# Compare and contrast the economic development between 1945 and 2000 in two of the following countries: Japan; Hong Kong; South Korea; Taiwan; Singapore; Malaysia; Thailand.

After World War II (WWII), many parts of the world was left devastated from what the war has done to their country. Their previous social systems, economic status, and infrastructure were destroyed. In the countries mentioned above, are the countries that went under massive economic revolutions. South Korea and Taiwan are two countries that are particularly similar in their journey of uprising. For example, both countries were predicted by foreign economists to stay in a undeveloped state. Most people didn’t think it was possible for them to have a economic uprising. Their form of development was also similar, such as creating import substitution and focusing on heavy industry. In both South Korea and Taiwan, the role of the state, education, types of companies as well as conscription was also important to both areas for their economic successes. Therefore, I will compare and contrast these two countries because I can see many similarities between them already.

Although both countries did not have a good start, Taiwan was actually at a better state than South Korea during the 1940s to 50s. However, Taiwan was under harsh treatment regardless of their state. The government was repressive. The 228 Incident demonstrates their use of violence, which killed 10000 or more. This marked the beginning of the “White Terror” even when Jiang took over in 1949. Many were imprisoned until 1987. Despite of their authoritarian regime, they had the advantage of having a good military and agricultural infrastructure that was left behind by the Japanese occupation and WW2. Other than that, their literacy rate was 90% comparing to China’s literacy rate of 10%. When Jiang went to Taiwan after the GMD was defeated, many intellectuals and elite class followed him, along with a good deal of gold and foreign currencies. This gave Taiwan advantage on a economic, social and political aspect.

On the other hand, South Korea was not in a good place to start with. In 1945, Rhee was in power and he was a inefficient dictator. Although they had the US’s financial support, Rhee did not make things better in Korea because there were many internal conflicts, also the money was spent on corruption. When the US occupation started, it didn’t make things better for them either. People were starving from the famine. They were so hungry that some went through the leftovers of US soldiers and picked up whatever they could eat. A dish emerged from this phenomenon, which is called Budae Jigae. There were upsides during this period. Many US soldiers spent their money on “entertainment” such as the prostitution industry. This injected capital into South Korea, which was helpful in later years. From the period of 1945 to 1949, Korea was doing much worse than Taiwan. However, both countries had similarities despite of their status. They were both under a inefficient and repressive power, which didn’t help them to make things better. It was the Japanese Colonialism in Taiwan that gave them their advantage before Jiang came to power.

The role of the Korean War (KW) had a great impact on both countries. For Taiwan, the KW helped the country a lot. Since the USA was still supporting Taiwan at that time, they gave Taiwan financial aid to build a strong defense against China. Jiang used these funds wisely along with the capital that they had brought from China. He launched Land Reform in 1950, this forced people to create their own businesses. He also created import substitution, so they would be less reliant on foreign aid. However, in South Korea, the KW left the country devastated. 80% of their infrastructure was destroyed. There were around a million casualties, which 85% were civilians. At least half of the housing were gone. This destroyed South Korea’s existing social system. This created an opportunity for South Korea to start everything from scratch. The government had the ability to rebuild everything if they had the right incentive. This didn’t happen until Park was in power in 1961. Nevertheless, Korean war was the starting point of the economic recovery for both countries. Taiwan started earlier while South Korea stayed where they were until Park appeared.

The on-going Vietnam War that lasted for almost 20 years from 1955 onwards benefited South Korea and Taiwan greatly in terms of their economic development. It was a place where their heavy industry products went. About 94% of Korea’s steel production in that period went to Vietnam. However, Korea might have not gained as much as Taiwan did. While Taiwan acted as a supply depot, South Korea provided them with steel and around 300,000 soldiers. This meant that the casualties from the war would have done some damage to South Korea economically, because many capable working class people might have been wasted because of the war. However, they benefited from these soldiers because US paid South Korea 1 billion USD in total for these soldiers. In Taiwan, they received 150 billion USD aid for the war. From these statistics, we can see the Vietnam War drew the economy of both countries forward, while South Korea might have benefited less.

