its decentralized system manifested the advantage. China had its own navigation revolution led by Zheng He in the early Ming Dynasty. Zheng He's fleet was beyond comparison in scale with any European fleet at the time. Yet it was Europe that sustained its navigation revolution. Zheng He was ordered by the Yongle emperor to navigate mainly for

<sup>13</sup> See Hall (1988), Wickham (1988), and Mo (1995), among others.

the purpose of searching for the former emperor, Yongle's nephew, whom Yongle had deposed by coup. When it became clear that the deposed emperor would not come back, the Ming court lost its main interest in the expedition. This is in stark contrast to the case of Christopher Columbus. Columbus initially tried to persuade many sovereigns of Europe with his idea, but to no avail. He eventually persuaded Queen Isabella of Spain, who was then happy with her (and her husband's) army's triumph over the Muslims. Columbus's expedition was a pygmy in size when compared with Zheng He's first sail 87 years prior. However, after less than a century since Zheng He's last expedition, China had forgotten its project while Ferdinand Magellan was rounding the globe. The subsequent succession of Europe's navigation revolution also owed much to the decentralized system, as Holland replaced Spain in the seventeenth century and England replaced Holland in the eighteenth century as the leader.

In the modern era, Europe's decentralized political system led to the chronic warfare among nation states, which raised their state capacity. Wars placed a premium on the sources of taxation and created incentives for governments to invest in revenue-raising institutions.<sup>14</sup> The enhanced state capacity was combined with the expansion of commerce as the navigation revolution extended the long-distance trade of the medieval era to a global scale. This provided the groundwork for the mercantilist system, where the influence of merchants rose. Merchants were the cronies of the political rulers initially, but they came to demand freedom from state intervention over the years. The ensuing events eventually led to the Industrial Revolution.

A detailed exploration of the events in Europe leading to the Industrial Revolution is beyond the scope of this book. Yet Europe's warfare states would soon dominate the world, and this dominance accelerated as Europe was on the road to the Industrial Revolution. It began with gunboat diplomacy and then moved to formal imperialism

<sup>14</sup> Tilly (1990); Hoffman (2017).

to build colonies all over the world. In the end, a very small number of non-European countries avoided colonization; even those that managed to avoid colonization often experienced severe infringement on their sovereignty as they had to cede territories or concede privileges to the Europeans.

Northeast Asia, composed of China, Japan, and Korea, was last affected by the advance of the West. It was now the advance of the West rather than Europe because the United States joined Europe in the advance to East Asia. With the emergence of the West, China, Japan, and Korea each faced a turning point. Japan eventually succeeded in building a state after the Western model to embark on economic growth and then joined the West in the pursuit of imperialism. Japan became a notable exception throughout the world by becoming an imperialist power of non-European origin. China failed to adapt to the new situation and became a semi-colony, managing to avoid full colonization only due to its size. Korea also failed to adapt and became a bone of imperialist contention, to be eventually colonized by Japan.

Explaining such divergence for the three countries is another seminal question in history. The explanations have mostly focused on the difference between China and Japan. The old lock-in school version asserted that the Chinese economy and society stagnated and were not ripe enough for autonomous industrialization, while Japan was.<sup>15</sup> However, for latecomer countries in economic development, what is critical is the “reform from above” initiated by the state. This was true even in Europe. Once Western European countries forged ahead, countries like Prussia or Russia had to carry out reforms in order not to fall behind. Enlightened monarchs and bureaucrats rather than the bourgeois (not to mention peasants) initiated the reforms. Of course, such reforms hardly worked when a country lacked the economic and social base to absorb advanced countries’ technology and institutions. However, few would think that China lacked such

<sup>15</sup> Moulder (1977: 12–23).

a base or Japan had a far better base than China so as to make the observed difference in consequences.

