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Aid and development in Taiwan, South Korea, and South Vietnam

Kevin Gray*

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Abstract

The aim of this paper is to explain the divergent developmental outcomes between South Korea, Taiwan, and South Vietnam. Whilst US aid has correctly been cited as key factor in explaining the rapid post-war development of South Korea and Taiwan, the ultimate failure to establish strong institutions in South Vietnam calls for a closer analysis of how differing historical and geopolitical factors explain the greater political stability and absorptive capacity of South Korea and Taiwan. In particular, divergent colonial legacies as well changing US policies towards land reform played a key role in the South Vietnamese state's failure to quell internal opposition.

Keywords: South Korea, Taiwan, South Vietnam, US aid, land reform, development
JEL classification: F35, O53, O19

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1 Introduction

Since the 1980s, a vast literature has emerged seeking to explain post-war East Asia's rapid economic development. The early protagonists in this debate were the neo-classical economists who emphasized the role of relatively free markets and market-friendly interventions (Balassa 1988; Westphal 1990), a position that was criticized by state institutionalists, who emphasized the visible hand of state intervention in facilitating industrialization (Amsden 1989; Johnson 1982; Wade 1990). According to this latter view, South Korea and Taiwan were uniquely endowed with autonomous state bureaucracies that were able to direct the provision of credit towards industries in accordance with national developmental goals. However, despite these differences over the relative roles of states and markets notwithstanding, there has been broader agreement that foreign aid, primarily from the United States, provided a necessary if not sufficient condition for economic growth. From a liberal perspective, former World Bank Chief Economist Anne O. Krueger viewed the role of US aid to South Korean growth somewhat narrowly as a crucial source of savings during the 1950s. Given the country's low domestic savings rates, aid flows in the 1950s were seen as necessary to allow for the economic growth and recovery that took place. Furthermore, the provision of aid allowed South Korea to embark on its export-oriented strategy in the 1960s with minimal foreign debt and a credit rating that enabled the country to tap into private international capital flows in the context of declining aid (Krueger 1979: 208-9). Developmental state theorists largely concur with this assessment, although tend to be more forthcoming about the broader range of impacts of US aid. In relation to the Taiwanese case, Robert Wade argues that in addition to stabilizing the country through supply of food and rehabilitation investment goods, US aid served to give confidence to local and foreign investors, financed land reform, dampened inflation and protected income distribution, facilitated technology transfer, strengthened state planning, enabled Taiwan to bolster its military defence, strengthened the role of the private sector, and eased the transition towards more liberal policies in the 1960s (Wade 1990: 82-3).

A further body of literature that has served to make explicit what was left implicit in the states and markets approaches: namely, that the provision of generous foreign aid, and indeed, the fortuitous conditions surrounding East Asian development more broadly, was the result of a unique geopolitical conjuncture (Cumings 1984; Wallerstein 1997; Arrighi 1996; Berger 2004; Gills 2000; Hersh 1993). As Gills (2000) has argued, a key stage in the shaping of the post-war East Asian capitalism was the deployment of American power in the aftermath of the Japanese surrender in 1945 in order to reconstruct the regional economy, and in the case of South Korea, Taiwan and South Vietnam, to construct new capitalist states through military occupations, interventions, and crucially, the provision of massive levels of US aid. The location of the East Asian states on the fault line of the Cold War led to a process of what Wallerstein has referred to as 'development by invitation' (Wallerstein 1979: 80). US aid was thus geopolitically central to this 'invitation' as it enabled the stabilization of East Asian political regimes and the laying of the institutional foundations for subsequent industrialization. As Cumings (1984: 25) puts it, 'Taiwan and [South Korea] were clearly part of the chosen few ... [They] had in the 1950s a rare breathing space, an incubation period allowed to few other peoples in the world'.

However, the failure of South Vietnamese development challenges such explanations since the level of military and economic aid actually exceeded that given to South Korea and

Taiwan. Total aid obligations for economic and military aid to South Korea, Taiwan and South Vietnam amounted US\$69.149 billion, US\$41.81 billion, and US\$115.686 billion respectively (in 2011 US dollars). These amounts account to 9 per cent, 6 per cent, and 27 per cent respectively of total US aid for the years between 1946 and 1975 (1954 and 1975 for South Vietnam). Between 1946 and 1975, South Korea and South Vietnam each received more US aid than the whole of Latin America and the Caribbean (US\$68.923 billion), with Taiwan receiving nearly two thirds of that amount. Even when economic aid is disaggregated from military aid, South Korean, Taiwanese and South Vietnamese receipts still account for 60 per cent, 28 per cent and 67 per cent respectively of total economic aid for Latin America and the Caribbean. Thus, US military and economic aid to South Vietnam actually exceeded that of South Korea and Taiwan, meaning that quantitative levels of aid in themselves do not explain developmental outcomes amongst the three cases.

The aim of this paper is, therefore, to situate the study of US aid to South Korea, Taiwan and South Vietnam within a broader consideration of their divergent colonial legacies, post-colonial state-society relations and geopolitical contexts. Whilst US aid did play a crucial role in the stabilization of the South Korean and Taiwanese states and in laying the foundations for subsequent export-led industrialization, the South Vietnamese state's comparative lack of absorptive capacity owes much to the country's colonial experience. In comparison to Japan's imperial project, French colonialism in Indochina bequeathed a weak fragile state that was incapable of establishing its authority either before or after decolonization in 1954. Post-colonial South Korea and Taiwan, on the other hand, possessed considerable state capacity and autonomy from their respective societies. US-sponsored land reform was also important in defusing rural tensions and shoring up the autonomy of the state. Furthermore, the US played a key role in encouraging the reintegration of South Korea and Taiwan into the Japan-centred regional economy. The failure of land reform in South Vietnam, on the other hand, compounded the state's weak presence in the countryside and fuelled the domestic insurgency. US aid to South Vietnam was thus focused on immediate goals of pacification and military aims rather than with longer-term developmental aims.

Before proceeding with the analysis, however, it is worth briefly considering an important methodological issue regarding the case study method. Whilst the case-study method frequently treats individual cases in isolation from each other, South Korea, Taiwan and South Vietnam were amongst the most important states in the Asian Cold War, and developments in one country unavoidably had profound impacts on the others, and on US hegemony more broadly. As such, a strictly national-comparative framework is insufficient. In elaborating his framework of 'incorporating comparison', Philip McMichael's (1990) has argued that rather than the notion of separate holistic national societies, a properly world-historical perspective conceptualizes 'instances' as distinct mutually-conditioning moments of a singular phenomenon posited as a self-forming whole. Comparable social phenomena are differentiated as outcomes or moments of a historically integrated process. This is in contrast to conventional comparison that treats such social phenomena as parallel cases, incorporating comparison analyzes a cumulative process through time- and space-differentiated instances of a historically singular process (McMichael 1990: 391-92). In this paper, the singular process under scrutiny is the general process of global uneven development under US hegemony in the post-war era. The focus is specifically on the use of economic and military aid by the US to achieve its Cold War aims in Asia and how these strategic goals led to widely divergent outcomes across space and time, namely the fact of South Korean and Taiwan industrialization alongside South Vietnam's developmental quagmire. It is important, however, to explicitly analyse the 'internal relations' between the cases and how they in turn

impacted on each other and back upon the global strategy of the US. Local level events such as the invasion of South Korea by the North in June 1950 led to a firm commitment on the part of the US to provide broader support to its anti-communist allies in the Asian region. Furthermore, as will be argued, South Vietnam's developmental failure paradoxically served as a moment of opportunity for South Korea and Taiwan as they became key sites for military procurement.

