

Korea Under Siege, 1876–1945: Capital Formation and Economic Transformation. *By Chung Young-Iob*. New York: Oxford University Press, 2005. x + 390 pp. Bibliography, notes, index. Cloth, \$74.00. ISBN: 0-19-517830-2.

Reviewed by Dennis McNamara

Dramatic economic growth in South Korea has stimulated interest in the modern history of capitalism on the peninsula prior to 1945. Due to the extensive statistical data available, much of the work has focused on the period of Japanese colonial administration (1905–1945). Thus Chung Young-Iob builds a story of capitalist growth versus exploitation that he frames with aggregate and sectoral statistics to provide “an impartial examination of the development of Korea in the early modern period” (p. viii). Looking to capital formation as one key to economic transformation, he offers a “behavioral and analytic” (p. 5) rather than a historical review of the colonial Korean economy. *Korea Under Siege* offers a useful statistical overview of investment and trade during the colonial years, which Chung supports by referring to the work of Korean scholars such as Cho Ki-Joon, and Japanese scholars such as Fujita Fumiyoshi, Mizuda Naomasa, and Tsuchiya Takao.

Opening chapters on Korea’s traditional and transitional economy prior to 1905 raise intriguing questions about motivation, “propensity to work,” and entrepreneurship but do not supply either any new data or a clear line of argument. Statistical reviews of production, consumption, and trade, however, provide a sound basis for his conventional interpretation that the nation made little progress in accumulation of physical or human capital through 1905. Chung builds a far stronger argument as he moves to the colonial years, looking in turn to colonial state policy and investment, mobilization for savings, and structural change. He establishes his wider thesis in chapter four, when he states, “Japanese colonialism did leave a richer and more permanent legacy of institutional forms and capital formation than was typically found in Western colonialism” (p. 115). I found his careful description of the catalytic effects, linkage effects, and external economies of Japanese investment on indigenous Korean investment in the colonial years quite cogent, although at a very general level of explanation. Students of the period will

welcome his study of “social overhead capital” or economic infrastructure in chapter five, together with detailed reviews of investment in leading sectors. Chapter six tracks sources and policies for investment, explaining the variety of financial institutions and specifying sources of tax revenues. Chung concludes, in chapter seven, that Korean savings financed as much as 14 percent of overall investment, although he is quick to point out differences between Japanese and Koreans in types of investment and profit ratios. The following chapter takes up the theme of dependency without exploitation, particularly in trade. Chapter nine turns from producer to consumer, from state to society, and presents new material on income, savings, and consumption. The chapter’s secondary theme, on savings for investment and channels for savings in financial institutions, is one of the book’s strengths.

In conclusion, Chung argues that “had Korea remained an independent country, its economy would probably have developed eventually, but at a later date, at a slower rate of growth, and with greater economic sacrifices to the Korean people in the short run” (p. 308). This generalization follows from a thorough analysis of statistical data, though some will question his separation of politics from economic dynamics. But there remain more fundamental problems of interpretative framework, method, and foil. He writes that “an impartial examination of the development of Korea during this early modern period, from a global perspective and based on empirical data, is long overdue” (p. viii). He proceeds to the analysis with no review of the literature, and with only occasional reference to the interpretation of other scholars. For instance, he not only reduces the “so-called dependency theory” (p. 231) to three sentences and a single reference, but he also proposes his own central argument of dependence versus exploitation without a careful explanation of what dependence might mean.

Closer attention to the dynamics of economic transformation would strengthen his argument. Chung writes, for instance, of “economic transformation” as an interaction of “entrenched indigenous economic traditions and the forceful intruding outside influences” (p. 41), but without clarification of either variable. The absence of a transparent theoretical architecture or at least of a position within existing interpretations of Korean development would appear to leave the author vulnerable to problems of objectivity, despite the promise of an “impartial examination.” Moreover, Chung

proposes an empirical analysis from a comparative perspective. I found the comparisons with unspecified “other” colonial situations suggestive and indeed quite useful but often lacking clear empirical grounding. Finally, what sometimes looms large in the argument is less the positive transformation and more the negative foil, as in the “Japanese economic oppression” interpretation of the colonial experience. In the absence of a clear statement of the latter or citation of publications and scholars, the foil remains largely undefined and thus open to the author’s own interpretation.

Apart from such theoretical and methodological concerns, I find *Korea Under Siege* a useful addition to the literature on the colonial period. My concern is that the wealth of data and insight on aggregate and sectoral dynamics may be submerged in the debate over the author’s positions on contentious historical issues.

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