A far more important difference between China and Japan lay in their ability to carry out reform from above through state initiatives. In this regard, the attitude of the elites most likely mattered. Chinese elites were unable to see the seriousness of the Western challenge until it was too late because they thought China was the center of human civilization, surrounded by barbarians from whom they had little to learn. The Chinese elites' mentality was illustrated by the Qing court's response to the McCartney Mission of Britain in 1793. Japan, in contrast, had been on the fringe of civilization and had the experience of learning from greater civilizations, so it adjusted quickly to succeed in the Meiji Restoration.<sup>16</sup>

Another important factor may be the difference in political systems. Japan had a decentralized political system, which made it similar to Europe, as Marc Bloch observed earlier.<sup>17</sup> Japan evolved into a warfare state with a stronger capacity resembling European ones. Japan's stronger state capacity was revealed in the war of East Asia that Japan started by invading Korea in 1592. Japan mobilized about 158,000 soldiers when it launched the first attack, but Ming China could send only an approximately 43,000-man army to counter it. Though the nature of Japan's warfare state weakened during the era of peace under the Tokugawa Shogunate (1603–1868), the legacy survived.

Of course, Ming China may well have done differently in 1592 if it had been in the early phase of the dynasty. The Chinese empires had dynastic cycles. Their state capacity rose in the early phases but declined in the late phases. Thus, China in the nineteenth century could have countered the European offensive far better if the Qing Dynasty had been in its early phase. Then, the ensuing question is: If the Qing dynasty was in its declining phase, was it impossible to

<sup>16</sup> Fairbank et al. (1965: Chapters 1–5).

<sup>17</sup> Bloch (2016: Chapter 3).

change dynasties? Indeed, the Taiping Rebellion (1850–1864) resembled typical peasant revolts in the late phase of Chinese dynasties, leading to their changes. Yet the Qing Dynasty managed to survive with the help of the Western powers, which found preserving the decaying Qing Dynasty better for imperialist encroachment. Indeed, the Western imperialist powers consistently intervened in China's domestic affairs, while there was no such intervention in Japan. The imperialist intervention in domestic affairs was far stronger for China than Japan because China was the main target of the Western aggression; Japan was just important to countries like the United States as the stopover en route to China.<sup>18</sup>

### *Korea's Plight*

Why did Korea fail? The first explanation came from Japanese scholars belonging to the lock-in school, who insisted that traditional Korea stagnated because of the backwardness of its socio-economic system. Korean scholars refuted the theme from the colonial era on, trying to find some "sprout of capitalism" in traditional Korea. Later empirical studies show a mixed picture. The population increased more than threefold from the fifteenth to the nineteenth century, supported by advances in agricultural technology and the reclamation of land. Local trade developed and market density rose. On the other hand, long-distance and international trade stagnated, and by the nineteenth century, Korea was lagging behind China and Japan, not to mention Europe, in terms of indices like per capita product, urbanization, and commercialization.<sup>19</sup>

More importantly, Joseon's state capacity weakened continuously from its peak in the fifteenth century, though with some back and forth. The bureaucratic state of Joseon, dominated by neo-Confucian literati in a long period of peace since its founding in 1392, evolved into a state most remote from the warfare states of Europe.

<sup>18</sup> Moulder (1977: Chapters 4–7).

<sup>19</sup> See Maddison project and Mason et al. (1980: 66–70).

Joseon's weak state capacity was revealed when it met the unexpected contingencies of war. When Japan invaded Korea in 1592, the Joseon court depended heavily on volunteer militias called the "righteous armies," as well as aid from Ming China. The navy did well, but the court did little to support the navy. Weak state capacity was further revealed when Joseon could do little against Jurchen invasions in 1627 and 1636. The Joseon dynasty nevertheless did not collapse because, after the Jurchen invasions, there was another spell of peace that was better and longer than the previous one. Qing China eliminated the possibility of invasion by the northern nomads; the Tokugawa Shogunate exterminated the Japanese pirates. Joseon underwent a significant expansion of its economy during the first half of the peace period, which coincided with the expansions of the Chinese and Japanese economies. However, state capacity continued to weaken, which made it difficult to cope with the challenges posed by the advance of the West in the nineteenth century.

