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Leadership and Bureaucracy in Developmental States
: Case studies of Korea and Ghana

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree.

It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

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ABSTRACT

Even though an effective bureaucracy is known to be a vital factor in the emergence of a developmental state, this has not received the necessary attention in the literature. This thesis argues that the emergence of a developmental state is contingent on a developmental bureaucracy, which is in turn spawned by a developmental leadership. A developmental leadership creates a developmental bureaucracy through the depoliticisation of economic issues and the insulation of the bureaucracy from political interference. In substantiating this central argument, two countries – South Korea under Park Chung-hee, and Ghana under Kwame Nkrumah – are studied. South Korea and Ghana present contrasting fortunes of progress on the path of development. In 1957 when Ghana gained independence, its per capita income was more than that of South Korea. Two decades later Korea's per capita increased over tenfold, while that of Ghana declined. Based on an analysis of the existing literature, the study concludes that the two countries went in opposite direction because while South Korea had a developmental leader in Park Chung-hee, who created an insulated bureaucracy and therefore engineered a developmental Korean state, Ghana under Nkrumah lacked this attribute. Rather, Nkrumah prioritized politics over economic development, in the process politicizing the Ghanaian bureaucracy and consequently incapacitating it from spawning a developmental state. Evidence of the contrasting positions of the leaders was drawn not only from their political statements and respective ideological stance, but also from their conduct of foreign policies. While Ghana under Nkrumah flirted with the communist world, Korea under Park Chung-hee strengthened ties with the west. The thesis concludes that a fuller understanding of the contrasting developmental fortunes of South Korea and Ghana must begin with an understanding of how the bureaucracy functioned in these two countries.

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1. Introduction

When Ghana became independent in 1957, per capita incomes of Ghana and Korea were US\$490 and US\$491, respectively (Werlin, 1994). Two decades later, in the early 1980s, Ghana's annual per capita income had deteriorated to US\$400, and it was one fifth of Korea's per capita income which had surpassed US\$2,000 at that time (Werlin, 1994). A further twenty years later, in the early 2000s, the gap had grown wider – Ghana's GNI per capita went even lower to US\$300, while Korea's reached US\$10,000. (Moss, 2003). According to the World Bank's recent data¹, Korea's gross national income per capita is US\$21,530 contrasted with Ghana's US\$670 which is less than one thirty-second of Korea's.

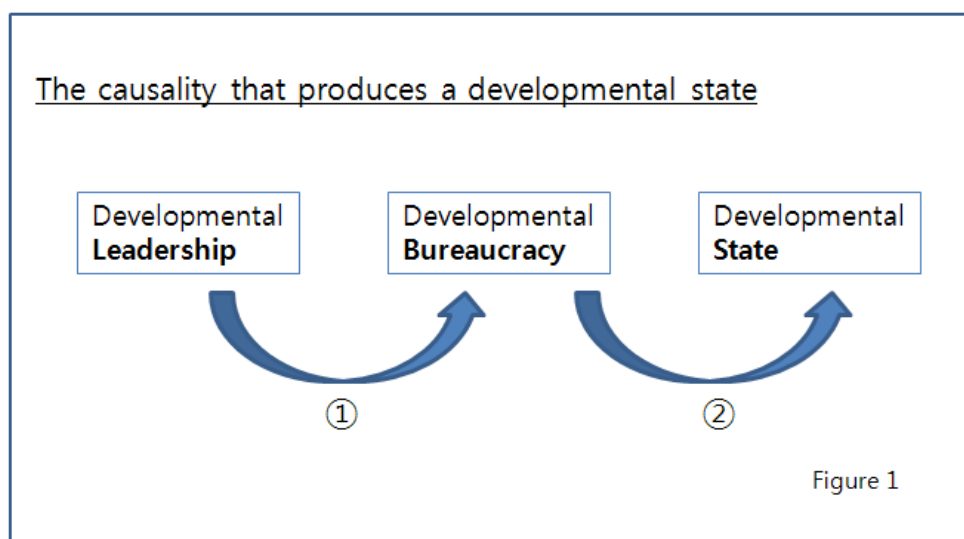
How are these dramatic opposite directions to be explained? In a nutshell, Korea has succeeded in transforming itself to a developmental state. Ghana, on the other hand, has remained bound by the poverty trap.