2 External threats and US aid

The cases of South Korea, Taiwan, and South Vietnam immediately serve as a reminder against taking the notion of the 'holistic society' for granted. Their very existence as political regimes owed to the immediate conjuncture of the post-war era and the geopolitical strategies of the Western powers, and above all, that of the United States. The division of Korea at the 38th parallel in 1945, the Kuomintang (KMT) retreat to the island of Taiwan in 1949, and the division of Vietnam through the Geneva Conference of 1954 all created new *de facto* states where none had existed before. All three were all faced with significant external threats to their existence in the form of alternative communist regimes competing for legitimacy and with the stated aim of national reunification. Theoretically, external threats can serve to discourage domestic investment, particularly by foreign investors or can direct investment towards inventory accumulation rather than towards plant and equipment. Furthermore, military build up can not only cause a drain on manpower from more productive areas of the economy but can create a government deficit which is often overcome through printing money, thereby causing inflation (Dacy 1986: 243). South Korea, Taiwan and South Vietnam, however, were also faced with specific challenges associated with national division, which had further negative impacts on economic stabilization and growth.

The division of the Korean peninsula in 1945 led to the South's loss of the country's heavy industry base, major coal deposits, and almost all of the country's power generating capacity, all of which were largely located in the North. The abrupt departure of Japanese managers and technicians also had a negative impact on industrial production. Furthermore, high inflation meant that by 1946 food prices had risen a hundredfold compared to their pre-war level (Cole and Lyman 1971: 18). In addition to the threat posed by the North, South Korea also experienced sustained internal insurrection in the form of the Cheju and Yösun rebellions in 1948. Korea also experienced widespread destruction as a result of the fratricidal civil war of 1950-53, which devastated the economy and physically spared only a small segment of the southeast, which was overwhelmed with refugees. The state was unable to either feed its people or provide them with basic necessities, and indeed, the standard of living dropped to below World War II levels and was not to equal them until 1957. Urban degradation and the 'spring hunger' of the countryside became the pattern rather than the exception (Steinberg 1985: 18).

Whilst the US supplied 99 per cent of total aid provided to South Korea (Chung 2007: 308), it was distributed under a variety of American and multilateral bodies. Following decolonization in 1945, aid was disbursed by the Government Appropriation for Relief in Occupied Areas (GARIOA), which was administered by the US Military Government in Korea (USAMGIK) until the establishment of the Republic of Korea in August 1948. Thenceforth, the responsibilities of administering aid shifted to the Economic Cooperation Administration (ECA), which continued the GARIOA-type programmes, concentrating on the supply of commodities. Following the outbreak of war in 1953, responsibility for aid

administration shifted from the ECA to multilateral United Nations Korea Reconstruction Agency (UNKRA). However, due to logistical difficulties in administering aid in a state of war, the US-led United Nations Command (UNC) blocked the activities of UNKRA. In reality, aid during the war was administered through the UNC's Civil Relief in Korea (CRIK), which provided more than half of all assistance by 1951. In 1952 and 1953, CRIK was the dominant source of aid, with UNKRA only playing a significant role following the end of the war (Krueger 1979: 24-5).

The initial objective of the aid programme was economic stabilization. This was to be achieved through balance of payments support via a Commodity Import Programme (CIP). The CIP facilitated the import of basic consumer goods, specifically food, coal, oil and textiles, as well as agricultural commodities and fertilizer. In the early years of the programme, around 90 per cent of aid consisted of commodity imports in finished form, which could be distributed without further processing. By 1948, however, the emphasis shifted towards goods that would increase production capacity (Krueger 1979: 13-4). South Korea had by that time made some genuine economic progress, and the aid programme shifted towards a focus on reconstruction. In 1949, the ECA drew up a three year reconstruction plan and submitted it to Congress. However, considerable scepticism in Washington that the country was capable of self-sufficiency led to delays in the approval of the plans (Krueger 1979: 15-6). Furthermore, the outbreak of war in June 1950 reversed any progress in economic development made since independence. Following the end of the war in 1953, the aid programme resumed its focus on reconstruction until the late 1950s. Aid was also provided under the Food for Peace programme (PL 480), which amounted to 9 per cent of the domestic crop (Wiegersma and Medley 2000: 48). This programme was established in 1954 under the Eisenhower administration and sought to facilitate the provision of US agricultural surplus as aid to food deficient recipient countries, who were allowed to pay for imports in their own currencies. In doing so, the US was able to combine aid motives with that of disposing of the 'embarrassing' farm surpluses that had accumulated under the US agricultural price support programme (Jacoby 1966: 42-3). By the late 1950s, there was also a marked shift in the form of aid provided by the US to South Korea. Whereas for most of the 1950s US aid had taken the form of outright grants, in 1958 a small number of loans-in-aid were introduced, and by 1960, US aid was predominantly in the form of loans (Chung 2007: 309).

The aid programme to South Korea was largely successful in terms of preventing mass starvation and disease through the provision of basic consumer goods and the stimulation of agricultural production. To what extent did the aid programme establish the basis for South Korea's subsequent development? Certainly, the evidence is mixed. The government's privatization of colonial government property under US pressure strengthened the nascent capitalist class. However, the transfer of these assets occurred on the basis of political acquaintances, resulting in a close but highly corrupt relationship between state and businesses in which political contributions were given in response to provision of foreign exchange and import licenses (Cheng 1990: 146-51). Furthermore, the import substitution industrialization (ISI) programme under Syngman Rhee experienced severe economic difficulties. Inflation remained high, and the currency was overvalued. The need for large quantities of chemical fertilizers exacerbated the shortage of foreign exchange. It was these economic problems combined with increasing political weakness of the incumbent government that led to the student revolution of April 1960 and the downfall of the Rhee regime (Stubbs 2005: 106-7).

Significant friction existed between Rhee and US aid officials as a result of Rhee's aversion to economic liberalization and the re-establishment of South Korea's dependency vis-à-vis Japan. Rhee was able to exploit the contradiction in US policymakers' preference for both strengthening South Korea as an anti-communist 'forward defence' state and liberalizing the country's domestic economy through deploying threats of a renewed northern invasion and re-ignition of the Korean War (Woo 1991: 47-8). Rhee was able to resist US concerns over inflation and demands for bank privatization until 1957, and in any case, most of the liberalization measures imposed on Rhee were reversed by the military coup leaders in the early 1960s. Thus, Rhee concentrated on state-building over stable economic development. He insisted on the building of factories through ISI policies aimed to turn South Korea into an overnight Japan instead of a neo-colonial hinterland. Serious economic problems notwithstanding, the ISI era did witness a rapid growth in the manufacturing sector. Exports contributed 5.1 per cent to manufacturing whereas ISI accounted for 24.5 per cent. The annual average growth rate for industry in the 1950s was 10 per cent, compared to 2.5 per cent for the primary sector and 3.9 per cent for the service sector. Rhee had thus succeeded in channelling US project aid predominantly into manufacturing, transportation and electric power (Woo 1991: 49-59). Furthermore, the provision of aid was instrumental in bolstering agglomerations of private industrial capital, but more importantly, strengthened the conditions for capital accumulation and industrialization through infrastructural and agricultural development (Hamilton 1983: 53).

