

Schumpeterian Dynamics in Crisis? The Case of Korea*

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1 Introduction

This paper will first review the current situation in its manifestation as a deep economic, political and – in the meantime – also as a moral crisis. The paper will further query more precisely the real nature of the crisis and present arguments to support the notion that the functioning phase of the Korean mode of accumulation can, to a certain extent, be explained by Schumpeterian, or neo-Schumpeterian categories. I contend that this is made possible if we substitute the term "innovative/dynamic entrepreneur" with that of state-Chaebol-complex, the Economic Planning Board and the charismatic President at its head. We will see that an important problem then arises: was it possible under the prevailing conditions to mobilise the masses in such a successful way, which is so crucial to the realisation of the dynamic necessary for capitalist development? All previous attempts at answering this question by searching for explanations in a presumed Asian mentality or Confucian culture are, in my opinion, totally unsatisfactory. The attempt to unveil the real reasons is the main focus of my paper.

2. The "Crisis":

The way of enforcing a new mode of accumulation.

2.1. Theoretical considerations

What hundreds of millions of people in East Asia are experiencing as crisis is actually not the crisis at all. Rather, it is the first stage in the transition to a new mode of accumulation. In the case of South Korea, the phase of real crisis can be identified as the whole period throughout the eighties and nineties

The turn in 1987 did not follow economic collapse. Rather, it was ushered in by concessions to what by then had become a powerful and militant democratic movement. It was these democratic forces which ultimately exposed the crisis of the old mode of accumulation. Despite fears of a new military coup d'état, the illusion was nurtured that on the basis of the raised stage of development of the forces of production there could be a smooth transition to a modern welfare state along European lines. In the eyes of the majority of people, this seemed simply to be a matter of extending the democratic state and securing their just share of GDP.

In 1987, the strategy introduced in the latter half of the seventies by the automotive and heavy industrial sectors – and reversed following the coup d'état of 1981 – of

paying higher wages to skilled workers became the rule. Alongside the perpetuation of the brutal repression exercised by both employers and the state, and the paternal pseudo-familial structures in enterprises, it was especially the wage concessions made by the Chaebol which assumed increasing significance for securing the loyalty of the workers.

The conditions for this were twofold: On the one hand, structural conditions in large enterprises favoured union organisation and industrial action, whilst on the other hand the profit margins which the Chaebol were able to achieve were substantially higher than those of small and medium-sized firms.

2.2. Empirical evidence

To the same extent as the consequence of decades of brutal exploitation of the living power of society made its impression – viz. constantly stressed people, long absence of father from the family, the break up of families, the increase of alcoholism, to name but a few – the price demanded as compensation grew correspondingly. In the nineties it gradually became apparent that this price had become too high by world market standards.

However, as long as the "strong state" continued to be successful in shielding economy and society from world market competition, as long as faith in the prowess of the "tiger" was still intact, capital continued to flow into Korea, managing to offset the frightening current account deficits which had occurred in the nineties so that the crisis remained latent. Loans were no longer taken up on the open market, but mostly allocated by the state, at least the industrialisation projects were backed by state guarantees. It therefore did not matter, whether long term projects were being financed only by short term loans. Before any enterprise, or even a bank, could get into serious liquidity problems, the state would have to intervene to bail them out. This had happened often in the past.

The problem for the functionality of such a system does not materialise until the power of state intervention dissolves, and precisely that is what happened. In negotiations over the years (actually well over ten years), international capital had forced the Korean state (and other states, too) to liberalise and to deregulate, i.e. to open its markets for goods and capital and to gradually cut back state intervention.

As logical consequence of this liberalisation and deregulation imposed from the outside, international productivity should have become the yardstick in the Korean economy, too. The same ought to apply to the financial sector. In the financial markets precisely those old practices, which in past decades had accounted for the strength of the accumulation mode, ought to have shown their weakness and exerted a negative effect. International capital, though, continued to place its faith in the "proven" experience with the "strong state".

The hesitant attitude to reform on the part of the ruling bodies in Korea encouraged this assessment. The benefits of the old planning and protection system were clearly so great for those involved that they had difficulty in letting them go. That, though, is just half the story, crucial for the unwillingness and incapability of the political and business elite to adjust to world market conditions was the rightly feared resistance to be expected from the broad majority of the population, especially the workers, to any cuts in what I described above as material compensation.