Chalmers Johnson, who coined the term developmental state (Leftwich, 1995, p. 403), and other developmental statisticians have linked interventionism with swift economic growth and emphasized on the role of a bureaucracy in economic development. The virtue of interventionism has been acknowledged even more widely after the disastrous failure of Structural Adjustment Programs whose neo-classical experiments were conducted in large parts of the developing world. Recently, it seems it is agreed that autonomous and insulated

¹ The World Bank, World Indicators database, July 1, 2009, obtained on July 20, 2009 from www.worldbank.org

bureaucracy committed to economic development is a necessary condition for economic development. In other words, failing to become a developmental state indicates the lack of a bureaucracy committed to economic development, i.e. a developmental bureaucracy. Accordingly, in order to find out the reasons why some countries fail to become developmental states, one must study why they fail to initiate a developmental bureaucracy.

According to Weber (1968), a range of incentives are needed to build an assured bureaucracy and to avoid it ending up being “legal enslavement of the functionaries”, and these are salary, career opportunity, sense of honor, and prestige along with public responsibility (p. 968). This thesis hypothesizes that it is the leadership that offers those incentives. In addition, particularly in a developmental state, developmental leadership plays another vital role: that of presenting long-term collective goals of economic development and exploiting and maintaining the bureaucracy to achieve those goals.



Therefore, a causality can be drawn from developmental leadership to a developmental bureaucracy (flow ①) and finally to a developmental state (flow ②). In other words, one can understand the whole causality of the developmental state by studying the role of leadership that generates a developmental bureaucracy; without flow ① (from leadership to a bureaucracy) in Figure 1, it is impossible to reach the subsequent flow ② (from bureaucracy to developmental state). Analyses on developmental states have focused on the significance of bureaucracy and its policies (flow ②). However, current literature has failed to address the causes, origins, or formations of development-committed bureaucracies (flow ①), and research demonstrating the link between developmental leaderships and developmental bureaucracies has not been published. Johns and Sakong (1980) once wrote that leadership also could make a positive and meaningful difference in economic development (p. 291), but their focal point was not how leadership impacted on developmental state. This thesis studies the conditions and significance of flow ①—how developmental leadership spawns a developmental bureaucracy, thus offering complete causality of a developmental state.

This thesis examines how developmental leadership gives birth to a developmental bureaucracy through depoliticizing developmental issues in developmental states. A nonpolitical developmental leader creates a developmental bureaucracy which subsequently contributes to the emergence of a developmental state. A developmental leader is nonpolitical so that instead of beefing up a particular political party, the leader builds a strong bureaucracy and allocates more power to the bureaucracy. The leader's commitment to economic development and a developmental bureaucracy plays a critical role in the developmental state at two significant levels: domestically and internationally.

At the domestic level, a nonpolitical leader forgoes short-term political gains for long-term economic achievement by allocating long-term planning to a bureaucracy. When a leader is motivated by short-term political popularity, long-term economic development goals are consequently compromised and economic policies lose predictability and consistency. It is common for a political leader to face the dilemma between long-term economic requirements and short-term political considerations (Shaun, 1996, p. 692). However, a developmental political leader grants life-long career incentives and assigns long-term economic planning work to a bureaucracy. This point is reinforced by the degree of autonomy and insulation that protect the bureaucracy from political influence. Since a bureaucracy is not bound to short-term popularity, the leader is able to depoliticize long-term economic decisions and avoiding pork-barrel politics.

At the international level, a nonpolitical leader seeks international economic partners not based on a particular political ideology but on long-term economic gains by utilizing a decision-making bureaucracy. Insufficient investment, along with outdated technology, is one of the biggest obstacles in economic development, especially for late industrializers. These deficient but critical endowments can be brought in from other nations in order to accomplish faster economic development. Thus, a state has to choose the right international partners; a state makes a detour in its economic development when its international partners are selected based on the political ideology and not on the benefits for its own economy. A state can take a shortcut by opting for practical international partners from a nonpolitical standpoint. The nonpolitical developmental leader assigns this job to a bureaucracy so that the failure that could incur in two-level games (Putnam, 1988) is avoided; a bureaucracy

which fully controls decision making process in foreign policies does not need the ratification of parliament.