Following the Kuomintang (KMT) retreat in the late 1940s, the situation on Taiwan was similarly bleak. The sudden influx of between one and two million refugees from the mainland to an existing population of six million exacerbated shortages of food, shelter, and the basic necessities of living (Gold 1986: 54-5). Heavy military spending created huge deficits in the KMT's budget and price inflation appeared to be on the verge of repeating the events that had contributed to the KMT's defeat in the civil war. Despite efforts to isolate Taiwan from the deteriorating conditions on the mainland, the Taipei wholesale price index rose by 260 per cent in 1946, 360 per cent in 1947, 520 per cent in 1948, and 3,500 per cent in 1949. The KMT also lost around US\$90 million in gold and convertible currencies thus reducing its foreign exchange to below a minimum operating level (Jacoby 1966: 30; Ho 1978: 104). Furthermore, in addition to the external threat of a hostile adversary across the Taiwan straits, the mainlander KMT also faced internal rebellion in the form of an island-wide uprising in February 1947.

The KMT had received generous support from the US during the war against Japan and the Chinese civil war, but corruption within the KMT and its ultimate loss of the mainland led the Truman administration cut its aid to the KMT, thereby signalling its intention to abandon Taiwan to the advancing Chinese Communist forces (Roy 2003: 108-110). However, as a caution against the conventional comparative approach of treating South Korean and Taiwan as discrete parallel cases, it was the outbreak of war in Korea that secured Taiwan's existence as a separate political regime through facilitating a rapid reorientation of US policy back towards support of the KMT regime on Taiwan. This turn of events came at an opportune time, given the KMT's critical economic and financial position. Aid in the first instance was thus aimed at achieving stabilization, meeting the basic needs of the population, and tackling price inflation (Jacoby 1966: 29-30). Nearly three quarters of total aid to Taiwan was non-project in nature, supplied through a large CIP. In addition to basic daily necessities such as food and clothing, the CIP also provided for the urgent need on the part of Taiwan's farms and factories for fertilizer, petroleum, cotton and other industrial materials. It also involved the import of 'non-project capital equipment' to replace, modernize or expand existing plants

or build new ones. As in South Korea, the latter part of the 1950s saw increased amounts of US aid provided under the PL 480 programme, amounting to around 24 per cent of all aid obligations to Taiwan. The percentage of non-project aid to Taiwan fell from 83.6 per cent in 1951 to a low of 55.5 per cent by 1959, marking the high point of project commitments (Jacoby 1966: 42-5). This reflected both changing needs as a result of the ongoing recovery of the Taiwanese economy as well as shifts in the broader priorities and objectives of the US government surrounding the provision of aid. There was also a shift in consensus both inside and outside Congress that economic and social development should be a priority of US assistance programmes alongside more emphasis on private enterprise (Jacoby 1966: 34). Projects funded by the US aid included, for example, those included in the KMT's Second Four Year Plan (1957-60), which placed particular emphasis on projects such as the Shihmen Reservoir, tidal land reclamation, vocational assistance for retired servicemen, and public housing (Gold 1986: 69-70).

US aid to Taiwan was administered through two key institutions: the Economic Stabilization Board (ESB) and the Council on US Aid (CUSA). The ESB, established in March 1951, oversaw the utilization of US aid to meet Taiwan's import needs with the broader aim of tackling inflation. The ESB also contained an Industrial Development Commission, which was responsible for overseeing the implementation of the economic plans that began the same year (Gold 1986: 68). By the mid-1950s, however, inflation subsided and as the objective of economic development gained more prominence, the administration of the US aid programme passed to CUSA and the Joint Commission on Rural Reconstruction (JCRR). Established on the mainland in 1948, CUSA was an inter-Ministerial council tasked with administering the economic assistance through the selection of aid projects, the procurement and allocation of aid commodity imports, the utilization of the sale of imports in the Local Currency Programme, the supervision of aid projects, and liaison with the US AID mission (Jacoby 1966: 60-1). Enjoying a degree of financial independence, and not being rested within any particular ministry, CUSA maintained a degree of autonomy that comparable bodies in other recipient nations lacked. It was thus relatively free of the manipulation, corruption and red tape that plagued aid programmes elsewhere (Gold 1986: 69).

Such institutions were not, however, free from the influence of US policymakers. Dependence on US aid gave American policymakers *de facto* veto over the KMT's economic policies. Indeed, the KMT appears more broadly to have been much more closely aligned with the objectives of US aid officials than Syngman Rhee's South Korea or, as we shall see, Ngô Đình Diệm's South Vietnam, both of whom were able to exploit the contradictions in US objectives for their own goals. The KMT was even more compliant compared to its experience on the mainland, which was notorious for the manner in which it was able to bend US will to provide aid with few strings attached through threatening to abandon the war effort and make a separate peace with Japan. This closer alignment between US aid bureaucrats and the KMT has commonly been explained with reference to the KMT's 'turning over a new leaf' upon its arrival on Taiwan. It should be recognized, however, that apart from the US aid bureaucracy on Taiwan there was little commitment within the US for continued support for the KMT regime. The US military, for example, rhetorically favoured a politically stable and pro-American regime on the island, but was initially unwilling to commit any resources to such a goal. US Secretary of State Dean Acheson sought to balance limited support for Taiwan against the aim of establishing diplomatic relations with the new regime on the mainland. Amidst this general ambivalence towards the KMT regime on Taiwan, the US aid administration was the only entity willing to provide resources to the KMT, and whilst aid bureaucrats demanded a high price in terms of reform, the KMT had

little choice but to comply (Barrett 1988: 130-33). US aid bureaucrats were thus able to exert a crucial influence on the KMT's policymaking in the early years of its rule on Taiwan.

