

# **CROSSROADS IN CORPORATISM: A COMPARATIVE STUDY IN THE ORIGINS OF DEVELOPMENTAL CORPORATISM IN ARGENTINA AND SOUTH KOREA**

By  
Miguel Fernando Oropeza De Cortéz-Caballero

Submitted to  
Central European University  
Department of Political Science

In partial fulfilment of the requirements for the degree of Master of Political  
Science

Supervisor: Professor Youngmi Kim

Budapest, Hungary  
2013

## Abstract

The wide divergence in results observed among countries that pursued a wide range of developmental strategies has received much attention by social scientists, particularly in recent years. However, most studies on this matter focus primarily on the state as the determinant for economic success or failure. Despite recent interest in capital, another powerful player in any nation's political economy, relatively little attention has been given to labor- particularly at early stages of the national development plan coordination process. Addressing this concern, this project sought to find the role that labor, particularly organized labor in the form of trade unions, had in shaping the political economy and development schemes of two of the most prominent developing economies of the post-war era: Argentina and South Korea, the former representing a case of relative failure and lost opportunity and the latter case being the opposite.

The results of this study, mainly that strong labor resulted in a state that was distrustful of capital and economically inept in Argentina while in Korea weak labor gave rise to a business-friendly state that assumed the role of economic architect, help explain the massive divergence observed between these two countries. The results are not limited only to these two cases, as they serve as representatives of the developmental strategies pursued by states in their respective regions, Latin America and East Asia. This study provides new insight into the developmental corporatist phenomenon in the developing world, the internal variations within this state-led development model and puts forth two prominent but rarely compared cases for further analysis, particularly by those with a growing interest in the role of the state in economic coordination in developing countries.

## Acknowledgements

The following work constitutes the culmination of several months of research, drafts, editing and revision on the subject matter, not to mention more than a fair share of other headaches that all other academics embarking on similar endeavours have had to endure from time immemorial. However, it would be a travesty to present this work solely as my own, as the contributions by notable individuals have been of incredible assistance for this project and it is not a stretch to state that the thesis before you might not have reached its maturation without them. I will proceed to name and acknowledge said individuals, by prefacing that I shall always be in debt to them for their gracious and selfless help.

My first recognition must of course go to my supervisor, Professor Youngmi Kim. Professor Kim has been extremely helpful, providing constructive criticism and pointing out flaws throughout the thesis-redaction process, as well as overall helping guide my research interests into a viable thesis. She has also shown great patience and understanding towards me, calming my worries and second doubts that occasionally arose. I was truly fortunate to have her as a supervisor. The second acknowledgement belongs to my family, but in particular to my parents. The support my parents have provided me over the years, but especially now as I spent an entire year away from them to further my studies, is unquantifiable. I have been truly blessed to have the two most selfless, hardworking and humble persons I know as parents. Without them, I would not be in a position to presenting this thesis. My final thanks are due to Miss Akniet Rysbek Kyzy, who everyday provided me with the support and motivation to see this project through to its fruition, in many ways doing so the way my parents would have done were they not so far away. For this, among a plethora of countless other things, I am grateful that I could always rely on her.

*To my cherished parents, Miguel Fernando Oropeza Villa and Maria De Jesus Cortéz*

*Lopez, and to my dear grandmother, Esperanza Lopez Rosales*

# Table of Contents

<b>ABSTRACT .....</b>	<b>I</b>
<b>TABLE OF CONTENTS.....</b>	<b>IV</b>
<b>CHAPTER I: INTRODUCTION .....</b>	<b>1</b>
1.1 RESEARCH QUESTION .....	5
1.2 CORPORATISM AS A CONCEPT.....	7
1.2.1 Types of Corporatism .....	8
1.3 CASE SELECTIONS .....	10
1.3.1 Argentina .....	10
1.3.2 South Korea.....	11
1.3.3 Excluded Cases .....	12
1.4 LITERATURE REVIEW .....	14
1.5 METHODOLOGY AND APPROACH .....	18
1.6 THEORY AND ARGUMENTATION .....	19
1.7 SIGNIFICANCE TO THE FIELD .....	21
<b>CHAPTER II: ARGENTINA, CORPORATISM BY CAUDILLO .....</b>	<b>24</b>
2.1 INTRODUCTION .....	24
2.2 ARGENTINA BEFORE PERÓN .....	25
2.3 THE BIRTH OF THE PERONIST PHENOMENON .....	30
2.4 PERONIST CORPORATISM: CHARACTERISTICS, ANALYSIS, AND CONCLUSION .....	32
<b>CHAPTER III: KOREA INCORPORATED, THE STATE AS ECONOMIC ARCHITECT .....</b>	<b>37</b>
3.1 BACKGROUND TO PARK'S THIRD REPUBLIC .....	38
3.1.1 Pre-colonial Korea .....	39
3.1.2 Colonial Korea, Proto-corporatism and the Japanese Imperial Legacy .....	40
3.1.3 Korea and trade unionism under Rhee .....	46
3.2 ENTER PARK: THE SECOND COMING OF THE DEVELOPMENTAL CORPORATIST STATE IN KOREA .....	48
3.3 CONCLUSIONS.....	51
<b>CHAPTER IV: ARGENTINA AND KOREA: POLAR OPPOSITES OR TWO SIDES OF THE SAME COIN? .....</b>	<b>53</b>
4.1 OVERARCHING COMPARISONS.....	53
4.2 RELEVANCE FOR POLICY MAKERS.....	55
4.3 LIMITATIONS .....	56
4.4 CONCLUDING REMARKS.....	57
<b>BIBLIOGRAPHY.....</b>	<b>59</b>

## Chapter I: Introduction

Across the global economic landscape one observes a remarkably contrasting scene, dominated by a small amount of industrialized or advanced nations which coexist with a multitude of others that have not been as fortunate and continue to strive for such a status. While most of the countries that are home to prosperous societies have been so for many decades, there are a few *nouveau riche* nations that have overcome economic adversity and have managed to join the ranks of their developed peers. And while there are a plethora of prescriptions for prosperity enthusiastically conjured by development economists studying this phenomenon and eager to put their theories into practice, the fact remains that only a miniscule number of patients have successfully responded to the prescribed (and often unorthodox) treatments. A landscape plagued by failed attempts at economic stardom suggests other factors besides a faulty development plan may be at play in determining who succeeds or not in the global economy.

Until a few decades ago, most economic plans for prosperity adopted by developing nations placed the state at the center, bestowing upon it the omnipotent role of economic planner and visionary. Needless to say, not all could live up to the challenge; the road to economic development is littered by scores of countries that simply never “took-off” or did so only to later suffer an unfortunate crash. Dividing the world into regions, it is relatively clear which ones succeeded and which never really left the ground<sup>1</sup>. Development scholars have often pointed to specific policies enacted by said states as the root of their failure or

---

<sup>1</sup> East Asia proved to have the greatest success story of any region in the 20<sup>th</sup> century in term of economic development, while others such as Latin America and Sub-Saharan Africa resulting in a general disappointment.

triumph in the face of poverty and economic despair, but minimal focus is placed on the circumstances that led up to a state being able to implement certain policies or strategies in the first place.

The thesis which follows will precisely focus on this often neglected aspect of economic development, by comparing the experiences of two states that today find themselves at seemingly opposing ends of the develop ladder: Argentina and South Korea. While both employed massive developmental corporatist states to achieve full economic development, the results in these two countries were completely the opposite, with one emerging from the bottom of the pack to an economic heavyweight in only half a century and the other falling from a position of relative affluence (comparative speaking) into long periods of decay and stagnation. Rather than aiming to capture a whole picture from beginning to the present, this study worked backwards from the critical juncture moment in each country (the establishment of corporatism) and traced the developments that led up to that moment through the lens of domestic labor movements, hypothesizing that the influence and mobilization power labor had in these countries at the critical juncture moment ultimately influenced the characteristics of the developmental corporatist state each country would adopt and thus is a factor in explaining the great divergence we observe today.

The following chapter will provide a further introduction to the topic of this thesis, concentrating initially on defining corporatism as a concept (both generally and within the context of the specific subject being put forth in this work) as well as briefly introduce the two cases that will be expanded on in subsequent chapters. An initial exposition of the variants of corporatism we observe across from the Pacific will be presented along with the

central research question, which aims to find the role that trade unions in these countries had in shaping corporatism as it emerged and why this is relevant for explaining current development trajectories. An understanding of the role of this important political actor in these countries will contribute to our comprehension of developmental corporatism, both as a historical state model and as a tool to explain current domestic politics within the countries that chose to follow this path. Furthermore, the findings of this study can find relevance amongst policy makers in states re-considering bringing the state back into the national development projects, as the spell of neoliberal economists over economic ministers across the world has lost the potency it once enjoyed. The central argument, which will be carried out in the following two chapters centered on the cases to be analyzed, will be presented at the end of this chapter.

Studies in political economy often have Europe as the frame of reference when discussing the corporatist phenomenon (see Maier 1984 for one example). While this may not come as a surprise, given that various ideological currents with European origins pushed for corporatism beginning at the turn of the 20th century, it is important to keep in mind that along with the variants of corporatism (and coordinated market economies more broadly) that arose in Europe there are also others with very contrasting characteristics that bear little resemblance to the default models based on European experiences. Outside of Europe, it was in Latin America and East Asia that corporatism gained the most significant following throughout the postwar era<sup>2</sup>. However, corporatism in these regions took on different characteristics and goals than that of Europe, with states in Latin America making

---

<sup>2</sup> This can be observed in Mexico, Argentina and Brazil most prominently in the Americas, but also in Bolivia, Peru and Chile to a lesser extent. In East Asia, Japan was the first state to be characterized by this model, later followed by South Korea and Taiwan, both former colonies. Further south, Singapore's Lee Kwan Yew adopted the same strategy and the late 1980s saw other states around it do the same, although admittedly to a much more limited degree.



a larger effort to incorporate labor, at least symbolically, than their East Asian counterparts. Economic development and modernization, not social utopias nor a response to the increasingly frequent and threatening political challenge from the left, was the principal goal of East Asian and Latin American corporatists.

Despite a common goal, countries on both sides of the Pacific achieved widely varying results despite following similar state and economic blueprints. While the success of the East Asian countries in their quest for development in the second half of the 20th century has drawn the interest of social scientists both within and from outside, seeking to secure academic stardom by developing a grand explanation for the triumph of East Asian state planners, the response to the results of New World corporatism has not been as warm<sup>3</sup>. The relative failure of the Latin American countries, including quite a few spectacular ones (the Argentine case being one of them), to produce similar results given that they had started earlier and in a more advantaged economic position than East Asia has left academics revisiting old development theories and prescriptions aiming to find what went wrong. Comparisons between the two regions, given similar development plans and goals, have been made to find an explanation to this question and thus a new but ultimately similar one would likely succumb to redundancy. However, this shared state characteristic is not the only reason that cross-Pacific comparisons take place, as there are other similarities that both regions share. While the state involvement in the economy more broadly is often observed as a clear similarity, the corporatist nature of business-state-labor relations is not often as manifest. As corporatist states emerged on both sides of the Pacific

---

<sup>3</sup> To have just one example of this (interest in East Asian development by Asians and non-Asians alike), the reader need not look further than the third chapter of this thesis. David Hundt, whom I shall reference frequently, and Jung-en Woo are just two examples- a further look at the bibliography will show more cases of this being the case

Rim but took on significantly different forms, there is room for a comparison of these two variations of corporatism from the standard European model. Four prominent states from both sides of the Pacific Rim which adopted a developmental corporatist state were Mexico, Argentina, South Korea and Taiwan. This thesis will focus on the Korean and Argentine cases; those that established the most advanced and representative corporatist states of their respective region. While policy outcomes is often discussed and analyzed in the dominant literature, which more often than not is mostly that of development economists, close examination of the corporatist model these two particular countries share is much less frequent. As in all developing countries, trade unions were generally more militant than in the West, but there were differences in degree, power, and ultimately influence they had in shaping state policy<sup>4</sup>. There was a world of difference in the influence, power, and presence of labor across the Pacific, as the following chapters will illustrate in the two most extreme cases from East Asia and the Americas. The regional comparison has merit not only on a geopolitical dimension but also as a result of differences in economic policy in both continents- with the Americas greatly developing the Import substitution Industrialization (ISI) model and East Asian countries (and later most of Southeast Asia) in contrast transitioning to Export Oriented Industrialization (EOI).