The inevitability of adjustment became ever more pressing as time went by and could only be postponed by intervention and coercion on the part of the government. Under such pressure, the state-Chaebol-complex was sucked into a virtual vortex of self-dissolution. Heads of government and Chaebol managers passed the responsibility for reform onto one another: The government attempted per decree to impose rules which would dampen wage increases, to induce the Chaebols to reduce their activities to fewer areas of production and to restrict property speculation, whereas the Chaebols for their part had already for years been demanding a lifting of the ban on mass dismissals.

One of the most spectacular attempts to stage a crisis fighting strategy, at the same time trying to avoid prematurely self-triggering the "crisis" in the process, was the cloak and dagger attempt to amend the labour laws and the national security laws in 1996, which, incidentally, was foiled by a broad resistance movement involving the unions and democratic forces. Thus almost a year before the IMF imposed its minimum requirements there had already been an attempt to assert basically the same measures. The then attempted amendment to the labour laws to enable mass dismissals would have put into effect a whole year earlier virtually the same measures which were finally introduced in February '98.

Delaying the necessary adjustments, although enabling "the economy" to make several billion in additional profits, was not able to save the government. On the other hand, the delay created favourable conditions for corruption and "unproductive" investments, which inevitably culminated in the sudden, brutally abrupt hard landing almost a year later. Since the subsequent wave of restructuring could then be passed off as the "crisis", whose manifestation had the appearance of national destiny in which the population had merely fallen victim to the anonymous, irresistible force of "globalisation", practically of its own accord it generated a profoundly propagandistic effect.

At any rate, the overall effect of the crisis was to create within the context of the system the necessary conditions for a way of enforcing adjustment processes which would otherwise have been unthinkable. However, I would now like to focus on the phase when the mode of accumulation was functioning.

3. The "miracle": A strategy of controlled dynamics

3.1. The Korean mode of accumulation: The sixties and seventies.

In the second half of the fifties following the end of the Korean War, resignation and despair reigned. This provided neither a basis for free development of the individual personality, nor for societal development. The South Korean regime under the aged dictator Rhee Syngman laid its foundations on the beginnings of the State-Chaebol-complex, a corrupt network comprising reactionary-conservative state administration and "bureaucracy-capital", as it was called. Park Chung-Hee directed his military coup d'état explicitly against nepotism and corruption, and above all against the Chaebol; he was quick to recognise, though, that the new industrialists who had up to now been "fatted up", could turn out to be influential partners. By being drawn into the new dynamic development policy, the previous "bureaucracy capital" became the new ruling class, in its own economic interest dependent on the government and simultaneously its main support.

The pillars of Park's development policy became:

- creation of an efficient state bureaucracy and a rigid central planning apparatus;
- systematic involvement of the Chaebol in the planning process;
- enhancement of the educational system from top to bottom with the aim of enhancing ideological and professional qualification;
- systematic planning (5-year plans) for building up an efficient economic structure from top to bottom (basic infrastructure – light industry – heavy industry – advanced technology) which at each new stage of development could expect support from the results of the educational system.

This planning system, which functioned efficiently for two whole decades, was the core of the State-Chaebol-complex.

It was crucial for the efficient functioning of central planning that the state resisted the temptation to exert bureaucratic control over the whole economy. Rigid prescriptive planning was contained to a selected group of strategic sectors and Chaebol; although the remaining areas of the economy were clearly discriminated against, on the other hand they were free to seek their own suppliers and sales channels. In this way it could be avoided that the discriminated sectors became demotivated, a phenomenon frequently observed in socialist states. On the contrary, they were motivated to develop ever-increasing productivity and to contribute to the enforcement of low wages by the possibility of passing on the pressure of the market.

With regard to content the Korean development strategy can be described as a successful attempt at systematically upgrading the economic structure, that in turn

has successively been bolstered by the extension of an economic and also social infrastructure.

The underlying concept was strategically dynamic. Fundamental to the concept was a purposeful selection of strategically important industries which either had to be built up from scratch, or were to be fostered with the purpose of increasing productivity. The leading principle of maximising productivity was, especially in the beginning phase, also asserted by the systematic geographic concentration of investment, which went as far as formally abolishing the rudimentary self-governing rights of regions and municipalities originally guaranteed in the constitution. The extensive protectionism and detailed prescriptive planning were never intended to serve the purpose of conserving obsolete and subsequently uncompetitive production processes. Quite the contrary: on the one hand, privileges were closely tied to advances in productivity, and on the other hand, enterprises which failed to utilise the proffered protection and development grants to increase efficiency were summarily excluded from receiving assistance.