Koreans also had a more limited opportunity to learn from overseas during the Joseon era. Koreans had a strong tradition of learning from advanced countries, notably China. During the times of the Three Kingdoms, Unified Silla, and Goryeo, Korean students, scholars, and Buddhist monks went to China and even India for study. Korean elites were aware of the world beyond East Asia. In 1402, three years before Zheng He's first navigation, Joseon made a map of the world that included Europe and Africa.<sup>20</sup> However, unlike the previous Chinese dynasties, Ming and Qing did not admit Koreans for study, so no Koreans went to China for study during the Joseon period.<sup>21</sup> The problem worsened as Joseon's ruling elites turned to fundamentalist neo-Confucianism to maintain their hegemony domestically after the Japanese and Jurchen invasions. Their mentality even turned against learning from China, which was ruled by the Qing Dynasty of the barbarian Jurchen origin.

<sup>20</sup> [m.khan.co.kr/opinion/column/article/202107200300075#c2b](http://m.khan.co.kr/opinion/column/article/202107200300075#c2b).

<sup>21</sup> Kim Duksoo (2020).

Regardless of their mental disobedience to the barbarian-origin Qing, Joseon elites maintained a Sino-centered world view, all the more so as they became fundamentalist neo-Confucians. The tributary system was originally a strategy for survival and access to advanced civilization, but it became a rigid ideology in the late Joseon period. The continued isolation and the Sino-centered elite mentality undermined the country's ability to adapt to the advance of the West in the nineteenth century. Thus, when Britain defeated China in the Opium War (1839–1842), Japan's Tokugawa Shogunate carried out significant studies, but the Joseon court did little.<sup>22</sup> Later, when the United States demanded Joseon open its borders, the Joseon court responded that such a thing was up to China. The United States got the answer from China that Joseon was its tributary state but independent in diplomacy as well as internal affairs, so it was in no position to tell Joseon to open its borders or not.<sup>23</sup> Yet, it was clear that, when the Joseon court behaved that way, its ruling elites lacked the perspective beyond East Asia they had had earlier. Korea, in the long run, was indeed a survivor, which was possible because Koreans knew their position in the broader world. It was unfortunate that the Joseon's ruling elites had lost such perspective before facing the tectonic shift of the international environment in the nineteenth century.

### *The Opening and Beyond*

Korea opened the door in 1876 after resisting a few invasion attempts by the West. The opening was dangerously late, as Western imperialism was moving from gunboat diplomacy to official colonization. Korea was far away from Western imperialist powers, which did not have much interest in the Hermit Kingdom of the Far East. Korea was even less of a target of the Western advance than Japan. However, to Korea's neighbors – China and Japan – Korea was of vital interest,

<sup>22</sup> Kang (1985: 18).

<sup>23</sup> Rhee (2006).

all the more so because they were themselves under the threat of Western imperialism. China was attacked on its peripheries, notably with France's colonization of Indochina. China gave up the previous pattern of tributary relationship and began to directly intervene in Korea's internal affairs. To Japan, Korea was the first country to be neutralized and eventually conquered, with the Korean peninsula being perceived as "a dagger thrust at the heart of Japan."<sup>24</sup>

As in most latecomer countries, the ability to carry out reform from above through state initiative was critical. It is difficult to imagine that Korea lacked an economic and a social base on which to launch economic development even with a successful state initiative. There were indeed reform efforts initiated by elites. Once the door was opened, many Korean elites quickly began to learn from the outside world, as illustrated by the name attached to the period following the opening: "The Period of Enlightenment." The mercantilist idea "Enrich the Nation, Strengthen the Military" spread rather quickly among elites. Yet it was difficult for the reformists to overcome the opposition of the conservatives.