US aid made a crucial contribution to Taiwan's post-war development. It kept military spending down, financed internal and external deficits, built up infrastructure, human services, agriculture, and the public sector (Wiegersma and Medley 2000: 47-8). It was central to stabilizing the economy through keeping inflation induced by high military spending under control. Aid also prevented the poor harvests and heightened spending resulting from the geopolitical crises of 1955-56 and 1959-60 from having an overly negative impact on the economy. It was also used to fill gaps in foreign exchange thereby permitting a higher rate of economic growth and fully utilization of other factors in the economy. Between 1951 and the termination of economy aid in 1965, US economic aid had financed nearly 80 per cent of Taiwan's import surplus (Ho 1978: 112-15). As such, the US aid programme was central to supplying the inputs and financial resources for Taiwan's import-substitution programme. The US also supported measures by the KMT to raise tariffs and quotas, and thereby allowed Taiwan to achieve basic goods capacity, the provision of employment, income and consumer goods (Wiegersma and Medley 2000: 53). Furthermore, US aid pressured the KMT to encourage the growth of the private sector. In the late 1940s, Governor-General Chen Yi had sought to impose an economic model of state socialism which involved government-controlled monopolies of over 90 per cent of the economy, leaving the local Taiwanese community largely excluded (Roy 2003: 60-7). The US aid community, however, was strongly committed to the growth of the private sector, and without the influence and active intervention by US aid bureaucrats it is unlikely that the private sector would have become the primary source of economic growth (Ho 1978: 117). US aid thus provided much of the capital with which the KMT was able to nurture the growth of a private capitalist class. The state promoted capitalists in key sectors such as cotton textiles and flour milling, and supplied venture capital through the Small Industry Loan Fund and Model Factory Program. In short, this supply of capital unleashed a productive boon on the island. Infant industries were protected through multiple exchange rates, tariffs, and import restrictions, making Taiwan's ISI programme extraordinarily successful (Gold 1986: 72).

South Vietnam faced a similarly precarious economic situation following the Geneva Accords in 1954. The newly established government was confronted with a number of serious challenges, including the task of resettling around 900,000 refugees from the North who were permitted under the Geneva Accords to migrate freely. Problems also arose as a result of the withdrawal of French forces, technicians and aid, and the country suffered from low agricultural productivity and a lack of any significant colonial legacy in terms of industrial development (Dacy 1986: 2). The task of establishing central authority for the newly independent state was a daunting one. In sharp contrast to the relatively strong states of South Korea and Taiwan, South Vietnam was a profoundly fragmented society that barely recognized central authority. The Mekong Delta was dominated by armed religious sects, Saigon was controlled by a crime syndicate, and the Việt Minh, who had led the anti-colonial struggle against the French, retained considerable influence in the countryside (Lawrence 2008: 55).

The US aid programme to South Vietnam was again initially focused on the stabilization of the economy. A key task facing the newly established state in South Vietnam was the refugee crisis caused by the partition of the country. The US aid mission in South Vietnam, the United States Operations Mission (USOM), financed the settlement of the refugees in

temporary villages in the delta region, thereby preventing the refugee crisis from having a negative impact on the economy (Dacy 1986: 2-3). As in South Korea and Taiwan, the most important component of the aid programme was the CIP, in which dollars were provided to finance the important US-manufactured commodities. South Vietnam also received large amounts of PL 480 food aid. Project aid was primarily in the form of 'technical assistance' in the form of US advisors (Dacy 1986: 194-7).

In the early years of the aid effort, South Vietnam appears to be making some progress. Such sentiment was captured in Life Magazine's feature on Ngô Đình Diệm as the 'Tough Miracle Man of Vietnam', and American policymakers were encouraged as US aid seemed to be having the desired impacts and had even enabled the country to achieve an appearance of prosperity. However, serious economic problems underlay this facade of progress. The provision of aid was not used to import industrial machinery or raw materials that may have laid the basis for long term economic growth, but were used to acquire consumer items such as refrigerators and motorbikes. The image of middle class prosperity in the cities was underpinned by an unsustainable dependence on US aid to maintain a standard of living wildly out of line with the country's actual productive capacity (Lawrence 2008: 59-60). Aid was also supplied to fund projects in accordance with the state's first five year plan, but the plan included a number of inappropriate projects including the construction of a large power plant at Da Nhim in central South Vietnam and the rebuilding of South Vietnam's part of the Trans-Indochina Railway, which ran parallel to the coastal shipping lanes. For the most part, there was little progress in developing and implementing an industrial strategy for South Vietnam, although more progress was made in the building of infrastructure (Dacy 1986: 3-6).

More significantly, and in contrast to South Korea and Taiwan, South Vietnam was faced with a powerful domestic insurgency. As the insurgency intensified, the emphasis of the aid programme shifted from stabilization to pacification. US aid advisors were increasingly sent to serve in field operations and funds were diverted from the CIP to pacification efforts, such as the building of 'strategic hamlets' to be discussed below. However, the intensification of the war effort led to the emergence of a serious inflation problem, and following Diệm's disposal in 1963, heightened political instability led to an end to economic policymaking altogether. Furthermore, the aid-dependent war economy ultimately collapsed as a result of a shift in US policy towards 'Vietnamization' of the war in the early 1970s (Dacy 1986: 8-10). Thus, whilst the security threat posed by the North Vietnamese state and the National Liberation Front certainly secured massive financial resources from the US, the sheer strength of the insurgency impeded attempts to lay the basis for economic growth.

3 From fragile to developmental states

As can be seen, US aid was central to achieving stability in post-colonial South Korea and Taiwan. The case of South Vietnam, however, suggests that US aid was a necessary but not sufficient condition for stabilization and laying the foundations for economic growth. What then accounts for the greater absorptive capacity possessed by South Korea and Taiwan? The answer to this question is closely related to ongoing debates surrounding the emergence more broadly of the 'developmental state' (Amsden 1989; Johnson 1982; Wade 1992). Much of the literature on developmental states focuses on the specific policy tools used to facilitate late development, such as the channelling of credit towards burgeoning 'national champions' in line with economic plans established by autonomous bureaucracies. Yet, from a comparative

perspective, a prior question is how such states came to be endowed with the capacity to adopt such policies and were thereby able to avoid being captured by particularistic interests opposed to rapid catch-up development. This denotes a particular kind of relationship between state and society, one that Peter Evans has referred to as 'embedded autonomy', where the bureaucracy is composed of an autonomous technocratically competent, meritocratically determined staff (Evans 1995: 12).

Central to the emergence of this *developmental* state-society relationship was their distinctive experiences of colonialism. As noted above, the incorporating comparison method seeks to explore divergent developmental outcomes with reference to the spatial and temporal specificities of the units themselves. In contrast to Vietnam, the incorporation of Korea and Taiwan into the Japanese colonial project led to comparatively well-developed colonial bureaucracies and levels of infrastructural, agricultural and industrial development under colonial auspices. This developmental orientation was by no means a result of any higher moral standards underpinning Japanese imperialism but rather a result of the spatial and temporal specificities of the colonial project itself. As Bruce Cumings has argued, Japan's colonialism was seen by the country's leaders as a defensive project in the context of the encroachment of Western powers into Asia. The formal colonization of Korea and Taiwan was justified in terms of Japan's resource scarcity and geopolitical vulnerability. The 'lateness' of Japanese colonialism in comparison to its Western counterparts thus resulted in a heightened sense of urgency in which Japan's carving out of its own sphere of influence in Northeast Asia was seen as vital to the country's survival as an independent nation. Furthermore, the fact that Korea and Taiwan were both contiguous territories enabled Japan to invest more heavily in its colonies, bringing industry to the labour and raw materials rather than vice versa. Geographical proximity also facilitated the settling of migrants from Japan who staffed the large colonial bureaucracies (Cumings 1984: 7-11).