The successful realisation of the Parkian vision would have been unthinkable, though, if there had not been a crucial, from Korea's standpoint, external shift of position. Around the mid-sixties the USA found it was also able to assert its new conception with regard to East and South East Asia over its West European allies: This was to reinstate the Japanese sphere of influence which, apart from the loss of North Korea and North China, more or less resembled geographically the old "Greater East Asian Co-Prosperity Sphere". For Korea this meant the "normalisation of relations with Japan".

An understanding of the dynamic economic development in South Korea, especially during the 60s and 70s, cannot be fully grasped by sole reference to endogenous powers, i.e. without taking into consideration its inclusion in the "flying geese pattern".

In addition, it is important to understand that, what may in retrospect appear to be a logical development strategy was in reality an extremely contradictory process, thwarted with a number of large and small social eruptions. The transition from a policy of import substitution to one of boosting exports, the transition from a policy of promoting light industry to one of supporting heavy industry and the transition from financing development with foreign loans to one of targeted support for direct investment, all these transitions were fractures/ flaws/ weak spots/ fissures in the strategy; they were all reactions to crises/ failures of previous policies, partly triggered by changes in conditions within the world economy, and partly due to domestic social change within.

That the state was able to survive these upheavals and managed to maintain stability was due to the flexibility of reaction on the part of the ruling class as a whole: regimes were toppled (in the case of Park Chung-Hee, the initiator of the development

dictatorship, there was even resort to murder), and there were frequent concessions to democratic intermezzos where this was perceived as being inevitable. Then, in the absence of any real alternative, these democratic intervals together with their incumbent populist policies collapsed in the face of obstruction from the forces who really possessed the power. Every time, therefore, they merely paved the way for the next coup d'état. In this way it was possible to pass off successfully all the severe political crises as being merely crises of specific policies and their perpetrators, thus avoiding a crisis of the development model, or even the state itself.

3.2. The State-Chaebol-Complex as Schumpeterian Entrepreneur

Within the context of an analysis of economic policy, the functioning phase of the South Korean mode of accumulation from the early sixties till the mid-seventies could be characterised as a Schumpeterian phase. In this case, the innovative dynamic was not initiated – as in the original Schumpeterian conception – by private entrepreneurs driven by the promise of prestige and profit. The general resignation in the years following the Korean War was too profound and the preparedness to take risks too low for such a privately initiated dynamic.

Nevertheless, the fact that the state instead seized the initiative, cannot be explained functionally, but rather – conforming with the Schumpeterian conception – with the "thirst for power" and the assertive capabilities of General Park Chung-Hee. He, for his part, was pursuing a "vision" of lending an unprecedented dynamic to the stagnating and decaying Korean economy and society.

The state can act as innovator in two ways. On the one hand by creating appropriately favourable conditions for private entrepreneurial innovation, i.e. policies to minimise risk; on the other hand by direct state innovative intervention when the risk faced by private entrepreneurs cannot be reduced – either by means "of state visions" (Bass, 1997) or by means of prescriptive planning – sufficiently enough to permit the necessary or desired innovations from taking place.

During the phase which I refer to as the original South Korean mode of accumulation, in South Korea (similarly, but not identical to the Japanese precedent) a combination comprising both aspects materialised in the form of the State-Chaebol-Complex.

By means of the organisation of reaching consensus between the dominant decision makers in politics and the economy ex ante, the system of realistic planning and control in South Korea surpassed the individual

aspects of publication and prescription. Even the banking system had been drawn into the planning process.

That such a combination of nationalisation and central planning could also be efficient was so foreign to neo-liberal ideologists, that they for a long time simply "overlooked" the possibility (cf. also Hattori/Satō, 1997). Predominant in their way of thinking is the belief that a bureaucracy cannot possibly be as efficient as a market system, since it is the enterprises who always possess the most capable "brains". This belief, for which ample empirical evidence can be produced in the West, does not take into account that in East Asia, and particularly in Korea, the public service traditionally enjoys so much respect that the state has no difficulty in attracting the most capable strategists, even without entering into unaffordable competition with the private sector.