### ***1.1 Research Question***

The particular focus of this thesis was one that aimed to answer the following question: “How did trade unions influence the formation and characteristics that

---

<sup>4</sup> Trade unions in the Americas and especially in Argentina have traditionally been very powerful and influential, followed by those in Brazil. In other less developed countries of the continent, agrarian unions also exert considerable influence, which is manifest in the face of government reform projects (Colombia and the Central American countries come to mind). The opposite end of the spectrum is occupied by trade unions in East Asia, traditionally characterized by docility and lack of influence on the political sphere (although this has changed significantly in the last few years).

developmental corporatism took on in South Korea and Argentina and how this was a factor in creating the great divergence between these two countries?” While it is evident that the paths these countries took were indeed different (with this being clear both by simple observation and a survey of the literature), what is not as clear is exactly how the labor movement in these countries shaped the corporatist development-oriented state that emerged and how these corporatist states differed on specific matters. An understanding of this fact is necessary in order to better explain precisely why these states diverged in the first place. The approach taken to answer this question (seeing labor as a major, yet not unique dependent variable) addresses the gap in literature coming from an overconcentration on the state, and to a much lesser extent, capital.

Being comparative in nature, this study will focus on two prominent cases: South Korea and Argentina. Rather than focusing of specific timeframe spanning several administrations and assessing their economic performance (as most studies on the matter have exhibited a tendency of doing), this study will center only on the time period leading up to the critical juncture year which I have identified for each country: 1946 for Argentina and 1961 for Korea. Although there might be room for contesting the specific period of time I identify as being that which ‘begot’ corporatism, these years best approximate the paradigm shift in each country that put them on this path. Why these years are the pivotal years in the economic and political trajectory of these two countries will be expanded on in the following chapters. This study aims to better expose the role that trade unions in these countries had (if any) in shaping the corporatist economy their countries ultimately developed, detailing their historical trajectory and making as assessment of the degree of

force with they possessed at the time of the critical junctures- and thus the degree of influence they were able to exert on the state.

## ***1.2 Corporatism as a concept***

There is little consensus on what exactly corporatism entails, what characteristics it exhibits, or exactly which countries were corporatist and not pluralist (or vice versa). For this reason, it becomes necessary to establish what this work understands as corporatism and how this definition might differ from other concepts (Cawson 1986, 22)<sup>5</sup>.

In modern political discourse, we often hear the term corporatism with a distinctly negative connotation and often used in such a way as to imply that a state has become subservient to the interests of “big business” at the expense of society or national interests. This definition has been used to describe several modern states, perhaps most prominently among them the United States, but also those who exhibit any traits of crony capitalism (a term which has become nearly synonymous with corporatism in the public mind). However, this is not a definition widely used or accepted in the social sciences and will not be the one that this study makes use of. For the purposes of this study, corporatism will be simplified to the following definition, provided by the author: a social, political, and economical structure by which the state, labor (represented by trade unions), and business coordinate their actions as to avoid conflict and ensure mutual benefit- with the state serving as an arbiter between the other two groups (Cawson 1986, 22)<sup>6</sup>.

---

<sup>5</sup> Cawson writes the following on the difficulty of concretely defining corporatism: “despite the many thousands of words written in the last ten years on the subject (see Cawson and Ballard, 1984) there is still considerable confusion about the precise meaning on the concept, as Leo Panitch observed years ago (Panitch, 1980)”.

<sup>6</sup> Cawson quotes Schmitter defining the term in a similar manner: ‘[corporatism is] a distinctive way in which interests are organized and interact with the state (Schmitter 1974)’

### 1.2.1 Types of Corporatism

Corporatism has existed in one manifestation or another for nearly a century as both a theoretical and political system and as can be expected, the corporatist model has undergone noticeable transformations. For this reasons, it is necessary to identify distinct ‘generations’ within the corporatist phenomenon. On these precise divisions into distinct eras we also find there is no consensus. Therefore, I will proceed to present an outline of distinct eras in corporatism, ending with developmental corporatism and thus setting the stage for the topic of this thesis. The classifications that follow are meant not as a new conceptualization of corporatism and its evolution throughout time, but merely as one that will neatly introduce them to the reader and help identify the specific variant this study dealt with (but contrasting it with those that it did not).

The first generation of corporatism, which I baptize as ‘classical corporatism’, begins sometime in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries as a theoretical state model and ends abruptly as a political model in 1945 with the defeat of the Rome-Berlin-Tokyo axis in the Second World War. Classical corporatism, although frequently associated with fascism stemming from Benito Mussolini’s Italy, also found its origins in certain syndicalist circles (influenced by Sorelian thought) and Catholic social teaching. Classical corporatism held democratic frameworks in contempt and often had the state playing the definitive role in society, not only as an economic arbiter and planner but also as the shaper of society with ambitious national goals. It reached the height of its popularity in the 1930s, as the world suffered from the Great Depression, and was adopted by most European countries, Japan and Brazil- with groups advocating for it in other countries in the New World and elsewhere including Nationalist China, whose government then occupied the whole of

China but was embroiled in a long inner conflict. However, it mostly remained confined to Europe. The defeat of fascism ends classical corporatism's appeal as a viable state model, although it survived in Iberia (in both Spain and Portugal) into the early seventies.

Second generation corporatism appears in two manifestations, which I name 'socio-managerial corporatism' and 'developmental corporatism'. Socio-managerial corporatism (usually called coordinated market economy in the literature) is a European phenomenon and what is usually considered to be the typical manifestation of this state model. Pursued mainly by Central European and Scandinavian countries (Sweden, Germany and Austria in particular), this variation of second generation corporatism did not typically contain a heavy nationalist element to it, had mediation between labor and business as a central *raison d'être* and the creation of an extensive welfare state as a social goal (hence the term, 'socio-managerial'). Societies that implemented this model were fully industrialized (or nearly completely industrialized), thus there was no longer a focus on development but rather on managing the newly acquired prosperity. This model began after the Second World War and gradually gave way to either a new, post-corporatist model or a neo-corporatist (such as that in post-Yugoslavia Slovenia) one in the mid-1980s, which spans a time period beyond the scope of this study<sup>7</sup>.

Developmental corporatism is the state model relevant for the focus of this thesis. In contrast to other models of corporatism, the developmental variant was not a pure one in the sense that the power triumvirate was asymmetrical. Labor and business did not typically enjoy equal status vis-à-vis the state under developmental corporatism; the power balance

---

<sup>7</sup> Post-corporatism and neo-corporatism belong to the third generation of corporatist policy-making. Given that it is of little relevance for this study, further discussion of this generation seems irrelevant.

manifested itself differently in both of the cases that this study will concentrate on. The priority of developmental corporatist states lied not necessarily in mediating between labor and business, but in the state coordination of the economy with industrialization as an initial goal and complete economic development (becoming a post-industrial or ‘advanced’ economy) as a longer term objective while maintaining internal order. This was clearly the mindset of policy makers in the major cases, among them being Korea, Singapore, Taiwan, Mexico, Argentina, and Brazil- although actual results varied greatly. In contrast to socio-managerial corporatism, the state typically exercised power in an authoritarian fashion, usually with the support of labor or business depending on the case. This study assumed that the particular characteristics of the developmental corporatist state a country adopted was dependent on the strength of labor and sought to explain how this was the case.

### ***1.3 Case Selections***

At first glance the two cases this work will focus on appear to have little in common, and for this reason it is necessary to demonstrate precisely why these particular countries were selected and a comparison between them can result in meaningful analysis and commentary on the subject at hand. The two countries in this study (Argentina and South Korea) share much more in common than would be evident initially.

#### **1.3.1 Argentina**

The three obvious choices from Latin America that could have been chosen for this study also happen to be the three major economies in the region (Mexico, Brazil and Argentina). Brazil was discarded as a case early on, given that originally this study strived to be comparative across regional and not simply national lines, but it was Hispanic and not

Latin America that it sought to compare and thus Brazil now seemed out of place. Thus, Mexico and Argentina were left as the two cases which would represent Hispanic corporatism in the Americas. Argentina in many ways symbolized an ideal case to compare, given that its national profile. Not only was Argentina arguably the first country in the world to adopt a developmental corporatism model for political and economic plans, it constitutes a sort of bridge between first and second generation corporatism. Corporatism was brought to Argentina by President Juan Domingo Perón, who had come to admire certain qualities of Italian (fascist) corporatism in years previous to his rise to power. But, in adopting it to fit Argentine needs and developmental ambitions, Perón established the first major developmental corporatist state not only in the Americas, but in the developing world. Argentine corporatism exhibited the asymmetrical characteristics typical of this variant of corporatism, with a strong political marriage between the state and organized labor dominating the decision making structure at the policy level to the detriment of the antagonistic business class. Also, the favorable conditions facing Argentina at the start of corporatist governance in 1946 seemed to predict an almost guaranteed economic prosperity- which ultimately failed to materialize.

### **1.3.2 South Korea**

East Asia provided four possible cases for selection, although after assessing the ‘advanced’ nature of Japan, despite its developmental state (first identified by Chalmers Johnson), it seemed to be an unnatural addition to this list and was subsequently removed, thus also leaving three possible choices: South Korea, Taiwan, and Singapore. Like in the Hispanic American case, it proved easily to narrow the list down to two cases by removing Singapore from consideration. This left Korea and Taiwan to be compared with Argentina



and Mexico. South Korea provided a perfect counterbalance to the Southern cone nation, as its profile marked a stark contrast to that of Argentina. Not only did South Korea exemplify the most elaborate developmental corporatism of any non-industrialized country in Asia (partially due to a policy ‘inheritance’ from Japan), but it also is characterized by a clear asymmetry in its corporatist troika- but unlike Argentina it is labor that is left out by a state choosing instead to wed itself to capital. While Korea cannot claim to be a pioneer in developmental corporatism, it can claim to have used the model more successfully than nearly all other countries. Through this model, introduced by President Park Chung-Hee (himself a General as was Perón) in 1961, Korea rose from heavily unfavorable economic prospects (the mere existence of the state was at times threatened by its northern neighbor) to become an economic giant with ever-increasing political presence on the world stage.

### **1.3.3 Excluded Cases**

Mexico and Taiwan were deliberately excluded from the previous paragraphs, although their absence in this work cannot be said to have resulted from an equally deliberate decision. The size constraint that this thesis faced required a few alterations that should be put forth to the reader. While elaborating on the country cases it became increasingly apparent that a case would need to be removed in order to allow for a more thorough (although admittedly still incomplete) analysis of the phenomenon this thesis focuses on. Out of the four original cases (Mexico, Argentina, Korea, and Taiwan), I ultimately made the difficult decision to remove Taiwan from consideration. Not only was this a difficult thing to do given a strong personal interest in the Taiwanese case, it was difficult on logical and structural grounds for this thesis as it ultimately left behind a regional imbalance, with Hispanic America being represented with two cases and East Asia

only with one. This imbalance constitutes a significant problem for a study that aimed to be comparative on a regional level across the Pacific. The solution, although not a perfect one, seemed to be to redefine region on geographical rather than cultural grounds. Doing so results in a three-way comparison between East Asia, represented by the Republic of Korea, North/Central America, represented by Mexico and South America, of course represented by Argentina. While an imperfect solution, it is the best that circumstances allowed for.

However, following the composition of the chapter which detailed the Korean march towards corporatism, an unforeseen solution to the representational imbalance was presented by the circumstances. Since the Korean called for a background that spanned a longer period of time than the Argentine one did, not to mention that a further in-depth analysis not possible with the first case was possible for that of Korea, the length of the chapter greatly surpassed the limits which would allow for the inclusion for additional ones. For this reason, Mexico ultimately also had to be taken out of the comparison as well. This provided a balance but also undid the original objective of this study, as it aimed to serve as a cross-regional comparison of developmental corporatism and the role of trade unions. Left with these two cases, both interesting but not the best representatives of a typical corporatist state in either region, it suddenly became clear that they were the perfect states to contrast on the account of being polar opposites that began in reasonably similar circumstances. The contrast between the two countries is on several dimensions. Corporatism in Argentina excluded capital for the benefit of labor, while in Korea the same occurred-except that it was labor that was excluded to the benefit of the *chaebol* industrialists. Argentina before corporatism had a bright economic outlook, as the major economy in the region and with an economic development that was unrivaled outside of

Europe (with the only exceptions being Japan, Australia, New Zealand, Canada and the United States). Korea, on the other hand, was on the opposing end of the development spectrum in 1960 as one of the poorest countries in the world and with negatives prospects in regards to economic growth. Argentina was a regional power and faced no external military threat, while Korea before the takeover by Park feared its forceful absorption by then-more prosperous North Koreans intent on reuniting the peninsula under their rule. The two countries remain opposites today, but with Seoul clearly having the upper hand over Buenos Aires.