The incentives for both countries to become economically strong were very clear, they both wanted to be independent and protect themselves from foreign power. For Taiwan, it was their fear of PRC. This made Jiang more determined to create nationalism in Taiwan. He sees himself as the true and rightful successor after Sun because Sun was also a democrat. He felt that even though he lost the civil war, he should make a prosperous Taiwan so that it is a country for PRC to envy, and someday he might be able to take back PRC if he builds a strong country. For Korea, their incentive was even stronger which spread throughout the whole country. They were always under control by foreign forces such as Japan and USA. They had lost their traditional cultures for too long because the Japanese destroyed it. This is the first in many years since South Korea has been independent. When Park came to power in 1961, the urge for nationalism made it a little easier for him to enforce policies. In terms of nationalism and protectionism, both countries are similar.

Another issue worth looking at is conscription caused by protectionism and nationalism. This was particularly significant in South Korea. The devastation of the KW destroyed the social systems. This meant there weren’t many intellectuals or skilled workers in South Korea. Conscription played the role of training people for different jobs that they learned from the military. It also got them into the habit of obeying orders, which made them more efficient when they started working. This provided labour force for the development of heavy industry and *Chaebol.* This also helped to solve the problem of unemployment rate, as well as increasing the industrial development process. However, Taiwan had an intellectual base from the elite class who moved there from mainland. This provided the skills needed for economic development. Although conscription did help to create a huge labour force, it was mainly the intellectuals from mainland that helped the SMEs and projects to move as quick as they did. Conscription served as a building labour force process, and the Chaebol in South Korea and the intellectuals in Taiwan served as the driving force for their economic and industrial development. In terms of the role of conscription, the two countries worked in a similar way.

Education was highly valued in both countries. They were both influenced by Confucianism to place importance on pursuing knowledge. In Taiwan, reform in education began in the mid 60s, when compulsory education was extended from 6 years to 9 years. They also expanded vocational schools in order for people to train for specific jobs. They pushed for expansion in the science field in universities to increase the number of people that works in the science field. For example, the government set the ratio between science and technology and humanities as 11:9. However, the Confucius ideology kept more people in vocational schools because they want to continue pursuing knowledge. Although it gave people the incentive to study, it was not completely effective for the economic development. In South Korea, Confucianism also affected the country as much as it did in Taiwan. For example, compulsory primary education was introduced in 1950s, compulsory secondary education was introduced in the 1960s. Unlike other countries, teachers were valued highly in the society. This resulted in increasing the number of graduates to the second highest after USA in the 1980s. However, the intense push for industrialization led to lack of attention and investment on social policies. In the 1970s, South Korea faced a problem of lacking education facilities. Nevertheless, education helped to create a capable working class, just like conscription did. This is another source for the driving force that led both countries into their rapid economic development.

Both countries went under a period of heavy industrial development during the 1970s. In Taiwan, there were the ten national projects that consisted of 6 major transportation construction projects, a number of nuclear plants, as well as a shipyard, steel mill, and several petrochemical plants. The government funded at least 6 billion USD in these projects, which shows they were focused on having a strong heavy industry. This happened in just a few short years between 1974-78. In South Korea, there was the Big Push in 1973, which was a period when the government pushed for chemical and heavy industrialization. For Park, his intentions were to use hardware as their defense. They produced cars, trucks, ships, and most importantly silicon chips. They were the third biggest producer of these chips after USA and Japan. It lasted in South Korea from 1973 to the 80s. However, there are arguments that the highly productive force came from oppressing workers such as having longer hours and poorly paid. This resulted in a more productive country because the companies spent much less on labor than Japan did. Other than their heavy industry development, they also produced import substitution for themselves in order to maintain self-sufficient. For example, in Taiwan, one of the projects in the Ten National Projects was to produce import substitution to support the development of chemical and heavy industry. The developments of heavy industries boosted up their status on an international level. As I’ve mentioned before, Korea is known for their silicon chips production. Taiwan went from GNP of 170 USD per capita, between Zaire and Congo in 1962, to 27600 USD in 2005. This meant that the Human Development Index went up to equivalent to European countries such as Greece. The growth of heavy industry helped to boost the status and living standards in both countries, which is something similar about the way they develop.