The problematic for capitalistic dynamic ensuing from the resulting concentration of power lies – as we saw above – in the subjective difficulties for all those involved to want to leave the favourable power cartel they belong to. The effort to evolution which could be called upon to achieve the adequate constellation needed for the mode of accumulation tends to subside once the goal has been achieved. Thus, it was the unwillingness of all participants with regard to the necessity for adjustment to changed external conditions to voluntarily accept the risk involved in giving up the relatively comfortable status quo which led to the brutal way in which the new mode of accumulation was enforced, which then appears as the "crisis".

3.3. The role of the "subjects": Labour as factor of production.

Up to this point we have been examining the capabilities and motives of the leadership and the conditions under which they operated. From this perspective, the intentions of the broad majority of the population can be included under the operating conditions.

This fits in with the following observation regarding the period of export-oriented industrialisation which followed the coup d'état, "the thinking and goals concerning economic development held by most people in Korean Society are the same as those held by the government, thus creating ideal conditions for a government-led development mechanism" (Hattori/Satō 1997: 353).

This observation refers to a crucial condition for a dynamic and target-oriented development process which is missing in the Schumpeterian preoccupation with the entrepreneur – whether the traditional representatives of small industry, the charismatic industrial tycoon, or a "developmental state" (Leftwich, 1995). Namely, the willingness of the "subjects" to let themselves be led in the prescribed direction.

To the best of my knowledge, all the Korea-watchers to date have contented themselves with establishing the known facts, or interpreted these as being merely the consequence of ideological indoctrination. Due to the fact that they neglect to conduct any historical-dynamic analysis, it obviously does not even occur to Hattori/Sato that the social harmony they perceive, itself needs to be explained

before it can serve as an explanation for successfully led development strategy. Admittedly, the ideological offensive of the Park regime receives plenty of attention with regard to the role played in legitimising his rule (E.J. Lee, 1995), but precisely why this could be successful, why it "fell onto fertile soil", so to speak, is not explained.

Nor does the fact of economic success, which by setting in so quickly was able to fulfil an important legitimising function, proffer sufficient explanation, since this presupposes that the population is already oriented to the criterion of "economic development", i.e. at least that they identify in principle with the rule of capitalism. This argument is further strengthened by the fact that during the sixties the individual economic situation for the majority of people hardly improved. The premature swing away from the concept of import substitution to export-oriented development was clearly only possible on the basis of extremely low wage levels and catastrophic working conditions, whilst simultaneously causing the ruination of the peasant farmers.

Essentially, capitalist development is dependent on capital. Capital is not a priori simply, a sum of money. Money first becomes capital through the chance of its realisation. This is dependent ultimately on being able to command labour.

The conditions for capitalism are thus not solely dependent on the entrepreneurs; essentially, they must include the people, who are used as labour power, i.e. are "productive." In this vein, the crucial question to be investigated by socio-economic research must be: How does the behaviour of the people contribute to capitalist development?

The precondition for the functioning of a system in which not all activities are meticulously planned and controlled is that the players have internalised to a sufficient extent the rationality of action belonging to the system. A system founded mainly on impersonal power necessitates the internalisation of "systemic" rationality of action, i.e. the rationality of action belonging to the rationality of capital.

In the case of traditional industrialised countries we know that these processes of internalisation have developed historically. Many studies exist dealing with the "classic" case of England. On the other hand, the experience in several industrially under-developed countries shows that the people are not always willing to internalise, or interiorise the rationality of capital, that capitalism for them remains external. Although they are subjected to its operational framework, they offer resistance to it restrictively penetrating into their feelings and thoughts.

Since capitalist accumulation can never be a self-sufficient, or a self-contained system (a perpetuum mobile), it is rather dependent on the intake of living energy, it is necessarily destructive towards the resources which provide that energy . This is also

true for inward society, i.e. for the individuals in society who have internalised the imperatives of the system, it is true for the destruction of nature and ultimately – increasingly with the expansive power of the individual's own system for external social and cultural interrelationships.