The economic performance achieved by different variations of the developmental corporatist state shows significant variance alongside that of differing initial circumstances, however economic comparison will not be the focus of this study, as many comparisons on that front have been made in the past (see Evans 1987 for one such comparison). In fact, most literature in political science focusing on these two regions is often a comparison of economic development strategies (or perhaps more accurately, analyses of why East Asia leapfrogged Hispanic America and achieved developed status while the Hispanic countries lagged behind). The comparison made here was of trade unionism in these countries and its effect on the characteristics of the national developmental corporatist state.

#### **1.4 Literature Review**

Obtaining relevant literature for this study proved to be a greater challenge than it appeared it would be initially. The main reason for this stemmed from the time periods this study chose to focus on. The fact that others rarely emphasize the pre-developmental period of a country's political and economic trajectory meant that the little information that was

available tended to come from fields other than political science, such as history or sociology. Adjusting to these limitations, the study none the less managed to incorporate the comments and findings of prominent authors in development studies despite their works' focus on timeframes and topics with only brief overlap with this thesis.

Out of the two cases, Argentina proved to be the larger problem in terms of literature collection. Political history, let alone that focusing on trade unions, was difficult to find and was often embedded within larger works with it being treated as a topic of minor importance. The major work on which I referred to for this chapter was that of historian Alberto Ciria, *Parties and Power in Modern Argentina (1930-1946)*. As the title suggests, the focus of Ciria's work was not trade unions but rather political parties. None the less, this large volume of Pre-Peronist history does devote some attention to labor- especially in the immediate run-up to 1946. Ciria portrays labor as a weak and essentially irrelevant force in Argentine politics until the boost given to the trade union movement from the Ministry of Labor, then headed by Perón. This coincides with the view given by other authors and is the position put forth in the second chapter of this thesis. However, the assertion that labor became subservient and non-autonomous, through means of a Faustian bargain with the Peronist state is not as clear from other works.

The other major work that the Argentine case study relies on is that of Douglas Madsen and Peter G. Snow, titled *The Charismatic Bond: Political Behavior in Time of Crisis*. Although the title may not suggest any particular relevance to this study, its case study of Juan Perón (the origin of the charismatic bond in question) provides much of the resources surrounding this individual so central to the corporatist Argentina and her labor movement. Although not nearly as encompassing as Ciria's work, it none the less allowed

for filling in multiple gaps of the Argentine case that could not be explained without Perón. However, that is not to say that these two were the only works referenced and examined in the process of compiling the chapter on Argentina. Guido di Tella and Rudiger Dornbusch's work, *The Political Economy of Argentina, 1946-1983*, provided insight into the inner working of Peronist economics during his first two terms in office (the later one from 1973 to 1974, coming after nearly two decades of exile is not relevant to this study). However useful to clarify personal doubts, the small attention given to the corporatist years of 1946-1955 limited the extent to which this work could be of use in this instance. Its focus on Perón during those years and his macroeconomic results, coming at the expense of practically ignoring the CGT and labor in general during this period, prevented greater reliance on this otherwise excellent work. Other works used in the writing of this chapter include, but are not limited to, Guillermo O'Donnell's *Bureaucratic Authoritarianism*, Maria Lorena Cook's *The Politics of Labor Reform in Latin America* and Robert D. Crassweller's *Perón and the Enigmas of Argentina*- just to name a few. Although prominent social scientists specializing in Latin America, such as Schmitter and Collins have written extensively on labor in the region, their focus on more contemporary events limited the use of their authoritative works in this thesis.

Literature for the redaction of the Korean chapter in some senses faced similar limitations as that of Argentina, but the greater interest in the Korean developmental state and its economic boom assured that some literature on the topic of this comparison would be available. Although the time period being scrutinized here is also outside of that usually focused on by scholars on Korea's development, enough authors recognize the importance of the colonial era in Korea that more information was able to be recollected than in the

Argentine case. One of the two main works that I rely upon in this study is that of David Hundt, titled *Korea's Developmental Alliance: State, capital and the politics of rapid development*. Although Hundt centers this work on the intricate symbiosis between the state and the all-mighty *chaebol*, he dedicates a sufficient portion of his work to detail the Japanese colonial legacy, as he, and others, hold that this policy inheritance on the part of the Japanese was a determining factor in shaping Korea's development policies after Park took the reins of the country. Meredith Jung-En Woo also holds this to be the case, dedicating an entire chapter to the colonial era policies in Korea in *The Race to the Swift: State and Finance in Korean Industrialization*. Although Woo's work is also cited frequently and her influence is clear in case study I present on Korea, Hundt was ultimately chosen as the main author to reference due to the recentness of his work.

However, as both Hundt and Woo (not to mention the others) analyze the Korean case through the prism of development economics this resulted in problems, given that the prism through which this study aimed to capture the phenomenon was through that of labor. For this reason, the second source that is referenced to consistently throughout the chapter is that of Hagen Koo, *Korean Workers: The Culture and Politics of Class Formation*. Koo's work, although coming from a sociological perspective, none the less proved to be an essential component of both my understanding of the topic and the chapter which covers the topic. This work would have featured much more prominently in this chapter, were it not for the fact that the bulk of the book is dedicated to events occurring at a time after that which this work focuses on. Other works, occupying a less prominent but none the less important part of the Korean case as has been described in Chapter III include Kim Hyung-A's *Korea's Development under Park Chung-Hee*, Eui-Gak Hwang's *The Korean*

*Economies: A comparison of North and South*, Chang Yun-Shik and Steven Hugh Lee's *Transformations in Twentieth Century Korea* and Robert E Bedeski's *The Transformation of South Korea*.

### **1.5 Methodology and Approach**

The timespan which this study examines poses a few challenges, particularly due to the fact that relevant actors cannot be reached for a potential interview and forces a heavy reliance on secondary sources- thus cancelling a potential opportunity for more original contribution. For this reason, this thesis relies and builds on previous studies of the political history and political economy of the countries that it examines by means of a comparative historical analysis. This should not be understood as meaning that what follows is purely a synthesis of previous work with no original input or analysis. As has been stated previously, trade unions are rarely the protagonists of research of this topic in these countries, but it is mentioned as a secondary matter. What I have done is to position them in the spotlight, reading many distinct works in order to sort out and locate the discourse on labor in these countries and analyze the corporatist phenomenon and national economic trajectory across a wide period of time through the eyes of labor.

The descriptive case study which unfolds in the following chapters compares the Argentine and Korean corporatist developmental states by assessing the degree to which labor in each country was in a position to exert any influence on the state. As the assumption was that the nature of the developmental corporatist state was dependent on the ability of labor to influence it at its creation, the only plausible way to gauge the strength of labor proved to be by providing a sort of radiography of labor based on its previous history

up to that point in time ('nature' of developmental corporatist states being interpreted as the inclination of policies towards labor or capital). The structure of the rest of the thesis follows this logic, structuring both of the case exposition chapters in such a way that they are as easily comparable as possible, with the actual comparison between the two cases coming in the fourth and final chapter, bringing the study to a close.

## ***1.6 Theory and Argumentation***

The goal of this study is not to assess the economic performance of these countries or otherwise compare them by similar measures. Rather, the goal is to provide a clearer explanation for the variations observed in the state model adopted in these countries. To do so, I shall focus on one of the three pillars on corporatist states: trade unions. Trade unions are usually neglected by writers dealing with the East Asian developmental corporatist state (primary focus in these cases usually centers around the state, with business being of secondary importance) and while they are mentioned more frequently when addressing the Hispanic American cases, they are rarely the focus of attention- at least not in the time period this study focuses on. Like in their East Asian counterparts, the state is usually the center of attention. There are a few possible explanations to why this is the case. At least until before the advent of neoliberalism with the coming of Thatcher and Reagan to power in the West, it was generally believed that the presence of the state became increasingly necessary the further behind economically a country was vis-à-vis the leading nations of the time (Mann 1984)<sup>8</sup>. This line of thought can be traced back to as early as 1844, with Friedrich List advocating for the need of state intervention in the economic sphere in order

---

<sup>8</sup> Michael Mann claimed that in order to be certain that all components of society are successfully integrated into the new capitalist system, it is a requirement to have a centralized state that has the ability to coordinate economic activity.



to allow a then un-unified Germany to match the economic output of Great Britain (and, of course, gain a comparatively larger share of regional political power in the process). Given this understanding of the fundamental role of the state in achieving economic development, it is not surprising that it should come to be the focus of social scientists aiming to make sense of the collective East Asian miracle and the Hispanic American lack of such an economic boom. I do not aim to dispute the importance of the state in development policy, but rather concentrate on one of the most influential actors that modern states, be they developed or not, traditionally must deal with but that is nevertheless routinely passed over by most researchers.

This thesis will address this gap in the literature not only by focusing on trade unions in these four countries and their role in shaping the corporatist variant that took hold in each country, but will go a step further and claim that the power, mobilization and position of labor in the run up period to the critical juncture was a significant (but not the only) determinant of the shaping of early corporatism in these countries- and ultimately their economic path. The following chapters will follow the trajectory of the formation of corporatist states at the early stages in each country, with a focus on the trade unions which affected the process in one way or another.

In Chapter II, I will focus on the Argentine case- which in many ways stands out as a unique case not only amongst the selected countries in this study (both the ones included and those that were considered but later excluded), but in all developing nations that adopted a developmental corporatist model. I will argue that contrary to the popular interpretation of the strong trade union movement present at the critical juncture of 1946 forcing or facilitating an alliance between labor and the state, the reality is much more

complex. Actions taken by the state in previous years allowed labor to rise to the position of being a potential partner for the state, which chose to side with labor against business—thus heralding in an incomplete corporatist state with one of the three necessary actors not only missing but publicly antagonized. Thus, the Argentine state was in the unique position of selecting a partner in 1946 rather than being forced into an agreement with one. While this is to some degree true in the other cases as well, the Argentine state and its populist leader, represent a special case within the larger topic of developmental corporatism. The centrality of this individual in corporatist Argentina will also be examined.

In Chapter III, I shall focus on the corporatist state erected by Park Chung-Hee following the blueprint left behind by the colonial Japanese authorities. The absence of trade unions as a viable political force, for reasons that will be expanded on in the chapter, prevented their influence at the time that Park took command of Korea. The geopolitical climate which made Korea in general very hostile to trade unionism and communism left Korean labor with no possibility of replicating a deal such as that the CGT in Argentina reached with Perón. The alliance the state would build would instead be with capital, which the state would not only direct and nurture but inflate to a size that eclipses that of capital in Argentina.

### ***1.7 Significance to the field***

Understanding the role that trade unions played in shaping the economic structure and policies in each country is important on several dimensions. First of all, the particular version that coordinated market economies take is dependent on the circumstances that led to their creation. The reasons for the emergence of corporatist states are complex—

sometimes they are a means of appeasing labor unions while at other instances they can emerge to undermine them by minimizing its effectiveness and appeal to workers (such was the case in many interwar corporatist states, such as Austria, Portugal, and Germany for example)<sup>9</sup>. Understanding the critical junctures in which these coordinated market economies were shaped (as well as the leadership involved in their creation) will help us better understand the role that labor has played in each of these countries since. Some of the findings of this research could be extrapolated to other countries in the regions that were surveyed as well<sup>10</sup>.

Comparative studies between East Asia and Hispanic America are few and far between in this particular regard and time frame. When one does observe research which is cross-Pacific in scope, it is often centered on the matter of economic development in general and not on more specific elements of this phenomenon. However, it is true that comparisons have recently branched out to cover over topics, such as decentralization, but again outside of the time period being scrutinized here (see Smoke et al. 2006). Given the two regions' historical attraction to corporatism of a non-European mold, a meaningful comparison between the experiences and characteristics of East Asia and Hispanic America seems like a natural one.

This thesis research project hopes to bring a greater understanding of authoritarian, developmental corporatism by comparing the two regions that historically exhibited it, through two notable cases. Concentrating on trade unions, this study will shed some light on this critical element of all corporatist arrangements so thoroughly studied in the context

---

<sup>9</sup> More recent examples of this include Korea, Japan, Taiwan, Singapore, and Mexico.