The critical difficulty was Joseon's inability to build a significant modern armed forces. The weak state capacity and late start made it difficult to build modern armed forces after opening the door. Joseon thus had far weaker armed forces than neighboring China and Japan, not to mention the Western powers, which made it impossible to counter foreign invasions or stop foreign powers from fighting on its own soil. To make matters worse, Joseon elites did not hesitate to call foreign intervention into domestic affairs. Thus, in 1882, when the revolt of the old-style army threatened the incumbent elites' position, they invited Qing troops to maintain power. In 1884, some radical reformers staged a court coup against the incumbents with the support of the Japanese troops stationed in Seoul, but it failed as the Qing army waged a counterattack. In 1894, when a peasant revolt – now called the "Donghak (Eastern Learning) Peasant

<sup>24</sup> Peattie (1984: 15).



War" – broke out, the Joseon court called in the Qing troops again, which precipitated the war between Qing and Japan.

After Japan triumphed in the war with Qing, it severed Korea's long-standing tributary relationship with China, but that was a step towards colonization. In 1904, Japan fought another war with Russia, which came to have an interest in the Korean peninsula by that time. Japan won the war in 1905, not least with the help of Britain, which had forged an alliance with Japan in 1902 to counter the Russian advance in the Far East. Japan turned Korea into a protectorate in 1905, and formally annexed the country in 1910. There was fierce resistance to the colonization, led, as in the Japanese invasion in 1592, by righteous armies, but it could not stop the colonization.

Though Korea failed to reform on its own and eventually lost sovereignty, there were some important institutional changes during this period. In 1894, Joseon carried out a significant reform, though under the pressure of the Japanese troops advancing to Seoul in the war with Qing. The reform included, among other things, an introduction of the principle of equality before the law, that is, the abolition of the formal class distinction of the traditional society. Western technologies and institutions were also introduced. Capitalist institutions such as corporations and banks emerged. Even some industrial policies were implemented, including the establishment of state-run factories, which suffered many difficulties in the beginning, but did better later. The construction of infrastructure proceeded, including the building of the turnpike railroad from Seoul to Busan. The market economy expanded as the country ended its isolation and lifted the state control of international trade. Trade items changed from luxuries to necessities. The opening led to the activation of long-distance trade within Korea, which is evidenced, for example, by the rising degree of the integration of the rice markets across the regions.<sup>25</sup>

According to the Maddison project tracing the long-run trend of population and per capita product all over the world, succeeding the

<sup>25</sup> Cha (2000).

job Angus Maddison started, the Korean population in the area that would later become South Korea was stagnant during this period, with about 9.8 million people in 1870 and 10.1 million in 1910. However, per capita product increased by about 35.1 percent from 1870 to 1911.<sup>26</sup> If converted into the annual average growth rate, it is slightly higher than 0.3 percent. The trend in the area that would become North Korea is unlikely to be different.

Korea differed from Japan and China in terms of the trend of population and per capita product after opening the country. Japan's per capita product increased alongside the population. According to the Maddison project, China's population shrank with the Taiping Rebellion and failed to recover to the previous level through the rest of the nineteenth century. The Maddison project does not show the decline of China's per capita product, but Maddison himself earlier showed that China suffered a drastic fall in per capita product after opening the country.<sup>27</sup> Korea fared worse than Japan but better than China in terms of the trend of population and per capita product. Politically, however, Korea was more doomed than China, not to mention Japan. China managed to avoid colonization, but Korea could not. This was the first time that Korea completely lost its sovereignty.

### 2.3 THE COLONIAL ECONOMY

Under the Japanese colonial rule, Korea underwent a big economic transformation. Japanese colonial rule in Korea differed from most colonial rules in other parts of the world at the time. The two countries were geographically and ethnically close, and the Japanese colonial government replaced an existing government ruling a very homogeneous population, who subjectively considered themselves culturally superior to the Japanese (from a Confucian viewpoint).<sup>28</sup> Japanese colonialism in Korea was similar to British colonialism in Ireland or Russian colonialism in Poland rather than the Western

<sup>26</sup> [www.rug.nl/ggdc/historicaldevelopment/maddison/?lang=en](http://www.rug.nl/ggdc/historicaldevelopment/maddison/?lang=en).

