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978-1-107-07840-6 - Democracy, Inequality and Corruption: Korea, Taiwan
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Democracy, Inequality and Corruption

In this comparative, historical survey of three East-Asian democracies, Jong-sung You explores the correlation between inequality and corruption in the countries of South Korea, Taiwan and the Philippines. Drawing on a wealth of rich empirical research, he illustrates the ways in which economic inequality can undermine democratic accountability, thereby increasing the risk of clientelism and capture. Transcending the scope of corruption research beyond economic growth, this book surveys why some countries, like the Philippines, have failed to curb corruption and develop, whilst others such as South Korea and Taiwan have been more successful. Taking into account factors such as the success and failure of land reform, variations in social structure and industrial policy, Jong-sung You provides a sound example of how comparative analysis can be employed to identify causal direction and mechanisms in political science.

JONG-SUNG YOU is Senior Lecturer at the Department of Political and Social Change, School of International, Political and Strategic Studies, ANU College of Asia and the Pacific, The Australian National University.

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Acknowledgments

As an activist-turned-scholar, I have to confess that the themes of this book – democracy, inequality and corruption – are the same issues that I focused on during my activist career. I fought for democracy under military dictatorships, and then fought against inequality and corruption in South Korea before pursuing an academic career. I was actively involved in the student movement for democracy to end the authoritarian regimes of Park Chung-hee and Chun Doo-hwan. I was pursued and investigated numerous times and even tortured several times by the police, Korean Central Intelligence Agency and the military. I was expelled twice from Seoul National University, convicted by the civilian and military courts in violation of the presidential Emergency Measure No. 9 and the Martial Law three times, and spent more than two years in prison. After the democratic transition, I fought for social and economic justice at a newly created civil advocacy group, Citizens' Coalition for Economic Justice, first as Director of Policy Research and later as General Secretary. The main work of this organization was advocating for reform of the *chaebol*-dominated polarized economy and anti-corruption reforms such as implementation of the real-name financial transaction system, fair taxation, greater transparency in corporate governance, political financing and government policy-making. It may not be coincidence that democracy, inequality and corruption thus became my central topics for intellectual inquiry.

This book project originated from a chapter in my dissertation entitled *A Comparative Study of Corruption, Inequality and Social Trust* for the fulfillment of Ph.D. in Public Policy at Harvard University in 2006. Central to this dissertation was a cross-national quantitative study on the causal effect of economic inequality on corruption. During the writing process, my advisor Professor Robert Putnam urged me to include a case study as a supplementary chapter. After struggling for a while, I wrote a comparative case study of Korea, Taiwan and the Philippines on inequality and corruption. That supplementary chapter eventually developed into this book. Without his advice, my intellectual journey for this book would

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not have even begun. His seminal work, *Making Democracy Work: Civic Traditions in Modern Italy*, provided the methodological inspiration for my own book. He was not only a great researcher, but also a wonderful instructor and mentor, and I was very lucky to have him as my academic advisor.

My study of the causal relationship between inequality and corruption was motivated by my frustration with previously available empirical studies. For me, corruption is normatively objectionable even before considering its consequences on economic development. This led me to write a chapter on “Corruption as Injustice.” I did not agree with some early literature on corruption that argued for functionality of corruption, and was relieved by the empirical findings of later studies demonstrating that corruption is not only harmful for economic and social development, but that it also tends to increase inequality. However, I was disturbed by the previous empirical findings that economic development was by far the most important predictor, if not determinant, of corruption, while inequality was not deemed a significant factor for levels of corruption. Identifying some flaws in the methodologies and data from these studies, I worked on a more reliable and expanded model, using instrumental variables, and found a significant and important causal effect of inequality on corruption. Professor Sanjeev Khagram recognized the importance of this empirical finding and encouraged and helped me, as a second author, to develop my paper into a publishable piece. This paper was eventually published in a prestigious journal, *American Sociological Review*, in 2005. As for why inequality should increase corruption, we proposed a political economy explanation based on elite capture of the policy-making process.

When I worked on the case study for a supplementary chapter of the dissertation, I relied on secondary sources only, without any field study. I did not imagine that I would develop this chapter into a book at that time. My training at Harvard’s Kennedy School of Government was centered on quantitative methods, and I tended to value quantitative studies more than qualitative studies. Since beginning work in the Korea-Pacific program at the Graduate School of International Relations and Pacific Studies (IR/PS), UC San Diego in 2006, I have become increasingly interested in the study of corruption and development in South Korea and East Asia. A large research grant provided by the Academy of Korean Studies for the study of the political economy of contemporary Korea encouraged me to embark on a comparative historical investigation of Korea, Taiwan and the Philippines to better explore the causal mechanisms between inequality and corruption. In addition to acknowledging that this work was supported by the Academy of Korean Studies