<sup>10</sup> But this would be true mostly for state with corporatist elements only (such as Singapore, Chile, Uruguay, and Taiwan).

of Europe but not in the Pacific Rim. Although this might initially appear as a study more of economic history than one of present-day relevance, this is not the case. Understanding the past is necessary in order to better comprehend the present economic, social, and political realities of these societies. Labor and its relation to the state remains a relevant issue presently and this study sheds light on the origins of current state-labor relations in some of the leading economies in both East Asia and Hispanic America. Lastly, but perhaps most importantly, lessons from the two experiences with corporatism, especially the circumstances and actors that were present at the birth of these states and how this affected the nature and policies of the state, can be of relevance today for policy makers in currently developing countries rethinking the logic of taking the state out of the development process.

## Chapter II: Argentina, Corporatism by Caudillo

The following chapter will focus on the Argentine trajectory towards developmental corporatism, as it manifested itself in the earlier stages of General Peron's rule. In particular, I will detail the historical trajectory of the Argentine trade union movement from its inception and up to the critical year of 1946, with its triumphal entry into power alongside Argentina's most long-lasting and influential political player, aiming to show how it came to be in a position from which it could influence the development of corporatism in the country. While the Argentine experience with developmental corporatism represents a special case within the already compact list of states that adopted such a state model due to the centrality and indispensable nature of the figure of Peron for its existence, it remains the best case to contrast with Korea given that the large role that labor played in the decision making process in Buenos Aires- in sharp contrast to what occurred in Seoul.

### ***2.1 Introduction***

Few if any connoisseurs of history, politics, or economics reading in 1945 would have considered likely the inclusion of the Argentine republic into a thesis of this nature seven decades later. They would have found themselves in disbelief to find a corporatist Argentina with an extremely pro-labor government and a strong trade union federation emerging to defend the interests of the working class. They would have been even more in shock to realize that a sort of political marriage had taken place between labor and the state. The reason for this would have been the fact that nearly nothing in the Argentine sociopolitical landscape at the time could have hinted at the path that lay ahead. To emphasize this fact, as well as to provide context for later events, it is necessary to present a

brief overview of Argentine political and economic history beginning with industrialization and leading up to the critical juncture that was the rise of Juan Peron to the presidency in early 1946. This summary will center of the changing economic balance in the country and will follow the birth and life of the Argentine labor up to the point of the CGT's fateful decision to wed itself to the Peronist movement.

## ***2.2 Argentina before Perón***

A few words describing pre-industrial Argentina are necessary before delving into the main theme of this section. After obtaining its independence from Spain in 1818, what emerged from the former Vice-royalty of the River Plate hardly resembled the Argentina of today. As part of the Spanish empire, the lands of what is now Argentina never represented a primary concern to Madrid, with focused the bulk of its attention to the much more profitable New Spain (now Mexico) and Perú. Thus what emerged after independence was little more than a collection of administrative units dominated by Buenos Aires but that otherwise had little in common. Nation-building would consume most of the 19<sup>th</sup> century in this part of the southern cone, but eventually resulted in a united but greatly rural and under-populated country that was ruled by a landed aristocracy.

Beginning in the 1880s, it became state policy to encourage immigration and to industrialize the country. To this end, millions of migrants began to arrive, mostly from Spain and Italy, and greatly increased the population. In fact, immigrants in Argentina formed a larger percentage of the population and arrived to a degree only comparable to that of the United States during this time. However, one key difference between immigrants to Argentina and the United States existed: their likelihood of becoming citizens. Although

given the opportunity to, very few immigrants bound for Argentina did so with Argentine citizenship as a goal. Only .16% of first wave immigrants to Argentina ever became citizens, which is a relevant fact for two reasons (Madsen and Snow 1991, 37). One of these was the obvious one: as they never became citizens, they never became eligible to vote and thus did not become a constituency to be sought after by political candidates, which limited their ability to make any sort of societal pressures on the state. Second, migrants never came to see themselves as Argentines and continued to see themselves as belonging to their particular ethnic group. This important national identity preservation meant that class consciousness was not possible and thus trade unions and leftist political forces had little fertile ground among the new working class (Madsen and Snow 1991, 37)<sup>11</sup>.

Even if the lack of either class consciousness or an Argentine identity had not existed, other obstacles would have been present for a budding mass of workers in late 19<sup>th</sup> and early 20<sup>th</sup> century Argentina. Although the country was *de jure* democratic, having scheduled and fairly frequent elections, the political apparatus was hijacked by the aristocracy, which through the use of two political parties alternated power between themselves. The first political force to challenge the status quo and advocate a populist cause was the Civil Radical Union (hereafter referred to as the UCR, after its Spanish initials or ‘the radicals’). Although existing since 1891, the UCR did not participate in elections until 1912. The reason was not an obstruction by the ruling elites but rather a boycott of elections by the UCR and its then-policy to violently overthrow the government, which led to a series of unsuccessful revolts in the first years following its creation. With a change in electoral laws that allow for universal male suffrage, the radical leader Hipólito

---

<sup>11</sup> Although European immigrants had brought political ideologies from the time with them, with anarchism being the most prominent one, it held little influence politically.

Yrigoyen becomes the first populist leader of Argentina in 1916. Workers did see some improvements of their condition under his administration, but overall his rule was one that resulted in general disappointment (Madsen and Snow 1991, 39-40). Few shed a tear when Yrigoyen, that returned to the presidency in 1928, was overthrown by what became the first coup d'état of Argentina's history in 1930 (Ciria 1964, 8)<sup>12</sup>.

As inferred earlier, the vast majority of immigrants that arrived to Argentina came to form the bulk of the emerging working class, with most of them choosing to settle in the industrial centers, Buenos Aires being the most prominent. A few chose to move to the vast countryside (whose size had expanded recently due to Argentina's securing and conquest of the Patagonia around this time), but both they and those who stayed in the city harbored hope of returning to their home countries after working for a set time in Argentina (Ciria 1964, xi).<sup>13</sup> Socialist and later communist parties would emerge in the 1910s but never captured a significant portion of popular sympathies or votes (Ciria 1964, xii). Although the fact that a sizeable portion of their natural political base was without the power the vote was definitely a factor in their low performance, this cannot fully account for their electoral failure. We observe this in later elections a native-born (and thus voting) working class does not translate into a larger political force of the leftist elements of society. One issue that played to the detriment of leftist political parties and trade unions before the 1940s was that their commitment to the cause of the everyman was suspect and by no means clear (see Ciria 1964, 167)<sup>14</sup>. The demographic shift that occurred in the 1930s would not only bring

---

<sup>12</sup> Yrigoyen political eulogist Julio Quesada's quote shows popular support for coup

<sup>13</sup> This is one of the reasons, and perhaps the most important one, that kept many immigrants from acquiring Argentine citizenship and adopting a new identity- although few actually ended up returning to their home countries.

<sup>14</sup> Although critique of the labor movement by the Catholic Church is to be expected at this time, a declaration made by *Criterio*, a Catholic newspaper in Argentina, describing the socialists none the less comes as a



changes to Argentine society but would also begin to cause a shift in organized labor that would gradually transform it into an institution more militant and beholden to the true interests of the working class (Madsen and Snow 1991, 43).

The global economic crisis of the 1930s hit Argentina hard, as it was relatively integrated into the world economy. The erection of protectionist barriers by the major markets in Europe and the United States translated into a drastic decrease in output of the Argentine countryside, with their major buyers no longer willing to take their products. The result of this fact was the beginning of a mass rural exodus to the urban centers, which along with the greater number of native born Argentines entering the labor force transformed the face of Argentine trade unions (Madsen and Snow 1991, 43). Details surrounding this transformation remain elusive as the following quote reflects: “the period between 1930 and 1946 represents a stage in the history of the Argentine labor movement that has not been fully clarified” (Ciria 1964, 254). However, no degree of clarity whatsoever exists in regards to trade unions, the main traditional component of the labor movement.

Trade union membership was low and essentially marginal up to the 1930s and this in turn was manifested by the degree of influence that they held. Alongside a general weakness was also an internal fragmentation, which began to be partially mended by the establishment of the most prominent trade federation in Argentina, the *Confederación*

---

surprise. In said publication, the socialists are critiqued for being liberal and bourgeois, hardly endearing terms for any socialist. Although liberalism and bourgeois values also were strongly in contrast to those of the church, the critique made here of the socialists captures a societal perception of the Socialist party based on their voting behavior in parliament and general electoral platform. Like many in positions of power, the socialist politicians were out of touch with the demands and needs of the Argentine working class. Criterio’s critique should not be brushed aside as minor given that it comes from a Catholic newspaper, as the church’s views on society were ones shared by a majority of the population of the time.

*General del Trabajo* (henceforth referred to as CGT) in 1930<sup>15</sup>. At the time of the founding of the CGT, three other trade federations existed in the country (Ciria 1964, 260). Within the CGT itself an internal discord was present. Unlike traditional trade federations, the CGT did not follow or establish a clear political position. In fact, their initial press release declared to the public that it would be independent of parties and ideological groups “and therefore not involved in any action taken by them” (Ciria 1964, 260).<sup>16</sup>

In its passivity and essential non-involvement in relevant labor discourse and action, the CGT at this time found itself largely a new version of an old object, as their position mirrored that taken by their predecessors. As a result, there was an understandable lack of enthusiasm amongst workers and this resulted in no initial increase in trade union membership. On the condition of the CGT (and other trade federations), a Peronist commentator observes that: “the workers’ association had become another dead-end street that, like the Socialist and Communist parties, was gladly accepted by imperialism; it sidetracked the few rebellious impulses that might crop up” (Ciria 1964, 261-2). Internal ideological bickering between and within unions condemned them to stagnation and kept them small. Seizing an opportunity, a younger generation of leaders from the more militant trade unions wrestled power away from the older union bosses and become the new CGT leadership (Ciria 1964, 262). With this internal ‘coup’, the CGT transitioned from being another typical Argentine trade federation, of little practical appeal to the working class, and became “a nucleus for the workers that were to prove susceptible to the social and political phenomenon labeled Peronism” (Ciria 1964, 267).

<sup>15</sup> General Confederation of Workers, in English.

<sup>16</sup> The CGT was an amalgamation of independent trade unions, which decided their political loyalties and ideology separately. For this reason, the CGT adopted an initial position of neutrality which while it allowed for internal unity diminished its importance or relevance in the eyes of everyday workers and left it without a clear *raison d’être*.

## 2.3 *The birth of the Peronist phenomenon*

Identifying a clear moment which to baptize a “critical juncture” in the development of Argentina’s corporatism and maturing of its labor movement as a relevant political player is a difficult matter to narrow down past a certain point. Although I have identified 1946 as the pivotal year, due to the election General Juan Peron as president under the Labor Party banner as president, I must also admit that a case could also be made that said classification is more rightly placed on October 17, 1945 (the day Peron is released from prison due to massive and unprecedented mobilizations on the part of labor) or even 1943 with the coup that opens up (by accident) an possibility for labor to have an ally in government, due to Perón’s pro-labor inclinations (Madsen and Snow 1991, 45). Regardless of what specific moment is the best suited to be given the distinction of being the critical one, it is without doubt that the rise of General Perón to power as the head of the newly created Secretariat of Labor and Social Security in November 1943 marks the beginning of the turning point, both for labor and for the nation (Ciria 1964, 83-84)<sup>17</sup>.

Perón, being a relatively obscure but highly ambitious political actor, quickly takes up the opportunity provided by heading the Ministry of Labor in order to build a political base on which to fuel later political ambitions. As Minister of Labor, Perón lends the state’s capabilities toward the formation of new trade unions and to expand existing ones (Madsen and Snow 1991, 46)<sup>18</sup>. It should be made clear, however, that this did not mean that this was done at expense of their autonomy; Argentine trade unions never became the state appendages they became in countries such as México. The new, parallel unions that the

<sup>17</sup> See Decree on formation of Secretariat and recognition of the new importance of labor

<sup>18</sup> Textile trade union increases from 2,000 to 84,000 members in the three years that Perón oversaw the Ministry of Labor, greatly due to his efforts

state was fomenting injected dynamism in the Argentine trade union movement, as the old, traditional and essentially disappointing trade unions were left with only with the traditional union bosses, who saw their influence over the movement diminish as a result. This situation is in many respects unique in the world, as trade union movements usually grew due to the efforts of socialist and communist parties- their increasing irrelevance in the political scene did not go unnoticed, as they quickly turned against Perón but allying with the groups that leftist groups traditionally oppose (Ciria 1964, 274). The following quote from 1944, from metallurgical worker Angel Perelman captures the Secretariat of Labor's approach to labor disputes and its popular perception: "It [the state] did not operate as a state regulating agency that was above the classes within the union structure; it acted as a state ally of the working class".