<sup>27</sup> Maddison (2001: Chapter 1).

<sup>28</sup> Cumings (1984: 486).

colonialism in other parts of the world. Japan tried to abolish the identity of the Korean people ultimately, prohibiting them from using their own language and alphabet. This kind of colonialism tended to be especially repressive and create intense resentment on the part of the colonized. However, Japanese colonialism was even more unique, as it tried to transform the colonial economy drastically.

### *The State and the Economy*

When Japan turned Korea into its protectorate in 1905 and colonized it in 1910, the world economy was still in the “good old days,” according to the chronology of the “phases” of capitalist development. The good old days were entailed by a crisis period, precipitated by the outbreak of the First World War and later the Great Depression, which would be followed by the Second World War.<sup>29</sup> However, Japan did not suffer much from that crisis until the late 1930s. Japan got a bonanza from the First World War, and it suffered less from the Great Depression by implementing an expansionary macroeconomic policy ahead of most Western countries.<sup>30</sup>

Japan, with its relatively well-performing economy, transformed the Korean economy drastically. The changes in the nature of the state were most important in this regard. The Japanese colonial government had a far stronger state capacity than the Joseon dynasty in its last phase. The strengthening of state capacity was manifested in tax collection. As Japan imposed protectorate status on Korea, the total government revenue increased more than threefold from 1905 to 1911.<sup>31</sup> Of course, without foreign intervention and colonization, Koreans may have by themselves enhanced state capacity through reform from above, or a revolution from below, such as the peasant war in 1894, may have overthrown the Joseon dynasty, founding a new state with a stronger capacity. Answering such counterfactual questions is always difficult.

<sup>29</sup> Maddison (1982).

<sup>30</sup> Bairoch (1993: Chapter 1–2).

<sup>31</sup> Kohli (1994: 1276).

The Japanese colonial government had a particularly strong capacity compared with other colonial governments at the time. While colonial powers in other parts of the world also created a competent civil service, the Japanese colonial government was unique in both the extent and the intensity of bureaucratic penetration. There were some 52,270 Japanese officials in the Japanese-Korean government in 1937 for a population of about 22.7 million. Compare this with the French in Vietnam (where the presence of the French was already more significant than that of the British in Africa), who ruled a nearly similar-sized colony with some 3,000 French.<sup>32</sup> The Japanese colonial government had the police machine penetrating every corner of the society. The police force was highly centralized, well-disciplined, and exerted extensive control throughout society. At the height of the colonial rule, there were enough police that the lowest-level policeman knew every man in their village.<sup>33</sup> Of course, this was possible because the Japanese employed Koreans as policemen and spies to aid them.

The colonial government not only had a police force for control but also bureaucrats for economic growth. Japanese bureaucrats, selected by merit-based examinations, working in the colonial government were competent, devoted, and incorrupt. They were doing in Korea what they had done in Japan not long before. Japanese colonial policies also fit the conditions already in place before colonization. The Korean traditional society was similar to the Japanese one in many respects, if not in the state capacity. In addition, Korea had undergone many changes in its opening period, which the Japanese colonial government just needed to accelerate.

Koreans yet had no representation at all in the colonial government, so economic policies were entirely decided by the Japanese, reflecting their own interests. In the 1910s, Japan consolidated the institutional settings by establishing modern property rights and

<sup>32</sup> Eckert et al. (1990: 257).