Initially, the primary function of the colonies within this broader regional division of labour was to supply the food import needs of Japan. Japan initially imposed a trade relationship on Taiwan whereby primary commodities, mainly sugar and rice, were exchanged for manufactured goods from Japan. However, the colonial government actively sought to increase agricultural production and tax revenues. The ability of the colonial state to collect taxes was bolstered by a cadastral land survey in 1901 followed by a land reform in 1905, whereby absentee landlords were dispossessed and cultivators, who themselves often took on tenants, were given title to the land and held responsible for paying tax based on estimates of land productivity. The colonial state also sought to increase production by introducing new technologies and seeds (Gold 1988: 105). The process was much the same in Korea, where the Japanese strengthened the state's bureaucratic capacity and boosted agricultural production through improvements in irrigation, drainage, and reclamation of arable land and spreading the use of improved seeds and fertilizer. This improvements did not, however, lead to rises in food consumption since the bulk of the increased production was exported to Japan (Kohli 1994: 1278). Taiwanese agriculture was, on the whole, more productive whereas Korea experienced frequent rebellions and guerrilla movements as well as large population shifts from the land. The consequence of the reduced social turmoil under colonialism was that Taiwan's nationalist impulse was considerably weaker than that of Korea's (Cumings 1984: 11-12). Nonetheless, colonialism brought a weakening of the tradition dominance of the landowner class in both colonies. It robbed the landlords of much of their political power, appropriated large portions of their material base and caused them, particularly in Korea, to be tarred with the collaborationist brush (Hamilton 1983: 40).

In the early years, industrialization was limited to the infrastructure and industries needed to extract agricultural surpluses. Taiwan, for example, saw the rapid development of rail and sea freight capabilities and the expansion of factories engaged in food processing. It was not until the mid-1930s that the island saw broader development of textiles, metal and chemical industries (Ho 1978: 71-4). Korea, however, saw relatively greater levels of industrialization, being closer as it was to the frontline of the Sino-Japanese war, and thus a site for wartime production (Cumings 1984: 11-15). The 1920s saw investments in raw materials processing, mining, iron, steel, hydroelectric power and shipbuilding, and in the following decade, saw an annual industrial growth rate of 15 per cent, including significant growth in heavy industries, especially in chemicals (Kohli 1994: 1280). Although in both colonies industry remained largely in the hands of the Japanese, the colonial era saw the emergence of a native capitalist class that would, particularly in South Korea, play an important role in post-war industrialization (Eckert 1991; Gold 1988: 109-16).

Perhaps most important, however, in terms of understanding how the colonial experience shaped the developmental state was the process of the building of the colonial state's bureaucratic capacity. In South Korea, the size of the colonial bureaucracy and extent of its penetration was unique. In 1910, there were around 10,000 officials in the colonial government, a figure which rose to 87,552 by 1937. Around half of these officials were Japanese, and thus, the presence of Korean bureaucrats trained and employed by the Japanese was large. Nearly 40,000 Koreans qualified as government officials just before the Second World War. Whilst most of them did not occupy senior positions, they were an integral part of the government, and it was these officials who took over the day to day running of the state following independence (Kohli 1994: 1273). Though the colonial state in Taiwan was smaller by virtue of the less important role played industry and the relative acquiescence of the Taiwanese population, in 1945 there were 46,944 Taiwanese civil servants working at the lower levels of the colonial bureaucracy (Wang 2002: 67; Tsai 2006: 114-15). As in South Korea, the colonial state was preserved nearly intact in Taiwan following the defeat of the Japanese. In many cases, Japanese personnel remained well into 1946, training Taiwanese replacements. Native bureaucrats who had served in the colonial administration continued in office. Thus, when the KMT took over, they added a powerful military component that gave the state even more autonomy from society (Cumings 1984: 22). As such, colonial state-building under Japanese auspices was crucial in terms of bolstering military and police forms of control and in strengthening the developmental capacities of the post-colonial state.

The role of the US is central, however, in understanding how the colonial states survived more or less intact through to the post-colonial era. Following decolonization, the South Korean and Taiwanese states were faced with widespread domestic resistance to their rule. Following their arrival on the southern half of the Korean peninsula in September 1945, US forces were confronted with newly-formed alternative structures of governance that had emerged following the surrender of the Japanese. The national-level Committee for the Preparation of Korean Independence was underpinned by a network of regional and local committees that sought to ensure peace, organize punishment of Japanese collaborators, as well as to ensure continuity in factory production and food distribution. The fact that they were often headed by communists and other leftists provoke US hostility (Hart-Landsberg 1993: 119), and the occupying US forces sought to revive the basic structures of the colonial state more or less as they were whilst repressing the spontaneous forms of governance. The bureaucracy, the military, and the police of South Korea were all essentially colonial creations and continued to be key sources of repressive stability (Cumings 1981: 151-69). The nucleus of the future Republic of Korea Army, over which the US would retain operative command,

was staffed with Japanese-trained officers. These repressive forces were immediately unleashed against a rebellion that spread across the South in 1948, initially sparked by protests against police terror on Cheju island. Just as under the Japanese, tens of thousands of protestors were gaoled and many more were sent to 'guidance camps' for anti-Communist re-education.

In Taiwan, whilst there was no immediate societal upsurge following the departure of the Japanese, the KMT's widespread corruption, nepotism and arrogance rapidly led to the alienation of the local Taiwanese population. This animosity culminated in the 28 February incident in 1947 when protests against KMT rule led to the massacre of tens of thousands of local Taiwanese. The killing was, however, not indiscriminate, and was directed towards the social bases of potential resistance to mainlander rule on Taiwan, such as the Taiwanese intellectuals and upper and middle classes, thereby eliminating the likelihood of further resistance to KMT rule during the immediate post-war decades. This harsh repression thereby laid the basis for the autonomy of the post-war developmental state. It was followed by the promulgation of martial law, which proscribed the existence of an independent press and opposition political parties. Whilst the KMT inherited many of the colonial mechanisms of social and political control in Taiwan (Gold 1988: 116-17), state autonomy was also institutionalized through the organizational structure of the KMT itself. Through the KMT's Leninist party structure, key social groups were integrated into the party in corporatist fashion (Haggard 1990: 81). Though the direct role of the US in establishing the autonomy of the post-colonial state in Taiwan was more muted, the defence of the island from the advancing communist forces in 1950 was a key moment which largely determined the survival of the regime.

Central to the transition from the 'fragile state' of the late 1940s to the autonomous developmental state was the process of land reform carried out under US auspices in both South Korea and Taiwan. The first stage of land reform in South Korea was carried out by USAMGIK following the Japanese surrender. The Japanese had been significant landowners in Korea, and these former Japanese-owned lands were distributed to tenants, amounting to around 14 per cent of total farmland. A 'land to the tiller' reform act was passed in 1949, but the landlord influence in the Syngman Rhee government led to resistance to further reform. It was the only Korean War and the manifest popularity of land reform both in the North and occupied areas of the South that further weakened the hold of the landowner class and led Rhee to relent to US pressure. Land reform was highly significant for South Korea's subsequent development. Combined with US food aid and the government's food pricing policy, it helped to keep down food costs and thereby wages for workers, which in turned aided industrialization. US aid also established the National Agricultural Cooperative Federation, which controlled marketing, credit, inputs, adoption of new technologies, the distribution of fertilizer, and the pricing of staple agricultural goods (Wiegersma and Medley 2000: 43-5).

