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The Politics of Developmentalism

**The Midas States of Mexico, South Korea
and Taiwan**

John Minns

School of Social Sciences

Australia National University, Australia

palgrave
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*For my father Bob Minns and
to the memory of my mother Margaret Minns*

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List of Acronyms

General

EPRs	Effective Protection Rates
ESRs	Effective Subsidy Rates
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNP	Gross National Product
IDB	Industrial Development Bulletin
IMF	International Monetary Fund
ISI	Import Substitution Industrialisation
NICs	Newly Industrialising Countries
OECD	Organisation for Economic Cooperation and Development
PRC	People's Republic of China
SMEs	Small and Medium Enterprises
WHO	World Health Organisation

Mexico

CANACINTRA	Cámara Nacional de la Industria de Transformación
CCE	Consejo Coordinadora Empresarial
CCI	Central Campesina Independiente
CCM	Confederación Campesina Mexicana
CD	Corriente Democrática
CGT	Confederación General de Trabajadores
CIOAC	Central Campesina Independiente
CMHN	Consejo Mexicano de Hombres de Negocios
CNC	Confederación Nacional Campesina
CNOP	Confederación Nacional de Organizaciones Populares
COM	Casa del Obrero Mundial
CONAMUP	Coordinadora Nacional del Movimiento Urbano Popular
CONASUPO	Compañía Nacional de Subsistencias Populares
CONCAMIN	Confederación de Cámaras de Industria
CONCANACO	Confederación de Cámaras Nacionales de Comercio
COPARMEX	Confederación Patronal de la República Mexicana

COSEI	Coalición Obrera Campesina Estudiantil del Istmo
CROM	Confederación Regional Obrera Mexicana
CSUM	Confederación Sindical Unitaria de México
CTM	Confederación de Trabajadores de México
CUD	Coordinadora Única de Damnificados
CUT	Confederación Única de Trabajadores
DINA	Diesel Nacional
EZLN	Ejército Zapatista de Liberación Nacional
FAT	Frente Auténtico del Trabajo
FDN	Frente Democrático Nacional
FSTDF	Federación Sindical de Trabajadores del Distrito Federal
IMSS	Instituto Mexicano de Seguridad Social
ISSSTE	Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado
MRM	Movimiento Revolucionario del Magisterio
MSF	Movimiento Sindical Ferrocarrilero
NAFIN	Nacional Financiera
NAFTA	North American Free Trade Agreement
PAN	Partido Acción Nacional
PARM	Partido Auténtico de la Revolución Mexicana
PASCO	Pan-American Sulphur Company
PCM	Partido Comunista Mexicano
PEMEX	Petróleos Mexicanos
PFCRN	Partido del Frente Cardenista de Reconstrucción Nacional
PL	Partido Laborista
PMS	Partido Mexicano Socialista
PNR	Partido Nacional Revolutionario
PPS	Partido Popular Socialista
PRD	Partido de la Revolución Democrática
PRI	Partido Revolucionario Institucional
PRM	Partido de la Revolución Mexicana
PSUM	Partido Socialista Unificado de Mexico
SNE	Sindicato Nacional de Electricistas
SNTE	Sindicato Nacional de Trabajadores de la Educación
SENTMSRM	Sindicato Nacional de Trabajadores Mineros, Metalurgicos y Similares de la República Mexicana
STFRM	Sindicato de Trabajadores Ferrocarrileros de la República Mexicana
STPRM	Sindicato de Trabajadores Petroleros de la República Mexicana

SUTERM	Sindicato Unico de Trabajadores Electricistas de la República Mexicana
TAMSA	Tubos de Acero de México
TD	Tendencia Democrática
UNAM	Universidad Nacional Autónoma de México
UOI	Unidad Obrera Independiente,