<sup>33</sup> Chen (1984: 225).

carrying out an extensive cadastral survey to facilitate land transactions and establish the taxation base. The Oriental Development Company, a large real estate company established in 1908, began to promote the immigration of the Japanese into Korea. Japan also established a modern monetary system by establishing the central bank of the colonial Korea. It further built infrastructure, including branch railroad lines supplementing the turnpike lines. At the same time, the Japanese colonial government enacted the Corporation Law (1911) that empowered itself to control and dissolve both new and established enterprises in order to preserve Korea as a place for its own investment in the future, as Japan could not afford much investment in Korea immediately.

In the 1920s, Japan, facing the shortage of rice supply at home, transformed its colonies Korea and Taiwan into the suppliers of rice to Japan proper. The colonial government launched a campaign to increase rice production by applying the technologies developed in Japan during the Meiji era. At the same time, the Corporation Law was rescinded because Japanese firms could now afford to invest in Korea, as they had accumulated the capability through the boom of 1915–1920, mainly as a result of the First World War. Japanese firms began to invest in Korea's manufacturing and service industries. The rescinding of the law also gave a chance for Korean enterprises.

In the 1930s, Japan promoted heavy and chemical industries (HCIs), state-of-the-art industries at that time, in Korea. Japan launched its aggression into China with the Manchurian Incident in 1931 and tried to build the Great Asian Co-Prosperty Sphere in the global environment where the great powers were building bloc economies under the impact of the Great Depression. Japan found Korea, especially its northern part, fit for the HCIs, given the endowment of raw materials and the favorable conditions for electricity generation. Japanese zaibatsu firms found Korean wages low in relation to productivity, rent low, and infrastructure well provided by the colonial government. There was also no factory act in Korea, in contrast to Japan. Korean-owned firms also increased activities, though they were

marginal in weight, concentrated in light industries, and composed of smaller firms.

### *Growth, Distribution, and Divide*

Under colonial rule, Korea's population grew consistently. According to estimations by Korean economic historians at the Naksungdae Institute of Economic Research, who have traced the historical statistics for Korea, Korea's population grew by 1.3 percent on average from 1911 to 1944. The population grew for the same reason as in other colonies: The death rate fell with the introduction of modern medicine, while the birth rate did not fall. Per capita GDP increased by 2.1 percent on average from 1911 to 1943. Structural change accompanied the increase of per capita GDP. Agriculture (including animal husbandry) and forestry accounted for 66.5 percent of GDP in 1911 but only accounted for 38.4 percent in 1940. Mining and manufacturing accounted for 5.0 percent of GDP in 1911 but accounted for 17.2 percent of GDP in 1940.<sup>34</sup>

The GDP data have the critical problem of representing the production "within Korea" and thus fail to present Koreans' production and income. One could, however, surmise that Koreans' per capita product increased during the colonial era. The GDP in 1943 was approximately 2.74 times the GDP in 1911 in constant prices (2010 prices). There is also an estimate indicating that the Japanese probably accounted for more than 20 percent but less than 30 percent of income within Korea in the 1930s.<sup>35</sup> One could assume the extreme case that Koreans accounted for 70 percent of GDP in 1943 and 100 percent of GDP in 1911 (This is a grave overestimation because foreigners accounted for about 1.6 percent of the population in Korea in 1911; the share rose to 3.1 percent in 1943). Even with such an extreme assumption, the GDP accounted for by Koreans in 1943 was about 1.92 times the GDP accounted for by Koreans in 1911. Considering

<sup>34</sup> The numbers are from [naksung.re.kr](http://naksung.re.kr).

<sup>35</sup> Lee (2018: 404).

that the Korean population in 1943 was approximately 1.50 times the population in 1911, one can conclude that the per capita GDP accounted for by Koreans in 1943 was at least 1.28 times that in 1911.