Perón, who harbored presidential ambitions and did not do so discretely, began to worry Argentine elites who had never seen him in a positive light, partially due to his politics and partially due to his relationship with Eva Duarte. This worry and fear ultimately resulted in his being sacked from the Secretariat of Labor, the Secretariat of War, and the Vice-Presidency (all which he held concurrently), followed by imprisonment. Perón's political career would have ended at that moment, were it not for the now robust trade union movement that came to his aid and successfully fought for his release. Contrary to popular perception, the CGT's mobilization to free him came after intense internal deliberation and a by no means unanimous decision by the trade federation leadership, as internal memos from the time show (Ciria 1964, 93). Unprecedented labor mobilizations resulted in Perón's release on October 17, 1945 (which later became the "Day of Loyalty" within the Peronist movement) and a political marriage between Perón and the working

class, represented by the CGT. The Labor movement hastily puts together a political party, known as the Labor Party to run Perón as their candidate. Perón will go on to cruise into victory in early 1946. I will omit details of the campaign for the sake of brevity, but Ciria is an excellent reading for further information about the campaign and certain outside players that aimed to influence it, such as the clear involvement of US ambassador Spruille Braden and the state- although the author's claims about said involvement in favor of Perón are highly dubious (Madsen and Snow 1991, 51). In any case, labor enters the *Casa Rosada* (the Argentine presidential palace) hand in hand with Perón, who is determined to create a state for their benefit and that is similar to those which he observed as a military attaché in interwar Europe<sup>19</sup>.

## ***2.4 Peronist Corporatism: Characteristics, Analysis, and Conclusion***

Argentine corporatism (and modern Argentina more generally) begins with the swearing-in of Perón as President in 1946. Unlike the Korean case that will be scrutinized in the following chapter, corporatism in Argentina fully incorporated labor into the national plan for development and market coordination, although this was to some degree done at the expense of business which Peronist rhetoric was hostile to. Perón and his movement (which is still very relevant in Argentine politics today, although arguably with little resemblance its original incarnation) was at its heart a populist movement so an anti-establishment tone is to some degree an implied requirement to such a movement. Much of

---

<sup>19</sup> Perón was a military attaché in Europe during the Mussolini era in Italy. What he observed there had a great influence in him and he never denied his admiration for the Duce. The numerous accusations that surfaced, at the time and now, that decry Peronism as a fascist ideology, partially stem from this fact. Sometimes this accusation was made with slanderous intentions, while at others it was sincere. Mora y Araujo and Lipset are two noted critics which take this course of thought. In any case, such accusations are exaggerated and comparisons to outside political phenomenon should be limited. Peronism was a unique political occurrence, stemming from local political traditions and circumstances.

the national industrial means of production previous to the arrival of Perón was in the hands of a small elite, which was also the traditional landed aristocracy that had ruled the country up to this point. In addition to the native capitalist class were the foreign investors and companies that had seized control of sensitive sectors of the Argentine economy. Being mostly British and American (Argentina has a long history of difficult and tense relations with Great Britain, going back further than the country itself), it was natural for the budding corporatism that was emerging would use nationalist rhetoric both to solidify its own position and shift the balance of power away from the aristocracy. That does not mean however, that the state made no effort to engage business, which it actively sought to do despite its rhetoric (Smith 1989, 28). The working class was the winner out of the struggle between the state and the economic elites (Ciria 1964, 255)<sup>20</sup>. The national planned economy that was being created took on many social democratic elements (much like contemporary ones in Europe), but was hostile to business- nationalizing several industries (such as railroads).

Thus we observe in Argentina an unbalanced corporatism, with the state clearly favoring labor at the expense of business, with which it was publicly antagonistic. This unbalance is not unheard of, especially in the cases of corporatism in the developing world, but state favoritism towards labor (and not the business class) is nearly a unique occurrence. The apparent exclusion of the industrial and landed classes (essentially one and the same), who were traditionally accustomed to doing as they pleased caused them to bitterly resent

---

<sup>20</sup> Several observations support this claim. One of them being Gino Germani's, stating that it's [the working class' standard of living] "is undoubtedly higher than enjoyed in earlier periods"

Perón, his economic policies, and the new Argentina in general (Madsen and Snow 1991, 54)<sup>21</sup>.

Unlike the corporatism that in Korea or other developing countries, we cannot speak of Argentine corporatism as a long-term economic and political era. The reason for this, as has been hinted in the frequent references to General Perón throughout this chapter, was that it was undeniably tied to a person and political movement, and a very polarizing one at that. Argentine corporatism, at least as described here, ended the day Perón fled the country after a coup d'état. Not all social progresses that had been achieved by labor were scaled back when reactionary forces retook power (due to the infeasibility of such an endeavor and not unwillingness to do so), but the freedom with which trade unions could operate and count on state support was noticeably curtailed. While it was ultimately short lived (1946 to 1955), it nonetheless had repercussions on the political landscape of Argentina that can be observed today. For one, its *de facto* partnership as a ruling partner during the corporatist era greatly strengthened the CGT and it remains a vocal actor in Argentine politics- fully autonomous from the Justicialist Party or any other political force<sup>22</sup>. Massive strikes and manifestations were called by the trade unions in the late 80s to protest against neoliberal reforms, and the mobilization was large enough to cause the state to backpedal on some of the most extreme proposals. The corporatist constitution written by Perón may also no longer be in force (after his overthrow the 1853 constitution

---

<sup>21</sup> It is important to note that the antagonism between the state and big business was more for show and was not reflected in policy to the degree that Peronist rhetoric would lead one to believe. Wynia reflects on the (non-) losses on the economic front by the upper classes during this time: “what he took from the oligarchy was its government, not its land. It was good populist theater, not revolutionary politics, and ten years later, when Perón fled, the oligarchy was still there, bruised and vengeful, but not seriously damaged by Peronism”.

<sup>22</sup> The Justicialist Party (Partido Justicialista), is the present day name of the main Peronist Party. Although more than one neo-Peronist political organization exists, this is the direct descendant of that which Perón founded in 1946

was reinstated), but many of its social ideas, most noticeably the social welfare and labor-friendly thought, have slowly become political values for Argentina as a whole.

As a closing point, it is necessary to reflect on the role that trade unions had in the corporatist experiment in Argentina. Conventional thought amongst scholars has had a tendency to downplay the role of labor and reduce to a junior partner to a bigger-than-life Perón. While the importance of this individual certainly cannot be overlooked in this case, the same is also true about labor. The trade union movement up until the events of 1943 was weak, divided, and unpopular, which would have suggested to an observer at the time that Argentina might follow an economic and political path similar to that of Korea in 1961 (with a strong state with very close ties to business and a marginalized labor movement). While Perón was a catalyst in the transformation of labor into a powerful political force, internal efforts within the movement cannot be ignored. The Peronist project would have come to an abrupt end had it not been for labor's mobilization in favor of his release. This action, usually seen as a signal of Perón's power, should rather be interpreted as an (independent) show of force by labor. The CGT entered power with Perón as a sort of political spouse, not playing second fiddle to the caudillo. Without understanding the evolution and behavior of labor in the run-up to the formation of Argentine corporatism, we cannot fully grasp the repercussions of its involvement for shaping said corporatism and its (the CGT's) political power and influence today.

The Argentine case complicates the hypothesis put forth by supporting it at the surface but bringing the logic into question. While it was true that labor was in a powerful position to make demands on the state and that these needs and demands ultimately shaped the developmental corporatist state in Argentina, it is also true that it was the state in the



first place that put labor in a powerful position. Therefore, it is difficult to state whether or not what was inferred from the literature (that labor was essentially weak and unable to press for demands) was confirmed or not. In any case, labor's influence on the state in Argentina led it to have characteristics that varied significantly from other developmental corporatist states, even those in the region. Labor's demands and pressure for benefits ultimately backfired, as too many benefits for the working class before the economy could support them resulted in an economy that quickly ran out of steam. Argentine workers unknowingly sacrificed the future for the present, and Peron was more than willing to let this happen if it kept the crowds happy.

### Chapter III: Korea Incorporated, the State as Economic Architect

Some years ago, labor protests over economic conditions and policies by their government caused worldwide interest and were covered by leading newspapers. Among them, we can cite the Los Angeles Times and the New York Times, which described this country's labor movement as "world-renowned for its passion and fury" and the country itself as "a nation of endemic strikes", respectively (quoted in Koo 2001, 2)<sup>23</sup>. If made to guess the country that was being described, it is likely one's head would turn to Latin America, especially to a country such as Argentina. Few, if any, would suspect that the country and workers in question are not from the Americas or even Europe, but rather from South Korea. What would come as an even greater surprise would be the history of Korean labor up to this point (early 1997, immediately preceding the financial crisis that hit South Korea as part of the greater Asian financial crisis), in which labor was extremely weak and largely invisible from the public eye- and had been easily crushed on the handful of instances in which it had stood up for itself in previous decades. This passivity was by no means limited to South Korea, as traditionally all labor movements in East Asia, particularly in the countries that achieved high economic growth in the latter half of the previous century, had been known as being essentially non-players in the national decision making process- especially in regards to economic policy<sup>24</sup>. This seemingly sudden reversal in character poses several questions and puzzles. The first one, perhaps being the most obvious one, is what could have possibly occurred to transform Korean labor into a strong

<sup>23</sup> The Los Angeles Times quote comes from a publication on January 21, 1997, while that of the New York Times is from four days earlier.

<sup>24</sup> This is substantiated by Koo (2001, 2), who writes: "until recently, [South] Korean workers had been known, like their counterparts in other East Asian countries, for their industry, discipline, and submissiveness. Rapid economic growth in South Korea had been achieved thank to the nation's industrious labor force and a high level of 'industrial peace' that had prevailed during the first two and a half decades of export-oriented industrialization".

and militant force, given its weak past. This is puzzling not only within the Korean context but also within the larger East Asian region, as we observe the labor movement in Korea to be much more militant than in neighboring countries that underwent similar experiences, the closest of which of course is Taiwan. A secondary question, not as obvious but just as important, is the role that Korean labor had (or did not have) in shaping ‘Korea Inc.’, the East Asian developmental corporatist state *par excellence*, when it was established following Park Chung-Hee’s rise to power in 1961<sup>25</sup>. This chapter will proceed to answer the second question, following the trajectory of Korean labor and Korean economic policy more generally, from the colonial era up until the beginning of Corporatist Korea in the early 1960s. By the end of this chapter, I hope have answered this question and also provide some insight into why labor in South Korea was so relatively dormant until the late 1980s<sup>26</sup>. The reader will observe that in many instances, the Korean labor and economic experience is the polar opposite of that in Argentina, which I have detailed in the previous chapter. It is precisely this divergence that shall be more closely examined and analyzed in the following and concluding chapter.

### ***3.1 Background to Park’s Third Republic***

Just as was the case with the preceding Argentine case, substantial background leading up the establishment of a corporatist state in Korea is needed in order to better understand the position of labor, and the country overall, at the critical juncture point of May 1961.

---

<sup>25</sup> Term coined by Woo in *The Race to the Swift*, 1991.

<sup>26</sup> Keeping in mind that my work will not directly focus on Korean labor up that point, the condition of Korean labor from independence to the early 1960s will nonetheless shed light on the passivity of the labor movement

### 3.1.1 Pre-colonial Korea

The 19<sup>th</sup> century in East Asia witnessed an unprecedented upheaval in the traditional political order of the region and nearly all of the nations in the area falling to Western dominance, and Korea was no exception to this fact. Although contact with the West had been renewed centuries prior, around the time of the Renaissance in Western Europe, interaction between East and West was generally limited. Despite some colonization of islands off the Asian mainland by the Spanish and Dutch beginning in the 16<sup>th</sup> century, no serious attempt had been made to do the same elsewhere in the region which was dominated by Ming, and later Qing China. The isolationist policies put in place by Ming China, and later adopted by Japan and Korea were a factor in the halt of increased interaction for about two centuries. The industrial revolution in Britain, which began in the 18<sup>th</sup> century, gave her an advantage not only over its European neighbors but also allowed her to project herself onto the East. Her humiliating defeat of China in 1843 following the First Opium War encouraged the other emerging Western powers to try their luck at establishing extremely lucrative commercial ties and spheres of influence of their own in the region.