The land reform in Taiwan, overseen by the Sino-American Joint Commission on Rural Reconstruction, took place in three stages: the first was the 'confiscation of enemy property', in which Japanese properties were seized, totalling to an amount of 20 per cent of arable land. The second stage involved the imposition of rent reductions, in which rents were limited to 37.5 per cent of the value of the major crop. The third and final stage of the reform was the 'land to the tiller' stage in which an additional 16 per cent of all arable lands were expropriated and subject to compulsory sale (Wiegersma and Medley 2000: 39-40). As in South Korea, the land reform played a key role in establishing an agricultural base for

subsequent industrialization, as rising agricultural productivity provided a subsequent source of rapid labour transfers into industry as well as a significant source of domestic savings. Furthermore, agricultural and processed agricultural goods provided a key source of foreign exchange during the 1950s, helping to finance the initial capital and raw material imports required by the growing industrial sector (Ho 1978: 106). The land reform's success owed much to contingent factors. Both the US and the KMT were mindful of the 'loss of China', and particularly, the KMT's failure to carry out land reform there due to the party's social basis in the landowner class. However, the fact that the KMT had few linkages with Taiwanese society meant that land reform was politically easier to accomplish, and resistance from landowners was tempered by the harsh repression of 1946-47 (Gold 1986: 64-7). The KMT also provided generous compensation, which itself facilitated a transfer of wealth to the private industrial sector thereby stimulating development (Jacoby 1966: 109-10).

With the elimination of the traditionally powerful landowner classes, these crucial US interventions were instrumental establishing the autonomy between state and society that would underpin subsequent development. The land reforms that meant that economic development in South Korea and Taiwan was relatively equitable, particularly in comparison to Latin American (Kay 2002). Furthermore, land reform served to remove the threat of socialist revolution in the countryside, and thereby, eliminated the last issue on which left could have hoped to achieve substantive rural support.

4 South Vietnam and the anti-developmental state

If South Korea and Taiwan were cases of 'developmental colonialism', Vietnam was a case of 'colonization without development or modernity' (Cumings 1999: 82). French colonialism in Vietnam was a more 'typical' example of Western imperialism in that it was primarily concerned with facilitating the extraction of Vietnam's agro-mineral resources with the aim of exploiting differences between the costs of acquisition and the prices that could be obtained on the world market. Only a small colonial bureaucracy was required and there was little need for the provision of long-term political and social security or intervention in land and labour policies. 'Developmental efforts' were limited to infrastructural projects that were exclusively aimed at facilitating the movement of commodities to the market (Murray 1980: 35-6). Such efforts included the building of a land and water transportation network to link the interior regions to the ports at Saigon and elsewhere, including a 77 km railway connecting Saigon with the Mekong delta's network of rivers built between 1881 and 1886 (Murray 1980: 169). Nonetheless, the small size of the colonial bureaucracy is striking. Vietnam was ruled with some 3,000 French officials, whereas in the similarly sized colony of Korea was ruled by 87,552 officials, of around half of whom were Japanese. Thus, for every French official in Vietnam, there were around 15 Japanese officials in the Korean bureaucracy (Eckert et al. 1991: 257).

The weak colonial state in Vietnam meant that there was nothing like the degree of penetration that the Japanese had achieved in its colonies, and thus Vietnamese villages lay largely outside the purview of the state. Collaborators were bought off with large land grants, but there were no attempts to rationalize land arrangements or the development of agriculture as there had been in Japan's colonies. Neither did the French establish an education system that provided anything more than an elite-centred education (producing such figures as the French protégé Bảo Đại). French colonialism bequeathed little in the way of administrative or industrial skills that could be deployed in post-colonial South Vietnam (Cumings 1999: 83-

4). Furthermore, following independence, *Diệm* made few attempts to reform the South Vietnamese state and instead worked within the inherited structure. This failure of state building was also compounded by the fact that the US did not appear to appreciate the extent of Saigon's administrative and political weakness and that the South Vietnamese state was primarily an urban-oriented government with only a minimal presence in the countryside (Brown 1991: 219).

This South Vietnamese state was also weakened by the failure to carry out genuine land reform along the lines seen in South Korea and Taiwan. Inequality in land ownership was central to the domestic insurgency that inhibited development in the country. In the early 1960s, only 23 per cent of farming families in parts of the Mekong Delta under the control of the government owned all the land on which they worked, and more than seven farming families out of ten were substantially dependent on tenant farming. This figure gave the Mekong Delta one of the five highest rates of landlessness in the world (along with Java, north-eastern Brazil, West Bengal and the contiguous parts of India, and the Huk country of Central Luzon), equalling or exceeding that of pre-revolutionary China, Russia and Cuba. Similarly high rates of landlessness existed for Vietnam's Central Lowlands (Prosterman 1970: 752-53). Land thus became central to the platform of both the *Việt Minh* and later the National Liberation Front (NLF). The *Việt Minh*'s land policies and broader anti-colonial nationalism had been central to generating rural support in their struggle against the French. In *Việt Minh*-controlled areas, strict limitations were placed on rent and interest rates, and communal lands, lands held by the French, and the land of 'traitors' were confiscated and given to poorer peasants (Prosterman 1970: 754). Attempts by the *Diệm* government to resolve the land issue on the other hand were half-hearted. In October 1956, *Diệm* adopted a law, known as Ordinance 57, which sought to regulate relations between landlord and tenant. The actual impact of the law, however, was to restore the landlord-tenant relationship for hundreds of thousands of families in formerly *Việt Minh*-controlled areas. The law contained mild provisions for the acquisition and distribution of large holdings, whilst allowing for retention of holdings of over 100 hectares. This limit was at least 30 times greater than the retention limits in the South Korean and Taiwanese programmes. The programme came to an end in 1961, having only benefitted around one in ten families (Prosterman 1970: 755).

The failure of the land reform owes to a number of internal and external factors. Whilst *Diệm* himself was not a big landowner, much of his support base lay in the professionals and officials of landowning families who occupied important positions from the national offices down to the provincial and village level. As a result, those who would be in charge of applying land reforms would also be the people most likely to be hurt by them (Wiegiersma and Medley 2000: 79). The structure of the economy also strengthened the resistance of elites to land reform. In contrast to the more diversified economies of South Korea and Taiwan, South Vietnam was heavily dependent on the cultivation and export of rice. Pro-US elites thus were concerned that their economic wellbeing would be threatened if land reform encouraged peasants to consume rice that had formerly been exported (Wiegiersma 1988: 175-77). US aid officials also did not place great emphasis on land-based grievances and were unwilling to acknowledge the success of the NLF land programme in bringing social and economic benefits to millions of peasants. Instead, they preferred technical or bureaucratic solutions to the problem of rural unrest (Sansom 1970: 229-36). Such attitudes coincided with broader changes in US aid policy. The South Korean and Taiwanese land reforms took place when New Deal principles focused on the provision of economic wellbeing for the lower classes were still dominant in US aid policy. The transition from the Truman to the Eisenhower administration, however, led to a shift in emphasis towards

establishing security for existing elites, an emphasis that continued under Kennedy's Alliance for Progress (Wiegersma and Medley 2000: 17-24).

