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The Determinants of Reconstruction: Why Were the 1960-1990 Post-World War II Transformations in West Germany and South Korea Successful?

Ithamar Zacharie

A passing glance suffices to note the myriad differences between former West Germany and South Korea. One glaring distinction, for instance, is that the two countries were situated in two distinct regions of the globe. Further, in the years preceding World War II, South Korea was a colony occupied by Imperial Japan. By contrast, Nazi Germany was ruled by Adolph Hitler, who instituted a totalitarian regime in the years leading up to the war. Yet, despite these and other elements that distinguished these nation states from one another, certain key components, which they shared during the time succeeding World War II, mark the focus of this paper. From the years 1960-1990 in particular, West Germany and South Korea transformed themselves from authoritarian states with weak economic institutions to democratic regimes with strong economies. Based on the “most different” research design that Przeworski and Teune (1970) lay out in *The Logic of Comparative Social Inquiry*, this paper will argue that the reasons for these countries’ respective reconstructions centered on their respective stable governments and export-led economies. Furthermore, this paper will identify factors that contributed to South Korea’s and Germany’s stable governments and export-led economies during this period.

In 1945, former Nazi Germany surrendered unconditionally to the Allied powers, which had etched out and occupied four distinct zones. By 1949, these territories were divided into “two German states”: the Federal Republic of Germany (West Germany) and the German Democratic Republic (East Germany). In the time between 1948 and 1951, West Germany (along with East Germany) received substantial aid from the U.S. in the sum of about \$1.5 billion, which it used to purchase “food and equipment from the United States and rebuild the core of its economy” (Haus 2014, p. 149). A few years afterward, in 1955, the Federal Republic gained somewhat full sovereignty, although the Allies continued to hold power over the entity, particularly with regards to Germany’s final peace treaty (Glaessner 2005). By 1962, however, West Germany had veered from “traditional German anti-Western politics and embedded the Federal Republic into the Western liberal democracies” (Glaessner 2005, p. 46). So, in the near two decades following World War II, former Nazi Germany had transformed from belligerent anti-Western state, to militarily-occupied territory, to quasi-sovereign West Germany, and, finally, to an entity willingly associated

with Western democracies. By the beginning of the 1960s, West Germany, more so than South Korea at the time, had begun to take promising steps toward rebuilding its government and economy. Although the governmental developments had been underway by the start of this decade, the push for economic growth had taken primary importance.

In the summer of 1945, following the atomic bombing of Hiroshima and Nagasaki, the Empire of Japan, which had occupied Korea for more than two decades, surrendered unconditionally to the Allies. At around the same time, the United States and the Soviet Union agreed to the separation of Korea at the thirty-eight parallel, an “arbitrary line on the map [which] did not correspond to any geographical, cultural, or historical division of the country” (Seth 2010, p. 307). The United States military, not thoroughly prepared to occupy Korea, arrived in the South in early September, ousted the residing Japanese forces, and assumed control of the government. For the next three years, Korean hopes and U.S. and Soviet attempts to reunify the bisectational entity had failed repeatedly, due in large part to the growing communist ideologies of the North conflicting with the resilient conservative, anti-communist ideologies of the South (Seth 2010). Finally, in the summer of 1948, the newly-formed National Assembly officially recognized the Republic of Korea (South Korea) and the Democratic People’s Republic of Korea (North Korea). In the few years following the Korean War, South Korea struggled economically and politically. Not only did it require substantial U.S. foreign aid to “ward off hunger and economic collapse,” but it also saw its leader, Syngman Rhee, and his increasingly authoritarian regime overthrown by a discontent citizenry in 1960 (Seth 2010, p. 339). Thus, in the fifteen years succeeding its involvement in World War II, South Korea had, like West Germany, experienced a division into two separate states, occupation by American forces, and receipt of massive U.S. foreign aid. Unlike in 1960s West Germany, these post-World War II developments had not yet resulted in sustained governmental and economic successes.