In Korea, increasing contact with the West accompanied a decline of the Joseon dynasty<sup>27</sup>. Korean history to this point mostly paralleled that of China, with of course the important distinction that the Middle Kingdom always exerted a strong degree of cultural and political influence over the Korean peninsula. The first challenge to Korean isolationism by a Western power came by way of the French in 1866. France, led by an ambitious Napoleon III, who had been busy extending French power across the Americas

---

<sup>27</sup> The Joseon Dynasty ruled Korea from 1392 to 1897.

(via Mexico) and Southeast Asia, found in the execution of proselytizing French Catholic priests by Korean authorities an excuse to attack the country and add it to the ever-growing French Empire. The Koreans would emerge victorious but would later be forced to end their isolationist policies in 1876. A tug-of-war between the Western Powers, China, and Japan over control of the peninsula ultimately was resolved in favor of the latter- with the Korean Empire, declared in 1897, being brought into the Japanese sphere of influence first as a protectorate in 1905 and later fully as part of the Japanese Empire in 1910. The three and a half decades that follow mark the beginning of industrialization in Korea, the birth of the Korean working class and trade union movement, as well as the origins of the developmental corporatist strategy that will be pursued by Park after 1961.

### **3.1.2 Colonial Korea, Proto-corporatism and the Japanese Imperial Legacy**

The importance of the legacy of the three and a half decades of Japanese administration over the Korean peninsula had in shaping and directing South Korea's later development policies cannot be overlooked<sup>28</sup>. Decades after the last Japanese had left Seoul, the policies that the Empire had put in place to modernize and develop Korea economically in a manner that approached a proto-developmental state continued to shape the country; the same policies would be echoed by Park and his entourage upon seizing power. Four ideas, models and concepts imported into Korea during Japanese rule would be later incorporated into the Third Republic's development oriented five-year plans (and economic

---

<sup>28</sup> On this matter, Hundt writes "the legacy of Japanese colonialism would be felt during Korea's industrialization in the 1960s and beyond. The colonial period's political economy, featured 'high growth and repression', was revived in the later decades (Kohli 1999, 95; see also Eckert 1996). The colonial state fostered growth and repressed society through the integration of state, financial, corporate and security institutions. The 'predatory developmentalism' would be Korea's 'institutional template for later development (Woo-Cumings 1999, 9). It would take the installation of the Park Chung-Hee regime in 1961 to revive the institutional links with Japan. However, Korean bureaucrats, security officials, military officers and capitalists viewed Japan as a model for the development of their own country (Eckert 1991, 255; see also Onis 1991)" (2009, 43).

and political policy more generally) that started in 1962, one of the features the Korea of Park shared with the Argentina of Perón (Hwang 1993, 27). The first of these concepts was that of the Japanese *zaibatsu*, large family-owned corporate conglomerates that dominated the Japanese economic landscape from the Meiji to mid-Showa eras. The connection between the *zaibatsu* and the industrializing Korea is made clear when it is known that the term translates into Korean as *chaebol*- the famous, or perhaps, infamous, poster child of the Korean developmental corporatist experiment. The end of the Second World War brought the demise of the *zaibatsu* both in Japan and its former colonies, but new ones essentially in the same mold as the original model would reappear in Korea as the pillars on which prosperity was built in the 1960s. The second policy of the Japanese that left behind a blueprint for developmental corporatism and the manufacturing of behemoth industrial conglomerates in Korea was the policy put in place to attract Honshu-based *zaibatsu* to branch out into Korea in the first place<sup>29</sup>. Tokyo found it would be more successful in bringing in investments to Korea if it facilitated the opportunity for high profits, reasoning that the most effective way to achieve this was to “socialize the risk of investment through implicit guarantees and preferential access to finance” (Hundt 2009, 44). The socialization of risks, easing of hard-budget constraints and assurance of a bailout if necessary became staple characteristics of the Korean political economy again under Park and up to this day, although perhaps not as prevalent as before 1997. The third characteristic of colonial Korea that would shape later developments in the county was the massive re-organization of the civil bureaucracy along more professional lines, as it existed in Japan and in the Confucian ideal of state administration. Distrustful of the loyalty of the local civil servants from the

---

<sup>29</sup> Honshu of course being the largest of the four main islands of Japan, home to the Tokaidō (Tokyo-Nagoya-Keihanshin) industrial corridor and the vast majority of Japanese corporate headquarters

Joseon era (and also aware of the less-than optimal pre-annexation state of affairs within the bureaucracy), the Japanese decided to completely renovate it by bringing a massive amount of civil servants from Japan in order to administer the peninsula<sup>30</sup>. The professional nature of the Korean civil service had all but disappeared during the Rhee years, when corruption was rampant, but made a comeback under Park who came to rely on an honest, efficient, and professional bureaucracy to administer the massive endeavor that was Korea Inc. The fourth concept inherited from the Japanese was the idea of *fukoku kyōhei*. This phrase, roughly translating to ‘rich nation, strong military’ became the official state slogan of Japan after the Meiji Restoration, but can actually be traced back to Ancient China. *Zhan Guo Ce*, a classic of Chinese literature detailing the events surrounding the Warring States Period marks the first known use of the expression. In the Japanese context it can be seen as a summation of national efforts and emphasis during the Meiji era and beyond, which stressed the need for modernization and industrialization in order to be on par with the Great Powers of the West, creating a prosperous and autonomous nation in the process that would be strong enough to repel foreign aggression or influence. Park Chung-Hee and his compact group, which had had their military formation partially under Japanese supervision, came to see great virtue in this ideology, in particular the notion of ‘national development being based upon, and in turn strengthening social cohesion... both labor and business should accept state authority and function in the service of national development’ (Moran 1998)”. This last phrase from Moran almost perfectly captures the vision of Park for Korea, but fails to capture the inequality that labor had vis-à-vis both capital and the guiding state. This critically important inequality also has its origins in the colonial era.

---

<sup>30</sup> By international comparisons at the time, the Japanese bureaucratic corps was extremely large. “With about 100,000 civil servants, Japan mobilized almost 30 times as many bureaucrats as France did in Vietnam” (Y. G. Kim 1991b, 234).

Although some industrialization and modernization was begun on a small scale during the later years of the Korean Empire, it is the colonial period that is widely acknowledged as being that which gave birth to the Korean working class (Hundt 2009, 43; Koo 2001). This transcendental event in Korean history came about not as something that was directed intentioned, but rather as a secondary effect of policies enacted by Japan. As the pre-colonial Korea was a predominantly agrarian society, the landed classes wielded considerable power and continued to command the loyalties of the peasant masses who continued to depend on them for their livelihood. The landlord gentry, known as the *yangban*, had extended their reach in Joseon Korea into the civil service. Using their positions within the state bureaucracy as an opportunity for personal enrichment, they not only limited the state's ability to function effectively but were a direct contributing factor to Korea's loss of autonomy (Woo-Cumings 1998b, 324)<sup>31</sup>. For this reason and for being a potential challenger capable of mobilizing the peasantry, Tokyo found it necessary to curtail their influence by means of land reform, in a similar way that the power of the feudal classes of Japan had been broken by the Meiji era reformers. The land reform not only succeeded in its primary objective, by means which included reforms to permit acquisition of land more easily by peasants (thus allowing them to own the land on which they toiled and not have to depend on the *yangban* for their subsistence), but also resulted in the first rural exodus in Korea towards the budding industrial centers by peasants in search of work. The reform had resulted in surplus agrarian labor, in a similar manner as which would happen a few decades later on a much larger scale as a result of policies put in place by Rhee. This reform proved to be beneficial for the developmental prospects of

---

<sup>31</sup> The corrupt nature of the bureaucracy at the time had made effective taxation difficult if not impossible. The inability of the Joseon state to collect taxes hindered its ability to raise sufficient funds with which to push back successfully against foreign powers (Hundt 2009, 42).



Korea for a reason other than the obvious one of beginning the process of proletarianization of the Korean peasantry. In fact, it very well could be argued that it was the single most beneficial policy enacted in Korea, due to its implications. In dealing a critical blow to the *yangban*, the Japanese helped remove what has been traditionally the most prevalent and stubborn obstacle facing pre-industrial societies on their journey to industrialization (see Kay 2002)<sup>32</sup>. Landed classes, as the Argentine case showed to some degree, heavily resist change if this change will result in their losing of power and essentially be a death sentence of this privileged class, as industrialization usually is. Although the reform was not absolute and a second was needed later, Tokyo spared later Koreans a headache by forcefully dislodging the landed elites from their position of absolute control<sup>33</sup>.

Returning to the issue of Korean labor, it should be noted that industrialization of the peninsula by the Japanese was limited during the initial stages of the loss of sovereignty. The four main islands of Japan were meant to remain the core of the new Japanese Empire, with dominions such as Korea and Taiwan serving as peripheries which were to provide raw materials for a country which was bent on achieving economic self-sufficiency by autarchic means (Hundt 2009, 41). These plans for Korea had to be reassessed as Japan began to eye the integration of Manchuria and other portions of the fledgling Republic of China, as having an industrial base closer to these regions proved a more efficient manner to control them- thus gradually integrating Korea further away from the Imperial periphery

---

<sup>32</sup> Hundt writes the following in support of this claim: "Like Japan, Korea witnessed a significant reconfiguration of class relations during the early stages of industrialization. Without the removal of their feudal orders, it is doubtful whether either Korea or Japan could have launched developmental projects" (2009, 50). He goes on to point south to the Philippines as a case that proves the difficulty of implementing developmental projects with the presence of a strong landed elite, even when otherwise possessing positive conditions for economic takeoff, to borrow Rostow's terminology.

<sup>33</sup> As the Japanese held a disproportionate amount of power in comparison to the *yangban*, opposition from them manifested itself only marginally. Had a domestic government attempted to enact such a reform at this time, the odds of successful implementation would have been much lower. Numerous examples in the Americas show this to be a reasonable conclusion to come to.

and closer to the Japanese core (Mason et al. 1980, 246)<sup>34</sup>. This move into the semi-periphery required further industrialization in Korea and thus led to a growing of the Korean working class and trade unionism.

Trade unionism amongst Koreans found a formidable opponent in Tokyo, intent on preventing its growth and influence among the emerging working class at all costs. Given that large segments of the population remained hostile to the mere idea of Japanese oversight of Korea, a strong trade union movement could potentially grow to a position in which it could come to seriously challenge the current state of affairs. For this reason, “the demands of industrial workers for better wages and conditions met a harsh response” (Hundt 2009, 43). Protests by labor were few and far between, due to active efforts on the part of the state in order to constrain trade unions- the few disputes that were heard were often decided to the detriment of workers, not unlike during the Third Republic (Kohli 1999, 126). Furthermore, the tight control that the state exerted over the economy required ‘complete control over laborers’ (Jung 2000, 44-5). Aside from the security and economic rationales behind the harsh suppression of Korean labor, one must also take the ideological opposition to communism into consideration, as many trade unions of the time had communist inclinations (Koo 2001, 25). As a country with a Confucian heritage, Japan (and East Asia in general) found itself at odds with an ideology which views the world through the prism of class struggle- thus sharply contrasting with the Confucian stress of social harmony, hierarchy, and cooperation. In addition, Japan had been an initial signatory of the Anti-Comintern pact, which called on states to actively work against the efforts of the

---

<sup>34</sup> The transition to a war economy by the Japanese in the 1940s only accelerated this process more. During this period war-related heavy industry was established in Korea for the purposes of the war effort (Eckert 1996, 13).

International Communist movement. It is also worth noting that Japan had actively taken part in the Russian Civil War on the side of the anti-communist forces back in the early 1920s. Thus, Korean labor found little tolerance for its activities under Japanese rule and had to bite its time until independence was restored.

### 2.1.3 Korea and trade unionism under Rhee

The Korean trade union movement responded to the Japanese withdraw from the peninsula in 1945 by experiencing a massive growth spurt. Koo notes that “within three months of liberation, strong leftist unions were created under the National Council of Korean Trade Unions”<sup>35</sup>. But even before the creation of *Chǒnp'yǒng* the workers were on the move, seizing control and administrating factories left behind by Japanese investors, a preeminent step in the Marxist guide to socialist revolution (Koo 2001, 25). These trade unions resembled the present ones in their militancy and energy and were determined to be players in the state forming process that was currently taking place.