There is a major difference in the ways the two countries developed; it was their size of companies. In Korea, the economic development was mainly supported by the development of *Chaebol*. Huge companies meant the unemployment rate was kept low because these companies require a vast amount of labour. They were connected to the government because they needed to borrow money from them as they only owned 8% of the bank. This means they could be easily controlled by the government on which direction they should develop. It made it easier for the state to maintain a stable and strong economy because of the *Chaebol*’s reliance. On the contrary, Taiwan had more small to medium enterprises (SMEs) that emerged during the land reform program. They were given more freedom and support from the government to attract foreign investments. They were encouraged with the aid of credit loans from banks and subsidies from the government. Other than that, there were many Japanese companies that moved in during the 1960s because the labour was cheap and there weren’t many environmental restrictions. The freedom for trading and investment increased their rate of growth. The government of South Korea and Taiwan adapted with the economic state of their countries and pushed for development with their own means. The differences between the two countries are the size of the companies, and how the approach of two governments used to push for economic development.

Land reform played an important role in Taiwan to create small to medium sized companies and entrepreneurs. It destroyed all the social class differences and encouraged equality in Taiwan. This could be considered as an accidental success because the government’s intentions were not to use it to create small to medium sized companies. At first, they were eager to enforce land reform because it was a promise by the GMD (Guomindong) before they took over Taiwan. They wanted to take this opportunity to take down the landlords, which was a threat towards the government because they were a class that could overthrow the government with their power. The poorer peasants had a thirst for this reform because the landlords oppressed them. Taiwan also recognized the importance of food source since they became an isolated island from China, also they want to become an independent country. These motives led to a stable food source, import substitutions, as well as creating small to medium sized companies.

It is fair to say Taiwan did better than South Korea during the 1997 East Asian financial crisis. Taiwan ranked last out of nine East Asian countries that compared the total fall in stock prices. South Korea was placed third on the same table. This means that South Korea was the third worst country from the disaster of this crisis. This tells us Taiwan had a more stable economy that didn’t depend on a few main support. For South Korea, they were too dependent on the government banks and the *Chaebol* as the support for their economic development.

South Korea was more devastated after the Korean War comparing to how Taiwan started when the mainlanders arrived. Both countries were not the in a good state, but Taiwan had the advantage of having infrastructure left by the Japanese. At the same time, South Korea could start from scratch because most of what they had were destroyed. Both country started with a strong incentive because both countries were controlled by various powers for a long time. They gained independence finally and could rebuild their country. The slight difference is Taiwan’s government were more interested to maintain in power. The protectionism and nationalism gave people the incentive to work hard. However, they were also influenced by Confucianism to be patriotic as well as pursuing knowledge. That’s partly the reason why education policies were enforced so well in both countries. Conscription and education prepared people with specific skills to work in their countries. The government their incentives provided a nurturing environment for both countries to prosper. However, the government of two countries had very different approaches. Park in South Korea purely wanted to build up their country militarily, while Taiwan’s government were more concerned about staying in power. This caused South Korea to grow in a narrow direction. The problems created by this policy were less efficient to Taiwan’s expansion in every aspect. The Taiwanese government didn’t have a motive as good as Park. However, their fear for losing power caused them to realize how important it was to have land reform. They were set out to destroy the landlords, in turn they created many small-medium sized companies not by intention. South Korea’s focus on the *Chaebol* caused them problems during the financial crisis. This shows that Taiwan’s economy is more stable than that of South Korea’s. we can see that these factors are linked in such a way that, the government and the people’s incentives created a nurturing environment for economic success. The role of education and conscription created a capable force to work towards the success. The government’s incentives and the Vietnam War increased the rate of economic development. However, the economic state of Taiwan is more stable than South Korea’s. The two countries are similar because they both started from a bad state. Education and conscription played a similar role as to create a driving force.The Vietnam War affected them in a similar way. However, Taiwan had more factors that gave led them to a rapid economic development such as land reform and development in every aspect.