The living standard, however, did not improve for the majority of Koreans. The living standard of the common people often failed to improve in the early phase of industrialization in advanced countries as well, but Korea as a colony displayed some peculiar features. Notably, the per capita consumption of food grains as a whole declined substantially after the early years of the colonial period. This was mainly because, in spite of the increase of production, about half of the rice products ended up as exports to Japan, while imported crops were not as good food as rice for Koreans. Korean workers' living standards also did not rise. Real wages rose for a small number of skilled Korean workers but failed to rise for the majority of unskilled workers from the 1910s to the 1930s.<sup>36</sup>

If Koreans' per capita product increased while the living standard of the majority of the population failed to rise, some Koreans must have benefited disproportionately. In this regard, landlords stood out. Japan modernized land ownership through cadastral survey but left the traditional landlord-tenant relationship intact. Landlords' fortunes improved under the colonial rule, which is illustrated by the increase of the weight of tenanted farmland in the cultivated acreage. The weight was 50.4 percent in 1918, when the cadastral survey was completed, but rose to 63.4 percent in 1945.<sup>37</sup> The majority of land was owned by Korean landlords, in spite of the penetration of the Japanese ownership through the Oriental Development Company (By the end of the colonial rule, about 13.1 percent of total cultivated land was owned by the Japanese).<sup>38</sup>

Landlords did well exactly because the living standards of the majority of the population stagnated. Peasants' bargaining power in

<sup>36</sup> See Suh (1978: 82–90) and Huh (2005) for Koreans' living standard during the colonial period.

<sup>37</sup> Lee (2018: 331).

<sup>38</sup> [encykorea.aks.ac.kr/Contents/Item/E0013191](http://encykorea.aks.ac.kr/Contents/Item/E0013191).

relation to landlords weakened or continued to be low. While the population grew in numbers, peasants did not have many opportunities for nonagricultural activities. Though Korea underwent industrialization, in 1940, only 4.8 percent of Korean workers were engaged in manufacturing, whereas 72.7 percent worked in agriculture.<sup>39</sup> There were occasions when Koreans worked outside the country. By 1944, about 16 percent of the population had moved from the Korean peninsula to live in places like Japan and Manchuria.<sup>40</sup> However, they were working as unskilled workers or were mobilized by the Japanese for war efforts, so their moving out of their rural hometown rarely represented a move to seize remunerable opportunities.

The inequality between the industrialists and workers was less of a source of inequality among the Koreans because the industrial sector was relatively small and the ownership was overwhelmingly Japanese, but that of course did not mean the absence of an inequality problem among the Koreans.

Inequality badly divided Koreans. The majority of landlords became the *de facto* allies of the Japanese colonial rule, particularly after Japan began to promote rice production in the 1920s. Japan promoted rice production for political as well as economic purposes. After the harsh military rule in the 1910s precipitated the March First Movement in 1919 – the massive national liberation movement that led to the establishment of the Korean Provisional Government in Shanghai, China – Japan switched to “cultural rule” in an attempt to court some groups of Koreans to collaborate with, or at least not to actively resist, the colonial rule. Landlords were the natural candidates to court.

Indeed, the low per capita food consumption was the result of the landlord-tenant relationship combined with the Japanese policy to export rice. Korea could export about half of the rice product to Japan because of the harsh landlord-tenant relationship. Landlords had a large

<sup>39</sup> Lee (2018: 405).

<sup>40</sup> Eckert et al. (1990: 322).



amount of surplus rice to sell, while peasants had to pay about half of their products as rent even when their consumption level was low. The harsh landlord-tenant relationship led to sporadic peasant protests, but the Japanese colonial government quickly squelched them. The colonial state also repressed any protest by workers or their attempts to form labor unions. The Japanese of course utilized Korean collaborators in the repression, mainly those who joined the police force, who were often more cruel to their own people than the Japanese masters.

The divide appeared in the national liberation movement. The plight of peasants and workers went side by side with the radicalization of the intellectuals who led the national liberation movement. From the late 1920s, it became increasingly difficult to separate social revolutionaries from nationalists because most Korean intellectuals studied radical ideas as patriots, intensely concerned with overthrowing the Japanese colonial rule.<sup>41</sup> The Korean national liberation movement was accordingly divided into moderate and radical factions. While the former retained some nationally known elderly figures, the latter, composed of younger ones, became the major target of the police and comprised the overwhelming majority of the political offenders who were arrested, tortured, and imprisoned, especially in the southern part of the peninsula.