Consider first the two states’ governmental reconstructions, beginning with West Germany. After defeating and subsequently occupying Germany, the Western powers preferred to immediately establish a legitimate democracy in what had formerly been Nazi Germany. However, in light of the deep entrenchment of authoritarian ideals, the powers instead opted to proceed gradually in their goal of transforming the entity into a democracy. Their first step: remove from power those Nazis who had formerly held leadership positions. As Hauss (2014) details, the “most nefarious of [the Nazis] were tried and executed” (p. 149). Despite those efforts, Western

Denazification attempts largely failed due to the new democratic leadership's inability to completely purge former Nazis. Combined with the Western Allies' related concerns over the increasing proliferation of communism, the forces re-shifted their focus from long-term democratization plans in West Germany to their initial, short-term plans. In 1949, the Basic Law was drafted and in August, the conservative Konrad Adenauer of the Christian Democratic Union (CDU) was elected chancellor in the first post-World War II executive election. Under Adenauer, the West German agenda shifted to economic growth, which will be elaborated on later in this paper. Yet, as the 1960s began, some of West Germany's crucial challenges were to loosen the people's grip on tightly-held authoritarian beliefs and to create a civic culture more fertile for the blooming of democracy. By his retirement in 1963, Adenauer had defied political expectations and helped weaken residual authoritarian values left over from Nazi Germany; he had also "buil[t] broad-based support for the new regime" (Hauss 2014, p. 150). As Hauss (2012) explains, in the immediate postwar years, "many Germans still preferred authoritarian governments and could conceivably support Nazi-like movements" (p. 152). However, Adenauer's commitment to a market-based democracy (alongside the country's symbiotic, burgeoning economic success) weakened the grip of such sentiments in a postwar West Germany, whose support of the nascent government was largely contingent upon the republic's continued economic growth. Furthermore, the weakening of these beliefs contributed to a stronger civic culture, greater room for the implementation of democratic values, broader acceptance of those values, and, consequently, a more stable government. Hauss (2014) attributes the positive change in political culture to three factors: the smooth functioning of the Federal Republic, the focus and effectiveness of "political socialization," and the length of time that separated West Germany from the Weimar and Nazi regimes (p. 154).

Apart from these factors, novel provisions in the 1949 Basic Law had come into play in West Germany, contributing to the stable government the nation exhibited by the end of the 1980s. In Third Reich Germany, Hitler dismantled residual institutions from the Weimar Republic days and declared himself chancellor and *führer*. This enabled him to perpetuate the racist and authoritarian values and the great human atrocities that characterized his rule. By contrast, the Basic Law established a dual executive branch of leadership, consisting of one president and one chancellor, wherein the latter wielded a greater share of power. As West Germany's first elected chancellor under the Basic Law, Adenauer's effective leadership helped legitimize and enliven the new

political institutions created by the law. Additional Basic Law innovations included the five-percent threshold requirement, which limited the political disruption once created by minor parties in former Nazi Germany, and the constructive vote of no confidence, which enabled the opposition to oust a chancellor in the case that it “simultaneously agree[d] on someone to take his or her place” (Hauss 2014, p. 150). These provisions proved to be functional in practice. In 1972, the West German Parliament moved for a constructive vote of no confidence to oust Chancellor Willy Brandt of the Social Democratic Party. The vote failed for reasons related to the issues of the parliamentary members themselves, as opposed to fundamental flaws in the provision (Hauss 2014). In fact, a decade later in 1982, the West German Parliament successfully voted former Chancellor Helmut Schmidt out of office in favor of its chosen replacement, Helmut Kohl, demonstrating the possibility of legitimate power transfer even without term limits on chancellor tenure. The law also created two legislative houses of parliament: the Bundestag, the lower and more powerful house, and the Bundesrat, the upper and less powerful house.

By 1990, Kohl had amassed legitimate popular support for increasing social benefits. Kohl encouraged cooperation between trade unions and the corporate sector, steered the country through the conclusion of the Cold War, and helped navigate the reunification of West and East Germany (Hauss 2014). From 1960-1990, the Basic Law’s provisions, especially the ones referenced above, worked together to encourage direct participation, hold the country’s leaders more accountable, and facilitate the smooth flow of political life in West Germany. By 1990, West Germany (reunified with East Germany in 1989) had become a state where citizens could express themselves with greater freedom, adults could vote for their elected officials in free and fair elections, and a written law specifically outlined the powers of government actors – all necessary conditions for a democracy (Schmitter and Karl 1991, p. 81). Far from the totalitarian state ruled by Hitler, West Germany had taken substantial strides, since World War II, toward establishing a stable and successful democratic government.