Korea

CGWU	Chonggye Garment Workers' Union
CPKI	Committee for the Preparation of Korean Independence
DJP	Democratic Justice Party
DRP	Democratic Republican Party
EPB	Economic Planning Board
FEZs	Free Export Zones
FKI	Federation of Korean Industry
FKTU	Federation of Korean Trade Unions
GTCs	General Trading Companies
HCIP	Heavy and Chemical Industry Plan
HHI	Hyundai Heavy Industries
JOC	Young Christian Workers
KCIA	Korean Central Intelligence Agency
KCTU	Korean Confederation of Trade Unions
KDP	Korea Democratic Party
KSE	Korean Stock Exchange
NBFIs	Non-bank financial institutions
NDP	New Democratic Party
ONTA	Office of National Tax Administration
PDP	Peace and Democracy Party
POSCO	Pohang Iron and Steel Corporation
ROK	Republic of Korea
UIM	Urban Industrial Mission
UNP	Unification National Party
UPP	United People's Party
USAMGIK	US Army Military Government in Korea

Taiwan

CEPD	Council for Economic Planning and Development
CFL	China Federation of Labor

CIECD	Council on International Economic Co-operation and Development
CUSA	Council on US Aid
CY	Control Yuan
DPP	Democratic Progressive Party
EPC	Economic Planning Council
EPDC	Economic Planning and Development Council
EY	Executive Yuan
FEC	Financial and Economic Committee
GSMC	Grace Semiconductor Manufacturing Corporation
JCRR	Joint Commission on Rural Reconstruction
KMT	Kuomintang
LY	Legislative Yuan
MOEA	Ministry of Economic Affairs
ROC	Republic of China
TEPU	Taiwan Environmental Protection Union
TPB	Taiwan Production Board

Preface and Acknowledgements

The dramatic industrial transformation of a small number of countries since the Second World War has provoked a variety of responses. For some observers, the appearance of these Newly Industrialising Countries (NICs) has been a verification of their faith in the ability of world capitalism to raise the incomes of the poor. That these transformations have often been based on the uprooting of millions of people, extremely low wages and sweatshop conditions has been seen, in this view, as a temporary condition – merely the birth pangs of modernity. This generally optimistic, pro-capitalist outlook has been soured by two factors. The first is the rarity of the NICs – the limitation of the economic ‘miracles’ to relatively small sections of the world’s population. The second is that each of them has, at different times and to different degrees, disappointed its supporters – ceasing to post high growth rates and even suffering major economic crises. Their rankings in the global hierarchy of economic power have fallen as a result.

On the other hand, various radical theorists were committed to the view that world capitalism could do nothing but continue to under-develop countries such as Mexico was in 1940, Taiwan in 1949 or South Korea in 1961. One response from this perspective has been to deny that any real transformation has happened at all. But the evidence of major change – in the form of large industrial workforces, urbanisation, and increases in the relative and absolute size of their manufacturing sectors – has continued to accumulate.

These theoretical difficulties posed by the NICs have suggested the need for an analysis which emphasises their peculiarities – those individual attributes which may have made a degree of industrialisation possible – and the specific contexts in which they were able to undertake that process. There have been numerous valuable studies of the industrialisation of Mexico, South Korea and Taiwan. Broader theoretical work has followed with various models being suggested. Most have been based either on neo-classical economic theory or on neo-statist analysis.

This book takes the view that the industrialisation of Mexico, South Korea and Taiwan is not a vindication of the neo-classical world view, but a repudiation of it. The model outlined here revolves around the nature of the state in each and the ways in which the class structure of

these societies contributed to an unusually rapid form of industrialisation. Just as the development of capitalism in Europe, North America and Japan was the product of classes and class struggle, so too is the transformation of the more recently industrialising countries.

Moreover, the economic 'miracles' have not and, it will be suggested here, cannot continue indefinitely. Rapid economic transformation of the kind that Mexico, South Korea and Taiwan have experienced is possible in the capitalist world system. But it is likely to be far more rare than neo-liberalism might suggest. Each instance of it has turned out to be more limited than its proponents claimed. Ultimately, the industrialisation of each of the first generation of NICs has ceased to be as rapid or 'miraculous' as once thought.

I owe many people debts of gratitude for their support in the time it has taken to produce this book. Foremost among these are two of my teachers and mentors, Professor Michael Pearson and Dr Jim Levy. Both nurtured my interest in questions associated with development and underdevelopment in the Third World. Their encouragement, example and, on occasion, patience, was indispensable.

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John Minns