4 The "secret": The integration and identification of the masses

4.1. The materialisation of the Korean mode of accumulation

At the time of liberation from Japanese colonialism, four-fifths of the population of South Korea lived on the land. It is true that Japan had given a boost to industrialisation in its colony, especially during the thirties following the incorporation of the newly formed State of Mandschukuo and a further boost was given during the war in the Pacific; such industrialisation as took place, though, was concentrated almost entirely in the North. By the mid-forties, in the South of the country, workers constituted a mere minority in Korean society. With the exception of the miners, the majority of workers, who were employed in thousands of small and even tiny enterprises, could hardly be said to possess anything like a modern working-class' consciousness.

Similar to North China and in complete contrast to Taiwan, in Korea there had been resistance to Japanese rule from the very beginning, often manifesting itself in overt revolt, usually led by students and intellectuals.

Resistance in the first half of this century was identical to anti-Japanism, a strong Korean nationalism, which gradually became interspersed with radical demands for a social transformation of the old, late-feudal societal structures which presented an impediment to any progress on the land.

The emergence of a progressive resistance movement owed a great deal to the bitter experience suffered under the repression, on the one hand, and to the spread of revolutionary ideas among the country's youth who, due to the war in particular, had been torn away from the old village community life, on the other.

The will for liberation that had been simmering and pent up for decades, burst out with the impending defeat of Japan in the Pacific War in the summer of 1945. In the villages and cities, just as north of the demarcation line, liberation committees were set up which were to take over the real power and administration after the retreat of the Japanese army and police. A provisional National Assembly was prepared in Seoul.

As a consequence of late feudal relationships, one of the basic popular demands was a call for the expropriation of the big landowners and the distribution of land to the

peasants. On the basis of this, the National Peasants Association was founded. The workers, still representing only a very small minority in Korean society, for their part founded a national association of trade unions.

Since the US military government for South Korea was not prepared to make any concessions to this movement, which they summarily categorised as communist inspired, in the period following "liberation" a new, broader-based resistance began to take shape in the countryside. It is interesting to note that the resistance movement was by far stronger in the least industrialised regions of the south west and that there it later survived the longest.

On the whole, we can speak of a people's movement which, despite the many internal disputes and sometimes vague objectives, was not only nationalistic in the sense of founding a sovereign Korean State, but also more or less of radically socialist orientation.

The invasion of the US army in Seoul on 8 December 1945 heralded the crushing of this progressive movement. The preclusion of the National Assembly and the appointment of an American military government, the elimination of local self-administration and finally the ban of the trade union and peasants associations initiated a phase in which the resistance step by step turned into a guerrilla movement. By 1950, i.e. before the beginning of the Korean War, the fighting against the guerrillas had already claimed 200,000 casualties.

In the Korean War that dragged on until 1953, changing large parts of the country into a crater landscape through various captures and re-captures under the deployment of napalm blanket-bombing by the US airforce, millions of people lost their lives and homes, and this finally sealed the division of the country, near to the border where the war had started. It was this experience that led to the elimination of the idea of an alternative to the capitalist system.

It is my contention that – beginning with the US army landings in Inchon, progressing with the battle which then ensued against all progressive ideas and persons who did not conform to the American ideal, and culminating in the terror and physical destruction which reached its zenith in the Korea War – these events gave birth to a trauma, leading to a kind of collective "identification with the aggressor". This traumatic identification constitutes the erasure of consciousness with regard to history – the incapacity to accept responsibility for one's own action and punishment for suppressed elements of Self in the form of anti-communistic hysteria (the "red complex"). The following paragraphs seek to illuminate these thoughts a little further.

4.2. A few psycho-analytic notes: War trauma and its consequences

Oppressive traumatic aggression following political persecution, torture and extermination-camp terror, or oppressive violence against defenceless children in the

family, can often only be psychologically overcome by means of the identifying assumption of total subjection in the face of overwhelming power (Hirsch, 1986).

This concept was originally developed to explain the frequently made observation that child victims of sexual abuse, physical maltreatment or psychological terror on the part of their parents, tended to introject this terror and themselves to identify with the aggressor.

In this case, the might of the attacker is so devastatingly overwhelming, that rebellion or even simple evasion is quite unthinkable: In the immediate, apparently life threatening situation, identification with the aggressor is a survival strategy: "I will subject myself so utterly to his will that I cease to exist, I will offer no resistance so he might let me live" (Ferenczi 1985:155).