### *Sustainability and After*

Dwight H. Perkins and his colleagues differentiate development and growth, and say that there are cases where growth cannot be called development. First, the government may pursue growth not to improve the welfare of their citizens but to augment the glory of the state and its rulers. Second, consumption may not rise while the investment for the future increases, as in the former Soviet Union. Third, income and consumption may increase, but those who are already well off may reap most or all of the benefits.<sup>42</sup> According

<sup>41</sup> Eckert et al. (1990: 297).

<sup>42</sup> Perkins et al. (2012: 39).

to those criteria, the economic growth under the Japanese colonial rule is disqualified as development even without considering that Koreans had little voice in designing the growth.

However, the real limitation was that the growth was unsustainable, for political rather than economic reasons. The Japanese economy itself most likely contracted due to the strains of the Second World War somewhere in the 1940s. Korea's GDP and per capita GDP peaked in 1941 and then fell.<sup>43</sup> Not only the overall size of the economy contracted, but also the civilian consumption was reduced as the Japanese colonial government contracted the industries meeting civilian demands in favor of the industries catering to military needs. Japan also mobilized millions of Koreans to support the war, which undermined the growth of the economy as well as their living standards and often threatened their physical lives.

Eventually, the Japanese Empire itself became unsustainable. The unsustainability of the Japanese Empire was more or less built-in. After the initial success, the obsession of successive Japanese governments with the strategic security of the empire's borders played a pernicious role in sustaining the empire itself. The initial rationale for Japan's imperial expansion – the need to control adjacent territories on the way to a near-at-hand formal empire – made it impossible to give finite limits to Japan's imperial ambition. Each new imperial acquisition required the control of a buffer territory adjacent to it.<sup>44</sup> Japan first regarded the Korean peninsula as a dagger thrust at its heart. Once Korea was colonized, Manchuria became the buffer territory to be brought under control. After Japan came to control Manchuria, China proper became the next target. The war with China was extended to the unwinnable war with the United States and allied powers.

When the Japanese Empire collapsed with the defeat in the Second World War, Korea was liberated from its colonial rule, but the

<sup>43</sup> See [naksung.re.kr](http://naksung.re.kr).

<sup>44</sup> Peattie (1984: 9).

Korean economy was in shambles. Korea's per capita GDP in 1946 was most likely smaller than in 1909. Then, what legacy did the colonial rule leave for Korea's future development? There would not be much industrial production capacity left for the future South Korea. The larger amount of the industrial capacity was located in the northern part of the peninsula, and much of the smaller amount located in the South would be destroyed in the Korean War or decayed due to neglect through the turbulent years after the liberation. Yet an economy with an experience of rapid industrialization behind it may be different from a tradition-bound, nearly stagnant, agrarian economy, which was common for other ex-colonies. Korea inherited infrastructure that was among the finest that an ex-colony had inherited. The colonial experience may have helped Korea to have a stronger state capacity than other ex-colonies after their liberations. Koreans also got the experience of living with modern market institutions like corporations, factories, and banks, even though their opportunity to acquire important skills was limited. The experience of living outside the Korean peninsula made the workers different from the peasants who lived in their home villages their entire lifetime.

However, the colonial rule left a critical negative legacy. As Edward S. Mason and his colleagues suggest, the most serious negative feature of Japanese colonial rule was the continued isolation of Koreans from experience in the international arena and in running their own country.<sup>45</sup> In August 1945, Korean people would gain their liberation without such experience while being severely divided among themselves, with bitter memories of the colonial rule shared by the majority of the population.

<sup>45</sup> Mason et al. (1980: 91).