As outlined above, South Korea struggled politically in the years following World War II and the Korean War. Seth (2010) explains South Korea at the beginning of the 1960s as “[o]vercrowded, possessing modest resources, artificially severed in half and cut off from the more industrial and developed North, [and] riddled with official corruption and political instability” (p. 374). In short, few, if any, predicted South Korea’s rise to a stable democracy. In 1960, eighty-five-year-old President Syngman Rhee, who had run for a fourth term, won the election by an

official count of eighty-nine percent despite the widespread popular dissatisfaction with his regime (Seth 2010). Symbolic of his administrations' political corruption and desire to remain in power by whatever means necessary, Syngman's vote rigging sparked riots across the country, culminating in his resignation that spring. Although the political corruption that stained Syngman's regime hurt his political legacy, he did witness the fostering and expansion of education in South Korea; this was crucial to the country's transformation (Seth 2010). After the overthrow of the Syngman regime, South Korea embarked on an experiment with democratic government, beginning with the creation of a new constitution that summer. Led by Prime Minister Chang Myon, who was elected by the newly-formed National Assembly, and President Yun Bo-seon, the experiment proved to be unsuccessful. The National Assembly stifled Chang's ability to enact the social benefits laws called for by groups such as students and the labor market, and as a result, nonstop demonstrations ensued. Soon, the national government was once again overthrown, this time by a military group that would organize itself into the Military Revolutionary Committee. Not long after, Park Chung-hee took power, military rule was established, and democratic governance appeared inconceivable. About two decades later, South Koreans were more widely educated, but still did not view their political regime as legitimate. This was after Park's assassination in 1979 and years into the regime of his successor, Chun Doo-hwan. By the early 1980s, South Korea was still "politically backward" and remained an authoritarian, military state (Seth 2010, p. 415). In 1982, stirrings had begun to shift South Korea's government into a legitimate democracy.

In spite of superficial signs of liberalization, the Chun government encountered growing opposition, especially from the newly formed opposition party, the New Korea Democratic Party (NKDP). This party promoted democratization. In April of 1987, when Chun essentially handpicked his successor, Roh Tae-woo, the democratic movement erupted in earnest with thousands of South Korean demonstrators pushing for a greater, more meaningful role in the country's political functions. South Koreans desired to be active citizens, democratically influential in the affairs of their state (Schmitter and Karl 1991, p. 77). Two months later, Roh relented, and "with Chun's approval issued a declaration that the [Democratic Justice Party] would accept a new constitution with provisions for direct presidential elections" (Seth 2010, p. 418). Later that year, after Roh won the first freely contested election, post the creation of the new constitution, the shift toward stable democratic government in South Korea was underway. In the

South Koreans' eyes, the 1988 Olympic Games in Seoul were, as Seth (2010) states, "a way of showcasing the country's rise from the rubble of [war] to a modern, industrial state" (p. 419). By the 1992 presidential election, the South Koreans began to obtain what they had advocated – greater and more meaningful involvement in the political functions of their country (Seth 2010, p. 420). Notably, there was no military candidate on the ticket when Kim Young-sam was elected to the presidency, in 1992. By all accounts, the voting process was fair, and in the wake of the result, there was a marked absence of popular protest. By the early 1990s, South Korea was a state in which adults had the right to vote for elected officials; those officials were chosen in free and fair elections. Additionally, government decisions were legitimately vested in the new constitution. These are all factors outlined as requisites for a modern democracy (Schmitter and Karl 1991). Although social conditions were not perfect, (there was a growing socio-economic gap, for instance), South Korea, like West Germany, had undoubtedly made great strides in developing an orderly and stable democratic system. Once a "Communist military dictatorship" in the aftermath of World War II, the state had grown into a "vibrant democracy," albeit during an appreciably longer span than in West Germany (Cha 2013, p. 20).

In the years following World War II, foreign aid, and particularly U.S. foreign aid, was essential in catapulting the West German and South Korean economies. Under the terms of the Marshall Plan, the U.S. had contributed about \$1.5 billion to West Germany in the span of only three years. As Grünbacher (2012) explains, these funds were significant not just for short-term purposes, but especially for their capacity to be "used for investments in long-term reconstruction" (p. 698). The 1960s West German economy was characterized by consistency and stability, rather than by extensive upheavals. In 1967, West Germany, under Chancellor Kurt Kiesinger, passed a law promoting stability and balanced growth. As Hauss (2014) describes, the law devoted the government to "maintaining stable prices, full employment, adequate growth, and a positive balance of trade" (p. 166). Although positive change was not accomplished speedily, this framework proved to be successful.