The Diệm government thus focused on pacifying rural areas and consolidating state capacity in ways that would not challenge the power based of the landowner class. For example, he launched a 'Civic Action Campaign', which involved a cadre programme in which pro-government individuals would live in the villages and promote support of the South Vietnamese government. However, many of these individuals were Catholic zealots from central and northern Vietnam, whose vast cultural differences worked against their integration into the local communities thereby undermining the programme's rationale. Corruption and a vigorous anti-communist campaigns, far from 'winning hearts and minds', led to the mistreatment of innocent people and provoked further animosity towards the regime (Brown 1991: 215-16).

As the insurgency intensified during the early 1960s, Diệm adopted a draconian programme of control over the population through forcible relocation of peasant families into so-called 'strategic hamlets'. Based on British experiences of counter-insurgency in Malaya, the aim was to establish an identifiable front line between communist forces and the wider population. The programme reflected Saigon's belief that most villagers only provided material support to the NLF demands out of fear and not out of sympathy with their cause. Strategic hamlets would thus represent safe havens in which peasants could escape the hold of the NLF, and in the process, nurture a previously non-existent communal solidarity and national consciousness. The hamlets would have their own citizens' militia more suited to NLF's guerrilla warfare thereby reducing the role of the regular army and provincial forces. From the perspective of the US, this would theoretically also reduce overall levels of military aid to South Vietnam (Catton 1999: 928-30). However, the programme was nothing short of a disaster. In March 1962, USAID provided US\$300,000 for the hamlet programme in Bình Dương province, which provided around US\$21 per compensation family for their property losses and paid to equip civic action teams with medicine, fertilizer, farming implements and ID cards. However, only 70 families relocated voluntarily whilst 140 were resettled at gunpoint. The programme provoked extreme resentment amongst peasants as they were forced off ancestral lands, put on *corvée* labour teams, and denied access to their crops and fields, and as their former dwellings were burnt by South Vietnamese soldiers. Furthermore, far from breaking the hold of the NLF, revolutionaries were able to infiltrate the hamlets, often with the co-operation of their inhabitants (Latham 2006: 36-7). This failure stemmed from the flawed nature of the Malayan analogy. Resettlement was easier in Malaya as political cleavages coincided with ethnic cleavages: guerrillas were mainly drawn from the minority Chinese community making their geographical separation from the Malay majority easier to achieve. In South Vietnam, however, the guerrillas and the people all belonged to the same ethnic group and thus it was difficult to distinguish between them (Brown 1991: 216). The US-backed disposal of Diệm in 1963 did not lead to an end at such attempts at social engineering, and was followed by the New Life hamlet programme in 1964 and the US programme for Civilian Operations and Revolutionary Development Support in 1966 and 1967, neither of which was met with much success (Latham 2006: 38).

As the political and military situation deteriorated, extensive military operations took precedence over pacification. Even in 1966, despite rhetorical emphasis on winning 'hearts and minds', only US\$600 million was spent on pacification out of a total US budget of US\$21 billion. Furthermore, military efforts led to the further alienation of the population (Brown 1991: 212). In the early 1970s, US aid officials and the Saigon government

resurrected the land reform programme. In contrast to Diệm's Ordinance 57, a genuinely progressive 'land to the tiller' law was passed. However, the reform came too late to have any real impact of the outcome of the insurgency. Not only did the law fail to decrease support for the NLF, but in fact legitimized in South Vietnamese law what had been a central part of the NLF platform (Brown 1991: 234-35). By this time, however, the security situation and the will of the US to continue to provide military and economic aid to South Vietnam had deteriorated to such an extent the fate of the country was more or less sealed.

5 Towards export-led development

As can be seen, divergent legacies of the colonial experience and the temporal specificities of integration into the post-war US centred order had a profound impact on the developmental paths of South Korea, Taiwan, and South Vietnam. Nonetheless, the relatively fortuitous circumstances of South Korea and Taiwan did not in themselves determine the emergence of developmental states. The US aid programme played a key role in stabilizing their economies and provided support for the moderately successful programme of ISI and in further strengthening laying the foundation for subsequent 'catch-up development'. However, actual advances in the value-added hierarchy of the capitalist world economy did not begin until the South Korea and Taiwan were reintegrated into the hierarchically-organized East Asian regional political economy centred on Japan and extending outwards towards the immediate Northeast Asian periphery as well as to Southeast Asia. Ultimately, this regional system depended on the US market as an outlet for its manufactured goods, although the core of this regional system, particularly after the decline of US aid in the 1960s, was Japanese capital and technology (Gills 2000: 389-90).

As noted above, Syngman Rhee had stubbornly resisted re-establishing South Korea's subordinate position vis-à-vis the Japanese economy and instead focused on ISI and the maximization of US aid. It was only Rhee's disposal in 1960 and the subsequent military coup led by General Park Chung-Hee that enabled the US to push for a change in economic strategy. Paradoxically, it was the reduction of US overseas aid and increased emphasis by the Kennedy administration on export-oriented industrialization and Rostovian ideas surrounding the need to facilitate an industrial 'take off' more broadly that made such a change of strategy unavoidable for the Park regime (Woo 1991: 73-8). Park was in fact the perfect figure to carry out such a shift towards EOI. As a former officer in the Japanese army, Park was strongly influenced by Japanese ideas concerning the active role of the state in bringing about industrialization (Moon and Jun 2011), and despite 'liberalization measures' imposed by the US, was able to maintain protection of the domestic economy and a strong role for the state. He was also favourable to the re-establishment of diplomatic relations amidst widespread public opposition, which opened up a new source of capital in the context of declining US aid. Although the Japanese had intended reparation to be used for investment in light industry, it quickly found its way into other industries, notably steel, a project that had been shunned by all foreign countries as well as the World Bank as unrealistic (Woo 1991: 87-8).

US aid similarly provided Washington with a crucial lever over which it could influence the Taiwan's industrialization strategy. US aid officials demanded a similar set of liberalization measures whilst at the same time drew up a Nineteen Point Proposal drawn that emphasized investment promotion, restriction of consumption, and encouraging export. Again, the Proposal did not end the protection of selective industries and state monopolies, but rather

provided incentives to add new export industries alongside the domestic market, and thus, ISI strategy continued to exist alongside the expansion of the EOI (Ngo 2005: 104-5). Taiwan saw less in the way of the formal provision of aid from the Japanese government, but the shift in economic strategy saw the emergence of Taiwan as a key site of investment for firms from Japan and the US searching for low-cost production sites. US aid officials promoted Taiwan as an investment site, and from the mid-1960s, large Japanese corporations began to invest in Taiwan in order to lower labour costs to recapture market shares lost by the off-shoring of American manufacturers. Taiwan also became a key part for both Japanese and American production networks (Gold 1986: 79).