What once helps to ensure survival in a concrete individual situation becomes a pattern of behaviour when implemented repeatedly as a strategy against continuous aggression ("repetition compulsion" according to Freud), by means of which the affected person through destroying Self tends to become a lifelong victim who then permanently prevents real liveliness by systematically excluding all alternatives.

Hirsch defines the concept of "identification with the aggressor" further with reference to Anna Freud. Hirsch differentiates between the above described form of introjective identification, which he calls "primary, hurtful identification" and a secondary progression of the syndrome, that of Self exclusion identification. This secondary identification eventually turns the victim into the culprit. It turns "the violence experienced by oneself into violence against other weaker persons" (Hirsch, 1996:203).

At any rate, both types of identification constitute a separation from Self, or a "self-betrayal" (Arno Gruen, 1986). The introjection of the foreign identity results in foreign needs appearing to be one's very own needs. The permanent suppression of the fear of self-arousing Self costs a lot of energy and expresses itself somatically, e.g. tensioning of the muscles (Lowen, 1989).

When related to society: A totally devastating defeat leaves behind it a fear of the fear of weakness, and subsequently the necessity of its suppression. In so doing, also one's feelings, thoughts and actions which were the reason for the defeat have to be suppressed. Collectively (societally) this takes the form of contempt and aggressiveness against the (weaker) minority of those, whether rightly or wrongly are brought into connection with such feelings, thoughts and actions. The auto-aggressiveness, which manifests itself in self-sacrifice for the system, is simultaneously accompanied by contempt for the weaker members of society. Part of this is the widespread, partly open partly covert aggression against children, the aged, handicapped persons, work migrants, and so on. This is expression of the

hatred against that part of Self which was once extant, but now has to be suppressed, transposed to the societal level.

What can be psychologically described as a separation from Self, societally corresponds to the separation (or alienation) from the own history, or as Marx put it: "Individuals (have) alienated their own societal relation as an object from themselves" (Marx 1939:78). Once the belief in an alternative has been thoroughly destroyed, individuals develop an interest in participating in capitalistic society to whatever extent that entering into competition appears as prerequisite to their survival. In other words, they eventually develop a "private interest" that "can only be achieved with the means provided and within the conditions laid down by society; and thus is linked to the reproduction of these conditions and means" (Marx 1939:74).

Following 1953, anti-communism was the sole focus for identification. This gave rise to disappointment in the aggressor's weakness, which was now becoming apparent, and made it more difficult to come to terms with defeat (cf. Henderson 1968, pp 175). This was the more profound reason for the lethargy, resignation, and passiveness which was unable to offer a basis for any kind of development.

At the same time, though, a deeply rooted need for identification was still extant, which as a result of frustration increased in intensity. Thus, following the coup d'état it was possible to begin with building a society on the basis of aggressiveness. Its most significant form was militarism and unscrupulous competition. The expression "number one" not only became the leading motive of the economic development strategy, but also for the merciless struggle of everyone against everyone. Whereas the official propaganda theme was: "We must become number 1 in the economic struggle against the rest of the world", the hidden message was: "Each and everyone has to hold their own in the economic struggle!".

That this destructive process has "productive" repercussions is due to the fact that an identification with the "winner" leads to extensive internalisation of the (aggressive) behavioural rationality necessary for capitalist development.

4.3. Late consequences – empirical evidence

Here, I would like to make some observations on the Korean society of today in order to provide an indication for the continued existence of introjective identification. For instance, the anti-Communist hysteria has by no means disappeared; the attitude towards work, which in dependent workers constitutes a kind of "self-sacrifice" for "one's own" enterprise in the production process; in "management by stress" on the side of the enterprise managers, the attitude towards seemingly weaker social groups like the aged, handicapped persons, work migrants, etc.; that parents literally work or worry themselves to death (at the least, live in poverty themselves) in order to provide their children with a better start in life, with the practical result that the children are then subjected to terror themselves. (Incidentally, often the children are later no longer

able, neither objectively nor subjectively, to support their parents financially in old age. This is because of their own work addiction, their worries about their own children on the one hand and long working hours, far too small living accommodation in congested towns on the other).