By 1986, West Germany had cut its deficit by two-thirds and its inflation, astronomical in the days of the Weimar Republic, had been almost nonexistent (Hauss 2014). The core of this economic turnaround was the nation's increase in industrial production and the development of its export-led economy. Not only had the state focused on expanding its domestic and international market share, but it also saw an average fifteen percent annual increase in its industrial product by

1986 (Haus 2014). As Grotewold (1973) explains, West Germany experienced a growing integration with European trade markets in the mid- to late-1960s. Not coincidentally, this materialization resulted in an increase in West German exports. By the early 1970s, the West German state had reversed its trend of small exports relative to GDP (Grotewold 1973). The nation's economic successes, led by its export-driven economy, also had to do with its workforce. As the government flourished, so did its emphasis on improving education and work standards (Haus 2014). The German education model of vocational training tracked students into different types of schools and, eventually, careers. Moreover, this system assisted firms, who worked jointly with vocational schools to train and employ students, and aided the industry overall because it fostered a steady labor market (Kleinert and Jacob 2013). These factors converged together to produce a fertile foundation for the growth of the West German industry post-World War II. Particularly after the 1967 law (and the country's first postwar recession in 1966), a steady, export-led economy ensued even until the country's 1989 reunification with East Germany.

As noted previously, South Korea also experienced comparable, dramatic economic growth several years after West Germany. This was a consequence of its export-driven economy. As Cha (2013) relates, the country went from "an economy that USAID specialists predicted would not amount to more than an agriculturally based and light-manufacturing economy to a global ranking as high as eighth in the world" (p. 19). Like West Germany, South Korea benefited from generous U.S. and assorted foreign aid after World War II (Seth 2010; Suh and Seung-Ho 2014). Also like West Germany, the country reaped the profits of a fertile international financial environment, which was influenced by U.S. interests in South Korea. A principal source of South Korea's economic turnaround and ultimate success was its developmental state, in which the government influenced economic progress with its strong intervention; this was also the case in West Germany. While in its developmental state under Park, the South Korean government forcefully facilitated export-led industrialization. As Suh and Seung-Ho (2014) explain, the government interfered strategically in the economy by targeting "its assistance towards selected heavy and chemical industries" (p. 681). Working alongside banks and *chaebols*, the South Korean government actively encouraged industry growth and an economy driven by exports. Even when Park's successors changed the face of this type of governmental involvement in the economy, by the mid-1980s, the government had transformed from a war-torn economy to a modern industrialized economy. Due to the inflow of foreign aid, the strategy of strong government

intervention, a fecund foundation for industry growth, national branding, and a robust export-led economy, South Korea had risen from its post-World War II rubble to an economic powerhouse.

In conclusion, the political and economic reconstructions that took place in post-World War II West Germany and South Korea from 1960-1990 were driven by three central, shared components: their assistance from U.S. foreign aid, their strides toward obtaining stable governance, and their state-steered economies that led to export-oriented growth. In West Germany, the successful economy was attributed, in large part, to the steadiness of the country's approach. Economic success was also attributed to the creation of an institutional environment in which a fruitful, export-driven economy could thrive. Additionally, in West Germany and South Korea, the successful economies were closely related to the respective governments' economic intervention. Distinctively, South Korea's initial years of economic state-steering were marked by relatively more "authoritarian" and "coercive" measures (Suh and Seung-Ho 2014, p. 681). Additionally, in South Korea, the aggressive encouragement of industry-building especially contributed to an economy driven by exports, and in turn, dramatic economic growth. Moreover, both governments had overcome their former undemocratic, oppressive pasts and matured into vibrant, prosperous democracies (with South Korea's democratic transition occurring later than that of West Germany), fitting Schmitter and Karl's (1991) definition.

This is not to say that these factors were mutually exclusive. Certainly, the nature of West German governance – which had operated on the base of stability and general consensus when compared to its Weimar and Nazi pasts – influenced its economy's steady growth during this time. Along the same lines, South Korea's growing economy, at certain junctures, had appeased its citizens' otherwise ambivalent feelings toward its government. From 1960-1990, stable governance flourished with an export-led economy in West Germany and South Korea. Quite reciprocally, the success of one facet often built on that of the other and vice versa. Destroyed and divided by World War II and its aftermath, West Germany and South Korea defied precedent by transforming into stable governments and developing robust economies. For more reasons than one, these two states, during this period, proved to be nothing short of modern political and economic exceptions.

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