A further instance of interaction between the countries that cannot be captured by formal comparative analysis is that South Vietnam's developmental quagmire and the massive US-led war effort there provided a significant boost to the South Korean and Taiwanese economies. As Stubbs has argued, in the context of the phasing out of US aid, the Vietnam War provided a well-timed boost to the Taiwanese economy. In addition to the dollars spent in Taiwan by US troops visiting on R&R, Taiwan's exports to South Vietnam increased rapidly from the mid-1960s. More importantly, these were exports in Taiwan's nascent heavy industries such as cement, iron and steel, aluminium products, machinery, and transportation equipment. Furthermore, there was an explosion of demand within the US market which Taiwan was well placed to take advantage of, establishing a rapid surplus by the early 1970s. For South Korea too, just as the Korean War had provided the impetus for the revival of the Japanese economy, the Vietnam War provided opportunities for further growth and industrial upgrading through procurement contracts for Korea's nascent conglomerates and dollar earnings for South Korea's military participation in the war (Stubbs 2005: 131-33).

6 Conclusion

The provision of US military and economic aid played a crucial role in the post-war stabilization of South Korea and Taiwan and in laying the foundations for their subsequent economic development. However, the failure of US aid to achieve similar aims in South Vietnam raised the question of how the divergent geopolitical positions and colonial legacies affected the degree to which these states were endowed with sufficient absorptive capacity to effectively utilize US aid. As has been argued, the colonial era saw the establishment of autonomous states that played an active role in agricultural and, in the later stages of the colonial era, industrial development. Colonialism bequeathed a strong bureaucratic apparatus that was utilized in the post-colonial era by political elites seeking to facilitate a process of national development. Whilst external threats sustained the massive US aid commitment to the three regimes, South Vietnam's confrontation with a sustained domestic insurgency led to the failure to pursue a developmental programme along the lines of those of South Korea and Taiwan. That failure owes much to the fact that French colonialism left behind a weak state lacking any organic connection with the country's peasantry, thus standing in marked contrast to the developed social and political mechanisms of control and administration in South Korea and Taiwan. Consequently, the South Vietnamese state was unable to direct resources towards development, and instead was forced to focus on pacification and military operations, which only served to alienate the rural population further and intensify the insurgency.

This paper has also argued that the cases of South Korea, Taiwan and South Vietnam are most usefully analysed through a methodological framework of incorporating comparison.

The paper has situated the cases with a broader framework of global uneven development and sought to understand why ostensibly similar quantitative levels of US aid has widely divergent outcomes across the three cases. It has analysed local events in each of the three case studies as having had crucial impacts not only on the other cases but also upon the hegemonic strategy of the United States more broadly. Indeed, unintended consequences of US aid policy meant that South Vietnam's developmental crises became an opportunity from the perspective of South Korea and Taiwan. Furthermore, it is important as not that local level processes have had important impacts back upon global processes, as the Vietnam War and rise of the East Asian 'miracle' economies led to a significant reformulation of US global strategy under the Nixon administration.

This raises the question of whether any policy lessons can be drawn from these divergent experiences. The failure to carry out land reform in South Vietnam is in marked contrast to the experience of South Korea and Taiwan. Although this failure was to some extent a result of the social basis of the South Vietnamese state, it is also clear that US aid officials did not vigorously pursue land reform and preferred less revolutionary policies towards the countryside, most of which were largely counter-productive. Thus, whilst the divergent colonial legacies at play in South Vietnam explain the resistance of elites to fundamental changes in rural social property relations, the unfortunate coincidence of the country's independence with a broader shift in US aid policy away from New Deal ideals played a role in the anti-developmental nature of the South Vietnamese state. Nonetheless, explanatory weight must be given to geopolitical contingency in explaining divergence amongst the cases rather than 'policy failure' alone. This same contingency played a role in the re-integration of South Korea and Taiwan into the Japan-centred regional economy. Whilst US aid no doubt laid the foundations for industrialization and economic development in South Korea and Taiwan, reintegration from the 1960s to a regional and global supply of capital and technology largely explain the 'catch up' nature of the countries' industrialization. South Vietnam, on the other hand, remained mired by classic conditions of colonial underdevelopment. As such, there is a need for appropriate tempering of expectations regarding aid-supported state building. South Korea and Taiwan have been heralded as aid success cases, but their relatively strong post-colonial state institutions suggests that their experiences may have limited applicability for many developing countries.

Appendix 1

Total US military and economic assistance to South Korea, Taiwan, and South Vietnam: obligations in millions, constant 2011 US dollars

| Year | South Korea | Taiwan | South Vietnam |
|------|-------------|----------|---------------|
| 1946 | 53.83 | 1,237.17 | 0 |
| 1947 | 657.92 | 4,044.25 | 0 |
| 1948 | 796.60 | 405.06 | 0 |
| 1949 | 1,091.77 | 2,653.21 | 0 |
| 1950 | 802.45 | N/A | 0 |
| 1951 | 696.64 | 1,289.27 | 0 |
| 1952 | 1,139.25 | 1,966.39 | 0 |
| 1953 | 1,289.21 | 2,372.43 | 0 |
| 1954 | 2,162.88 | 2,757.12 | 0.69 |
| 1955 | 2,562.99 | 3,609.43 | 2,215.31 |
| 1956 | 5,711.32 | 1,914.72 | 1,628.10 |
| 1957 | 4,674.92 | 1,340.56 | 3,849.00 |
| 1958 | 2,489.53 | 949.92 | 1,520.13 |
| 1959 | 2,867.21 | 2,497.61 | 1,643.14 |
| 1960 | 3,228.49 | 2,545.55 | 1,676.50 |
| 1961 | 3,168.42 | 1,864.36 | 1,515.49 |
| 1962 | 2,845.93 | 1,249.71 | 2,147.11 |
| 1963 | 2,418.89 | 1,180.57 | 2,428.19 |
| 1964 | 2,208.16 | 702.50 | 2,442.26 |
| 1965 | 1,764.12 | 676.60 | 3,408.54 |
| 1966 | 2,786.42 | 655.53 | 7,970.20 |
| 1967 | 2,462.36 | 624.50 | 6,661.04 |
| 1968 | 3,108.49 | 893.98 | 9,307.20 |
| 1969 | 3,997.14 | 610.57 | 9,739.52 |
| 1970 | 2,350.40 | 1,247.40 | 9,530.26 |
| 1971 | 3,827.71 | 655.18 | 11,087.51 |
| 1972 | 4,294.58 | 607.79 | 12,916.73 |
| 1973 | 2,301.75 | 612.43 | 15,722.11 |
| 1974 | 772.03 | 357.64 | 5,451.27 |
| 1975 | 618.24 | 288.70 | 2,826.21 |

Source: US Overseas Loans and Grants (<http://gbk.eads.usaidallnet.gov/>).

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