As known to human psychology, the victim syndrome can become a lifetime pattern. In public debate as well as in private conversation, there is a widespread sense of victimisation in Korea. One example for this is the repeatedly uttered protestation that in all its long history, Korea has never waged war against another country, but on the contrary, on innumerable occasions it is Korea which has been the victim of attack from outside. This argument is often employed to justify Korean nationalism as being quite harmless, as opposed to Japanese or German nationalism. A further example is Korea's role in the world economy – at least, before the crisis began – which on the one hand is accepted in an abstract way with the undisguised pride of having accomplished this achievement without any assistance from outside; in effect, though, the role of the South-Korean Chaebol as exploiters of migrant workers was overlooked completely. Indeed, the feeling is still prevalent that Korea is the victim of foreign capital (especially Japanese and American capital).

That a sense of victimisation can turn into justification for the perpetrator has been shown above.

A particularly clear phenomenon with respect to confirmation of my thesis would appear to be the Park revival (or Park syndrome) during the presidential campaign in 1997. The majority of presidential candidates specifically likened themselves to Park Chung-Hee.

These observations were confirmed further by a recent public opinion poll in July 1998, whereby Park Chung-Hee was placed at the top of the list of great Koreans as well as events like the Olympic Games in Seoul, the Saemaul movement and the building of the first motorway Seoul-Pusan – all prescribed to the previous dictator (Choson Ilbo).

The consequences of introjection are also revealed in a tragic way in the reaction of individuals just as society as a whole to the increasingly cruel and hurtful restructuring measures, especially towards mass dismissals. In a society in which the individuals – and this applies especially to family fathers – have become accustomed to drawing their pseudo-identity from their work, or more precisely from their workplace in an enterprise which they work themselves to death for, the loss of this workplace virtually amounts to a loss of identity. This is often far more hurtful than the associated loss of income, as studies among the unemployed have shown who due to their savings have no need to lower their living standards.

This is illustrated especially by the helpless way in which many social struggles, e.g. against mass dismissals, are fought. The obvious contradiction between the system-

conform contents of industrial action and its frequently militant manifestation can be partially explained by the contradiction between wrath and fear on the part of those affected. This itself is expression of the system imperative, which indeed implies an internalisation of the contradictory nature of the system itself.

In a way this closes the circle of my argumentation. Even the reactions to the "crisis" of those most affected by it simply serve to reveal the symptoms of the real crisis.

5. Conclusions

The development in South Korea with its innovative dynamic can with some justification be interpreted as confirmation of the Schumpeterian conception.

It has simultaneously an ideological function, since its focus is directed at the small section of rulers and their motives. Thus, the question regarding the feelings and motives of the vast majority of "subjects" or "nominal members" is systematically covered over. When we analyse this overlooked majority in a little more detail, though, to my mind it becomes clear that we by no means are dealing with a "dull mass" which is just waiting to be led. The social resistance occasionally referred to by Schumpeter cannot simply be reduced in a defamatory way to "fear of anything new", but has to be taken seriously as expression of another way of life, different needs, etc. What appears as "creative destruction" may comprise the destruction of essential life fundamentals and life aspirations.

It is precisely the subjective absence of alternatives, as currently illustrated by the regression to the person and "achievements" of the dictator Park Chung-Hee, which can be interpreted as a product of destruction.

At the same time new aspects arise with regard to the real background of the current restructuring. If what Schumpeter describes as "creative destruction" turns out to be in reality wasteful exploitation of the living energy of man and nature, then there must be repercussions on the expectations of future development potential.

It may be quite in the interests of the neo-liberal strategy ordered for South Korea by the IMF that the fear which is tangible everywhere in society will lead to a breaking up of solidarity. In my opinion, though, it is highly questionable whether the newly taken up offensive of self-exploitation of society can be successful in the long term.

To arrive at this result, I have done something which Schumpeter purposely avoids; I have not restricted myself to an examination of already functioning capitalism, but have focused on the historical process which necessarily precedes this functioning,

and concentrated on the question why the people were willing, or made willing, to participate in the capitalist project.

South Korea has served as example for this paper. Although there is a tendency to speak of the "Asian miracle" and now of the "Asian crisis", it is obvious that all countries in the region have their own unique history. This is true for their culture, ethnic origins, geo-politically and in many other ways, too, and has given rise to quite different strategies for development. I do not wish to make any rash generalisations. I believe, though, that for an understanding of the dynamic in the societies of eastern Asia – analogous to the historical processes which took place in the "traditional" industrialised nations – it can be useful to focus more strongly on the "history" which preceded the "take-off".

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