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I would also like to acknowledge the East Asia Institute's fellowship that supported my initial short field trip to Taiwan and provided me with opportunities to present my dissertation chapter on the comparative case study and discuss it with scholars in Korea, Taiwan and Japan in May and June 2008. This experience became the starting point of this book project. I thank Professor Sook-jong Lee and Ms. Ha-jeong Kim, Director and Managing Director of the EAI, Professor Yun-han Chu at National Taiwan University, and Professor Yoshihide Soeya at Keio University for these opportunities. Shortly afterward I made a research trip to the Philippines, supported by a UCSD Academic Senate grant in the summer of 2008. I am grateful to Professor Bong Mendoza at the University of the Philippines for arranging many interviews and library privileges for me. The Rising Stars in Political Science Conference at the University of Southern California in October 2009, hosted by Professor David Kang, gave me another opportunity to present my early work and interact with many junior and senior scholars. However, various issues hindered me from starting on major field research until the Fall of 2010, when I was a visiting scholar for four months at the Asiatic Research Institute, Korea University, under the leadership of Professor Nae-young Lee, and support from the Korea Foundation's field research fellowship. From the archives of the Korea University Library and the National Assembly Library, I found a great deal of valuable and interesting materials, especially for the first few decades of post-independence Korea. In particular, I found evidence for gradual development of a meritocratic bureaucracy during the Syngman Rhee and Chang Myon governments, which were completely unrecognized or ignored by the previous literature on Korea's developmental state. I also spent several months in Korea in the subsequent years as a visiting scholar at Yonsei University and Hansung University thanks to generous arrangements by Professors Jae-jin Yang and Sam-yol Lee at Yonsei University and Professor Sang-jo Kim at Hansung University.

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Although I began to accumulate a large amount of primary- as well as secondary-source materials for Korea, and a substantial amount of primary- and secondary-source materials for Taiwan and the Philippines, I found it hard to write a book. I later realized that it was primarily because of theoretical weaknesses. Capture theory alone was not sufficient to explain the various sequential events across the three countries. I also found it very challenging to compare three cases, not just one or two cases, and moreover historically, not just at a given time. I sometimes wondered if I was too ambitious and considered scaling down to a single case study of Korea, supplemented by a cross-national quantitative chapter. I finally began to think about clientelism as another important causal channel. With an expanded theoretical framework for causal mechanisms, incorporating both capture and clientelism, I began to reorganize and rewrite the chapters. I myself found my arguments much more convincing, and completed the first full draft, except for the concluding chapter, in the early Fall of 2012.

For the continuous intellectual support throughout this process, I am in debt to my former colleague and mentor, Professor Stephan Haggard, Director of the Korea-Pacific Program at IR/PS. He read several versions of my manuscript, from an initial incomplete draft to the final versions, and provided many useful comments and suggestions. I also benefited substantially from a manuscript conference in November 2012, which was supported by IR/PS. Professors John Lie and Gabriella Montinola flew to San Diego to participate in the day-long conference, in addition to Professors Susan Shirk, Krislert Samphantharak and Stephan Haggard at IR/PS, and visiting scholar Professor Jaeun Shin. In addition, Professor Shelley Rigger participated in the conference via Skype, and Professor T. J. Cheng sent me his feedback by email. Several graduate students, including Brigitte Zimmerman, who were collectively writing a dissertation about corruption in Africa, also participated in the conference. In particular, the feedback from area specialists such as John Lie (Korea), Gabriella Montinola (the Philippines), and Shelley Rigger and T. J. Cheng (Taiwan) helped to make sure that I did not err in any details regarding these countries. But the more important feedback was about the organization of the chapters. Several months after the conference, I was able to complete the full manuscript after making substantial revisions.

As I recollect my long journey for this book, I want to further acknowledge a number of people who provided me with various kinds of help and support. Besides the scholars I have mentioned above, Professors Susan Rose-Ackerman, Eric Uslaner, Bo Rothstein and Chung-in Moon have given me much intellectual support in various forms. I am fortunate

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to have rich intellectual interactions with these prominent scholars. Professors Carlos Waisman, Jacque Hymans, Eui-young Kim, Jae-jin Yang and Elieen Baviera also read my earlier paper and gave me very good comments at various seminars. Professors Herbert Kitschelt and Yuko Kasuya kindly provided me with their data set. I also wish to thank three anonymous reviewers for Cambridge University Press. I have been helped by many able research assistants for the last several years, including Jimyoung Moon, Jia Jung, Pai Chen, Kwang-seok Yeon and Yoon-jung Ku. Brigitte Zimmerman and Shannon Colin helped to polish my English for the entire manuscript, and Geoffrey Fattig helped me with editing at the final stage. In particular, I want to express my deep thanks to Lucy Rhymer, editor of Cambridge University Press, who opened my eyes to the important role an editor plays in the book publication process.

Last, but not least, I want to thank the members of two groups who have given me broad moral support for my intellectual journey. The Korean studies faculty in Humanities at UCSD, in particular Professors Jin-kyung Lee and Todd Henry, have supported me with respect to various aspects of my academic career. My wife Seung-hee, brothers Jong-sou, Jong-keun and Jong-il, and sisters Soon-ja and Myung-sook have been long-time supporters of my activist and academic careers. In particular, Seung-hee and Jong-il, who were my comrades in the anti-dictatorship student movement, are still playing important roles in promoting democracy, equality and anti-corruption in South Korea's politics and academia. Long before I began to work on this book, we all shared a belief that democracy should be able to address the problems of inequality and corruption, and that inequality and corruption inhibit the proper functioning of democracy. Amazingly, my daughter Soosun, who is doing graduate work in public policy, has been increasingly showing her interest in the issues of democracy, inequality and corruption. Finally, the greatest debt I owe is to my loving, deceased parents to whom it gave great pain to see their son in prison and under constant surveillance during my years as a student activist. I dedicate this book to them.