However, Cold War politics were to prevent such a thing from happening. Korea had been jointly occupied by the Soviets and the United States, splitting the peninsula along the 38<sup>th</sup> parallel. The south, under US military administration until 1948, became increasingly anti-communist and did everything in its power to crush the strong trade movement (Hundt 2009, 48-9)<sup>36</sup>. This was done by both coercive and non-coercive means. One strategy pursued to subdue the trade unionists was the establishment of the Federation

<sup>35</sup> Known as *Chǒnp'yǒng* in Korean. This trade union federation had ties to the Worker’s Party of South Korea, which would remain banned during US military rule and ultimately merge with the Worker’s Party of North Korea and disappearing as a force in the South in 1949.

<sup>36</sup> “In this state formation process [following liberation], militant leftist unions (which had emerged right after the liberation from Japanese colonial rule in August 1945) were completely destroyed by right-wing forces and the US military government, leaving the new generation of Korean factory workers no organizational base on which to build their movement” (Koo 2001, 12).

of Korean Trade Unions by right-wing groups (with US backing) in early 1946<sup>37</sup>. The FKTU, as Koo writes, “had no grassroots base and no genuine interest in promoting worker welfare” but rather its main (or even only) goal was to compete with and eventually destroy *Chōnp’yōng*. Right-wing forces ultimately prevailed over *Chōnp’yōng*, after a strike called on January 1947 resulted in hundreds of leading leftists dead following a clash between government forces and left-wing unions (Koo 2001, 26). The purge also reached moderate leftists, with US actions taken in order to block even them from participating in legal politics following the withdraw of the Japanese (So and Chiu 1995, 187). By the time South Korea regained full sovereignty in 1948 with Syngman Rhee inaugurating the First Republic under questionable circumstances; the Korean trade union movement had been completely decimated and would remain this way for decades to come. The outbreak of the Korean War year two years later completely destroyed any possibility for a comeback by labor in subsequent years.

When reading about the Rhee administration, one gets the impression that the twelve year span of his rule (1948-1960) is widely perceived as forgettable and of little importance, with terms such as ‘Interregnum’ used to describe his time in the Blue House (Hundt 2009, 49). Upon learning of his achievements (or lack thereof) it is not difficult to see why this is the case. Widely perceived as corrupt and inefficient, Rhee remained in power as long as he did mainly as a result of US support stemming from his militant anti-communism (Cumings 1990, 227-9). In some respects he plays a similar role in Korean history as Yrigoyen did in Argentina, representing a sort of ‘missed chance’ for the country and even resembling him in also being perceived as being senile, although a greater

---

<sup>37</sup> Also known as *Daehan Noch’ong* in Korean

comparison between the two should be limited. However, just like Yrigoyen, it would be a mistake to completely dismiss his entire administration. Woo agrees, claiming that there was “a method to his madness” (Woo 1991, 44). Rhee’s most important legacy was finishing what the Japanese had started by enacting a more thorough land reform. Rhee’s reform had three major implications: (1) it made land accessible to farmers while adequately compensating the former landowners, (2) it allowed former landowners to transition into active involvement in the industrial economy (with some later entering the bureaucracy and obtaining powerful positions within the *chaebols*, and (3) subsidizing state efforts at industrialization by extracting wealth from the countryside (much like Perón was doing in Argentina at the same time) (Lie 1998, 164-5; Woo-Cumings 1998b, 326). This reform facilitated the efforts of Park at bringing back the developmental corporatist state that Rhee completely did away with. Ironically, part of the credit to the Korean economic boom inaugurated by Park’s administration came as a result of a policy enacted by the least successful Korean president in the republic’s history.

### ***3.2 Enter Park: The Second Coming of the Developmental Corporatist State in Korea***

Rhee’s inadequacies as chief executive eventually caught up with him and a series of protest finally brought him down, forcing his resignation in April 1960. With Rhee’s fall came the Second Republic, which was to last only eight months as Park Chung-Hee’s coup d’état brought it to an abrupt end. Some political opening occurred, including a liberalization of some restrictions on labor and leftist political groups. The political turbulence that characterized the later years of the Rhee administration continued to plague the new interim government. This domestic turmoil of course was aggravated as a result of

tensions with the hostile government to the North, as “fears grew that North Korea might seize upon the unrest in the South and launch another invasion” (Shin 1994, 123). Concerns over the situation in Korea also existed within the US diplomatic mission in the country, which believed that the lack of ‘forceful leadership’ might result in the people of South Korea being driven to support communism (quoted in Keefer et al. 1996, 436)<sup>38</sup>. Thus, when the coup finally came in May 1961 it was greeted as a welcome surprise, although not entirely at first. As Park had been rumored to have been detained back in 1948 for communist activities, there was some who suspected that the coup that justified itself as being necessary to bring national salvation was in reality a coup from within on the part of the North Koreans (Hundt 2009, 61)<sup>39</sup>. It quickly became clear that this was not the case; Park had little sympathy for trade unionism in Korea or communism. Park saw his mission as that of saving Korea from the corrupt political class, restoring order lost during the Second Republic, and ensuring economic development and growth in order to safeguard national sovereignty and well-being. For the next 18 years he would dedicate himself to this task.

The new state worked first on restoring order, by heavily suppressing the trade union movement, which had recently given signs of life, as well as any political dissent. It was clear then, if not before, that the state would not be seeking labor as a partner for the new developmental corporatist state that it was aiming to put together as it scrapped the dysfunctional economic policies of Rhee and Chang Myon and returned to a model that more closely resembled that of Japan (both the one Japan itself was pursuing at the time

---

<sup>38</sup> The individual being quoted is the US Secretary of State Dean Rusk.

<sup>39</sup> Defending his actions from 9 years prior, Park wrote “it was really sad for me to see our dignity, our worth and our self-respect being forcibly swept away by alien things” (1970, 57). The ‘alien’ things in question were leftist demands and Western democracy, both which began to emerge during the short-lived Second Republic.

and the one it had used decades prior in Korea). As previous illustrations of the Japanese colonial policies in Korea have inferred, the state policy pursued by Park established a very close relationship between itself and the *chaebols*, which it would inflate to a monumental scale. The exact relationship between capital and the state is not unanimously agreed upon, with most authors agreeing that it was the state that held the upper hand as a guide but some such as Lindblom and Marsh think otherwise- that capital exerted much more influence over the state than is usually believed (Lindblom 1977, 178; Marsh 1983, 4). Hundt's description of the Park regime captures the essential nature of its vision within a few words: "the growth oriented authoritarian state centralized control of finance, allowed economic power to be concentrated in a small number of industrial conglomerates, and repressed labor" (2009, 39). Thus, it now appears evident that the suppression of labor was not a policy pursued on a whim but rather an integral component of the developmental corporatist state put together by Park, influenced by earlier policies surrounding the *zaibatsu*<sup>40</sup>. Korean labor, despite its independence and willingness to participate in public policy, found itself so heavily pushed down by the state that it took on a reputation for subservience, weakness and overall docility that lasted up until the late 1980s<sup>41</sup>. Now free from authoritarian constraints, labor in Korea once again makes itself heard whenever it feels its interests are at stake in a vocal and noticeable manner, not unlike the CGT in Argentina. And just as Perón continues to influence the country more than half a century

---

<sup>40</sup> State repression of labor occurred concurrently with showering of praises towards Korean workers from their very oppressor. The state "praised workers' hard work and sacrifices as patriotic behavior" and were described as 'industrial warriors', 'builders of industry', and 'leading force of exports' (Koo 2001, 12).

<sup>41</sup> Koo writes: "until recently, Korean workers had been known, like their counterparts in other East Asian countries, for their industry, discipline, and submissiveness. Rapid economic growth in South Korea had been achieved thanks to the nation's industrious labor force and a high level of "industrial peace" that had prevailed during the first two and a half decades of export-oriented industrialization" (2001, 2).

after he first made an appearance on the political scene, Park Chung-Hee does the same through his daughter Park Geun-Hye, current president of South Korea.

### ***3.3 Conclusions***

This chapter has presented the evolution of the Korean trajectory towards a developmentalist corporatist state, focusing as much as possible on the trade union movement in order to assess the level of influence that it wielded in shaping policy under Park. As the information provided in previous pages suggests, Korean labor despite its current militancy and public demonstrations of power, was essentially a non-actor at the time of the establishing of 'Korea Inc.' This had little to do with labor leadership being weak or unrepresentative, as was the case in Argentina until a few years prior to corporatism, or with lack of work conditions which merited protest by affected workers but instead had more to do with larger geopolitical strategies and Cold War considerations which essentially amounted to a death sentence for the once promising labor movement that had emerged in 1945 following liberation. Just as then, even after decades of repression the labor movement returned to a position of relative power and influence in 1987 after the end of authoritarian rule. An analysis integrating labor to a greater degree than has been done here would perhaps provide more eloquent and definitive answers to the question of labor dormancy during the first 25 years of export-oriented growth and corporatism, but providing sufficient adequate material on the subject proved difficult as there is an extremely small repertoire of literature that deals specifically with Korean labor. While a sizeable amount of work on the matter exists in Korean, only a handful of works exist in



English<sup>42</sup>. That is not to say that labor is absent from discussions of the Korean model to growth, but as the dominant background of those who write about this matter is development economics the discussion of labor tends to see it as rarely something more than “a factor of production or a factor of comparative advantage” (Koo 2001, 4). Koo’s work, although of great use, unfortunately focuses the bulk of its attention to much more recent developments in the history of Korean workers and thus covers the early Park years and those that came before him very briefly. Although this chapter synthesizes the few comments made on the matter by a wide variety of authors and weaves them together in order to make a single case in defense of the notion that Korean labor was unable to participate in Park’s considerations when re-drawing the economic blueprint of the country not due to internal problems but rather overbearing force used against it, I acknowledge the possibility of ‘blind spots’ in my assessment and that further investigation on the matter in the future might result in somewhat different conclusions being drawn.

---

<sup>42</sup> Koo makes this same observation in depth in the opening pages of her groundbreaking work on the matter as well (2001, ix)

## Chapter IV: Argentina and Korea: Polar opposites or two sides of the same coin?

The title of this short, concluding chapter captures the main question which arises as a result of the information provided in the previous two chapters. Seemingly polar opposites in many ways, especially when superficially compared today, South Korea and Argentina are in reality two sides of the same corporatist coin. The following sections will proceed to briefly compare the two cases, answering the question that this thesis initially set out to clarify, and conclude this work with some concluding remarks.

### *4.1 Overarching comparisons*

Developmental corporatism was introduced to both Korea and Argentina by military generals-turned Presidents determined to realign their failing societies according to their own wishes. Both looked to the recent past to draw inspiration for their economic policies, one looking to Japan and the other to Italy. Perhaps here lay the initial mistake for the Argentines, seeking to imitate the policies of a man that was more master showman than economic guru. Park, one of the few Confucian statesmen of the 20<sup>th</sup> century, governed harshly but did so to advance what he believed to be the national interests, never seeing to make of himself a semi-deity as his North Korean counterpart had done. Perón never made his weakness towards political deification a secret but left it to the observer's imagination to determine whether economic policy was more political than economic and left a legacy of sharp political division in the country<sup>43</sup>. Whereas Park's corporatism outlived him and

---

<sup>43</sup> A Peronist of the time commented that "Perón for many of us, above all for the most humble people, is an idol, a God. I have no doubt that within a hundred or two hundred years...the people will address

remains in place to this day (in a much more tame form), the corporatism of Perón was doomed to fall with him when he was violently overthrown in 1955, just 9 years after the beginning of his rule. Perhaps the main reason for this was that Argentina's developmental corporatism as established by Perón was inherently political- and ambitious but controversial political projects rarely outlive their creators. Both Perón and Park put in place new constitutions reflecting their political vision (1949 in Argentina and 1971 in Korea); neither one survived to the present<sup>44</sup>.

Similarities between the two states begin to diverge as soon as labor and geopolitics are incorporated into the discussion. The Korean developmental corporatist state arose partially as a security measure against threats of aggression from abroad- as South Korea existed along a tense fault line of the Cold War. Argentina on the other hand faced no such security concerns thus allowing it the luxury of establishing a corporatist state with a heavy element of social welfare, despite not yet possessing an economy that was capable of sustaining one. Labor up until the critical juncture point that led to developmental corporatism in each country seemed to possess a history that ran counter to that which one would expect- with the mighty Argentine labor movement, led by the powerful CGT having been originally a poorly organized and unpopular social force with the exact opposite being true of the Korean labor movement. But in both cases, their initial nature was fundamentally changed by forces which were completely outside of their control- in Argentina with a Labor Minister Perón coming as a sort of *deus ex machina* to strengthen

---

themselves to God, and not to the saints but to God and to Perón. I am certain it will be so" (Crassweller 1987, 12)

<sup>44</sup> Although Perón returned to power in 1973 (after an exile of 18 years), he did not bring his old corporatism with him

labor while the Cold War reached the Korean front and left a decimated labor movement in its wake.

#### ***4.2 Relevance for policy makers***

The developmental experiences of these two countries, which were both characterized by heavy state involvement in the economy through corporatist methods, have become relevant once again as impoverished states seek solutions to their economic plight and have become disillusioned with the until-recently dominant dogma of neoliberalism, which greatly demonized the state's hand usurping the role of Smith's invisible hand in the marketplace. These two prominent cases, one as a great success and one as a grand disappointment, can provide singular insight into state-led development, as well as its interaction with labor and capital; now that the wisdom of minimalist pseudo-libertarian states and unrestricted laissez-faire political and economic policies has come into question. While clearly neither case could provide a blueprint that can faithfully be replicated now (nor am I suggesting they should), this study of the origins and trajectory towards developmental corporatism in Argentina and South Korea provides readers observing similar challenges elsewhere the value of further knowledge of these two experiences.

The current economic crisis is not the only reason that state-guided economic plans have begun to receive second looks. The rise of China, flanked by other rising states in Southeast East pursuing similar policies, the model which has now been incorporated into what has come to be called by some the "Beijing Consensus" has once again been legitimized by policy makers, if not by social scientists. Furthermore, as several states in

the region (Japan, Korea, China, and Taiwan) continue to vie for influence and project their power outside of their traditional strongholds on the continent, it can be expected that they will promote their particular approach to development as well. While we have observed this to be the case in Southeast Asia, we can expect the same to eventually occur in regions such as Central Asia, where China and Korea (through the large Korean community residing there since the Stalinist era) struggle to earn a foothold.

### ***4.3 Limitations***

Faults, when present and known, should be acknowledged not buried- and this thesis is not the exception to this rule. Limitations in time and access to hard to find but none the less required documents and readings have resulted in a thesis that the author is the first to admit has room for improvement. The first problem that manifests itself out of these realities is that the relevance of this work is somewhat tarnished. Originally ambitioning to be a work of regional comparison of developmental corporatism across East Asia and the Americas, word count restraints initially scaled the project down to a smaller comparison and eventually to one of only two very interesting, but in many cases singular, cases. Thus, generalizability can be implied, but not assertively defended.

Restrictions in time, size and access also resulted in an analysis that could have gone deeper and done a more thorough job at definitively answering the research question that it originally set out to answer. Although given the limitations I would consider the analysis and review of the Korean case to be adequate, the same cannot be true of the Argentine one. Access problems resulted in a work too reliant on too little sources. In addition, the time period studied denied me the ability to reference the works of prominent writers of Latin

American corporatism such as Schmitter and O'Donnell, given that their focus lies in a time ahead of that which I set out to study. With the benefit of hindsight, I would have conducted a similar study but with a chronological focus located more within the limits of most current literature.

#### ***4.4 Concluding Remarks***

Argentina and Korea, representing both the virtues and drawbacks of developmental corporatism in their most extreme incarnations, provide not necessarily models but perspectives for states pursuing a similar route today. This thesis has detailed the characteristics of both approaches to corporatism and in the process detailed the manner in which labor influenced (or did not influence, in the Korean case) the nature of this massive states. As originally hypothesized, the strength of labor at the critical juncture determined how it would influence the nascent developmental corporatist state- with strong labor curtailing the tendency of the state to enter into a partnership with capital. In Argentina, strong labor was able to receive concessions from the state that benefited workers in the short run, but were ultimately to their detriment as the state they had a hand in creating was economically incompetent given the strong political nature of the decision-making process within the state. This partially accounts for the relative failure of the Argentine economy that eventually stagnated and has gradually lost the high position it once enjoyed. In Korea, weak labor was not able to receive any sort of concessions from the state which decided to invest its funds and energy into creating massive *chaebols*. State strategies, decided with the absence of labor, required the labor movement to be suppressed for the benefit of capital and high economic growth. This lack of ability to influence the state resulted in labor in Korea sacrificing in the short term (by means of harsh labor conditions and low

wages) in return for the relative prosperity they enjoy today- very much unlike their Argentine counterparts. The great economic divergence we observe today between these countries which only half a century ago faced completely reversed prospects can partially be explained by the (unintentional) consequences of labor demands on the state and their ability to effectively lobby for them. In short, labor must be taken into consideration when assessing what the Miracle on the Han River did not coincide with a miracle on the Plate River, which although much anticipated never arrived.

The subject studied here has relevance beyond academia, in the policy realm of bureaucrats and ministers in developing countries seeking to emulate the success of nations such as Korea. Just as Perón based his political project on Fascist Italy without becoming transforming the country into a carbon copy of the Duce's realms and Park revisited the policies of the Japanese Imperial government in Korea without renewing Korean subservience to Tokyo, the experiences detailed here are meant to be learned from and reflected upon, but not replicated. It is my hope that this work will contribute, at least marginally given its limitations, to a greater understanding of the origins of these two corporatist states, the actors involved and ultimately the source of divergence in results among the two different projects.

## Bibliography

- Baer, Werner and Fleischer David (2011) *The Economies of Argentina and Brazil: A comparative perspective*, Northampton: Edward Elgar Publishing.
- Bedeski, Robert E. (1994) *The Transformation of South Korea: Reform and Reconstruction in the Sixth Republic under Roh Tae Woo 1987-1992*, New York: Routledge.
- Cawson, Alan (1986) *Corporatism and Political Theory*, Padstow: T.J. Press Ltd.
- Cawson, Alan (1985) *Organized Interests and the State: Studies in Meso-corporatism*, London: SAGE Publications.
- Chang, Yun Shik and Lee, Steven Hugh (2006) *Transformations in Twentieth Century Korea*, New York: Routledge.
- Ciria, Alberto (1964) *Parties and Power in Modern Argentina (1930-1946)*, Albany: SUNY Press.
- Cook, Maria Lorena (2007) *The Politics of Labor Reform in Latin America: Between flexibility and rights*, University Park: Pennsylvania State Press.
- Crassweller, Robert D. (1987) *Perón and the Enigmas of Argentina*, London: W.W. Norton & Company.
- Cumings, Bruce (1990) *The origins of the Korean War: the roaring of the cataract, 1947-1950*, vol. 2, Princeton NJ: Princeton University Press.
- Di Tella, Guido and Dornbusch (1989) *The Political Economy of Argentina, 1946-1983*, Hampshire: Macmillan.
- Eckert, Carter J. (1996) 'Total war, industrialization and social change in late colonial Korea', in P. Duus, R. H. Myers and M. R. Peattie (eds) *The Japanese wartime empire, 1931-1945*, Princeton NJ: Princeton University Press.
- Eckert Carter J. (1991) *Offspring of empire: the Koch'ang Kims and the colonial origins of Korean capitalism, 1876-1945*, Seattle WA: University of Washington Press.
- Grant, Wyn (1985) *The Political Economy of Corporatism*, Hong Kong: Macmillan Press.
- Gresvokits, Bela (1998) *The Political Economy of Protest and Patience*, Budapest: Central European University Press.
- Hundt, David (2009) *Korea's Developmental Alliance: State, capital and the politics of rapid development*, New York: Routledge.
- Hwang Eui-Gak (1993) *The Korean Economies: A comparison of North and South*, Oxford: Clarendon Press.



- Hyung-A, Kim (2004) *Korea's Development under Park Chung Hee: Rapid Industrialization, 1961-1979*, New York: Routledge.
- Jung, Tae-hern (2000) Economic features of colonial modernity in modern Korea, *International Journal of Korean History*, 1: 39-62.
- Kay, Cristobal (2002) 'Why East Asia overtook Latin America: agrarian reform, industrialization and development', *Third World Quarterly*, 23, no. 6: 1073-172.
- Keefer, Edward C., Mabon, David W., Schwar Harriet Dashiell and La Fantasie, Glenn W. (eds) (1996) *Foreign Relations of the United States, 1961-1963: China, Korea, Japan*, vol. 22, Washington DC: United States Government Printing Office.
- Kim, Taekyoon (2008) *Variants of Corporatist Governance: Differences in the Korean and Japanese Approaches in Dealing with Labor*, Boston: Yale Journal of International Affairs.
- Kim, Yong-gi (1991b) Bureaucracy's and business world's evaluation of economic policy during the Sixth Republic, *Wolgan Observer*, August: 224-41.
- Kim, Yun-hwan (1978) The formation process of the modern wage labor. In *Structure of Korean labor problems*, edited by Kim Yun-hwan et al. Seoul: Kwangminsa.
- Kohli, Atul (1999) 'Where do high-growth political economies come from? The Japanese lineage of Korea's "developmental state"', in M. Woo-Cumings (ed.) *The developmental state*, Ithaca NY: Cornell University Press.
- Koo, Hagen (2001) *Korean Workers: The Culture and Politics of Class Formation*, New York: Cornell University Press.
- Lie, John (1998) *Han Unbound: The Political Economy of South Korea*, Stanford: Stanford University Press.
- Lindblom, Charles E. (1977) *Politics and markets: the world's political-economic systems*, New York: Basic Books.
- Madsen, Douglas and Snow, Peter G. (1991) *The Charismatic Bond: Political Behavior in Time of Crisis*, London: Harvard University Press.
- Maier, Charles S. (1984): Preconditions for Corporatism. In: John H. Goldthorpe (ed.): *Order and Conflict in Contemporary Capitalism. Studies in the Political Economy of Western European Nations*. Oxford: Oxford University Press.
- Mann, Michael (1984) The autonomous power of the state: its origins, mechanisms and results, *European Journal of Sociology*, 25, no. 2: 111-38.
- Marsh, David (1983) 'Interest group activity and structural power: Lindblom's Politics and markets' in D. Marsh (ed.) *Capital and politics in Western Europe*, London: Frank Cass.
- Mason, Edward S., Kim, Mahn Je, Perkins, Dwight H., Kim, Kwang Suk and Cole, David C. (1980) *The economic and social modernization of the Republic of Korea*, Cambridge MA: Harvard University, Council on East Asian Studies.

- O'Donnell, Guillermo (1988) *Bureaucratic Authoritarianism: Argentina, 1966-1973, in Comparative Perspective*, London: University of California Press.
- Onis, Ziya (1991) 'The logic of the developmental state', *Comparative Politics*, 24, no. 1: 109-26.
- Park, Chung-Hee (1970) *The country, the revolution and I*, 2nd ed., Seoul: Hollynm Corporation.
- Park, Soon-Won (1999) *Colonial Industrialization and Labor in Korea: The Onoda Cement Factory*, Cambridge: Harvard University Press.
- Pekkarinen, Jukka, Pohjola, Matti, and Rowthorn, Bob (1992) *Social Corporatism: A superior economic system?*, Oxford: Clarendon Press.
- Shin, Wookhee (1992) *Security, economic growth and the state: dynamics of patron-client relations in Northeast Asia*, PhD thesis, Newhaven CT: Yale University.
- Sikkink, Kathryn (1991) *Ideas and Institutions: Developmentalism in Brazil and Argentina*, Ithaca, Cornell University Press.
- Smith, William C. (1989) *Authoritarianism and the Crisis of the Argentine Political Economy*, Stanford: Stanford University Press.
- Smoke, Paul, Gomez, Eduardo J., and Peterson, George E. (2006). *Decentralization in Asia and Latin America: towards a comparative interdisciplinary perspective*, Cornwall: MPG Books Ltd.
- So, Alvin Y. and Chiu, Stephen W. K. (1995) *East Asian and the world economy*, Newbury Park CA: Sage Publications.
- Solberg, Carl E. (1979) *Oil and Nationalism in Argentina: A History*, Stanford: Stanford University Press.
- Woo-Cumings, Meredith (1999) 'Introduction: Chalmers Johnson and the politics of nationalism and development', in M. Woo-Cumings (ed.) *The developmental state*, Ithaca NY: Cornell University Press.
- Woo-Cumings, Meredith (1998b) 'National security and the rise of the developmental state in South Korea and Taiwan', in H.S. Rowen (ed.) *Behind East Asian growth: the political and social transformations of prosperity*, London: Routledge.
- Woo, Jung-en (1991) *Race to the swift: state and finance in Korean industrialization*, New York: Columbia University Press.