To examine this hypothesis, the thesis studies two cases—Ghana under the leadership of Kwame Nkrumah and Korea under Park Chung-hee—in order to understand the conditions for, and the significance, of developmental leadership in the emergence of a developmental state.

Each case is examined at two different levels: leaders' commitments expressed in their public statements and the relevant policies that were delivered on the commitments. The thesis thus studies their commitment to economic development. When one looks initially at the leadership of each of these countries, one is likely to get a *prima facie* impression that political leaders have been insisting on economic development. African leaders also explicitly pronounce their commitment to economic development. However, it would be naïve if declared intentions of leaders were accepted to be their commitments. One writer pointed out that it is “easy to confuse this apparent emphasis on development with reality and to disregard the fact that economic development has been very much *a second priority* in the minds of African politicians [emphasis added]” (McCarthy, 1994, p. 100). Ghana is not an exception in this sense. No matter what has been said by their political leaders, many Ghanaian thinkers have claimed that the politicians have not taken economic development seriously (Werlin, 1994, p. 207). Jan Kees Van Donge (2009) also concluded that the international drive toward Africa's good governance and economic development would not work properly as long as the “predatory elites” remained untouched (p. 69). Thus, this study employs a pragmatic approach by examining their commitments expressed in their speeches.

In developmental states, the structures of institutions and policies are developmentally driven even though the objectives of the economic development are politically motivated (Leftwich, 1995, p. 401). In this sense, the thesis studies Park and Nkrumah's leadership with regard to how they depoliticized economic policies. Firstly, at domestic level, the thesis studies the degree of each leader's commitment to building a strong bureaucracy in order to depoliticize economic policies. Secondly, at the international level, it examines how each leader depoliticized the issue of selecting international partners for the economic development of their nations. In order to test these hypotheses, the thesis first studies a number of primary materials which include speeches, letters, personal journals, autobiographies and policy statements of each leader. The commitments which are expressed in the primary materials are further examined through relevant policy reforms.

2. Literature Review

2-1. Developmental State

Developmental states refer to the states that have accomplished fast economic development through strong intervention of efficient bureaucracies. The developmental states "try to actively 'intervene' in economic process and direct the course of development, rather than relying on market forces" (Beeson, 2007, p. 141).

Neoclassical scholars were proponents of the market triumphalism; they believed in market and its power of optimizing efficiency and efficacy through the equilibrium between

individual suppliers and consumers. In other words, economies work best when government interventions are least. In neoclassical orthodoxy, government interventions should be limited to the correction of market failure because state interventions create rent-seeking behaviors. Markets have magical capability of working toward the equilibrium for itself, and intervening its self-controlling brings out negative effects only.

Developmental state theory was an uncomfortable new idea not only to the mainstream neoclassical scholars but also to Marxists. According to Marxist theorists, it was unlikely for peripheral states to be able to break the shackles of exploitation of core countries, and thus, the dependency and predations were expected to aggravate civil society until a revolution finally took place. The existence of developmental states—the non-core groups of nations that established successful economic development without proletariat revolution were not consistent with the claim of the Marx-Leninists and dependency theorists (Beeson, 2004, p. 29).

When Chalmers Johnson presented the concept of the developmental state, it was regarded as “ideological resistance” against dominating western academia. In one of his later books, Johnson recalled that it was “an ideological red flag to the bull of Anglo-American cold war orthodoxy about economic correctness” (Johnson C. , 1999, p. 34). The ideological resistance came from the positive facet that Johnson granted to the interventionism in a developmental state. Even though most countries had some degree of government intervention, according to Johnson, the quality of intervention was distinctively different in the liberal states, in the Stalinist states and in the developmental states. The interventionism in the US was *regulatory oriented*—i.e., the government only intervened in the market when

it needed to regulate it in order to prohibit unfair competitions or behaviors such as the cases of violating patents. On the other hand, the intervention in Stalinist nations was *ideology oriented*. Those interventions were differentiated from the *development oriented* Japanese intervention; Johnson established a “third category alongside liberal and Stalinist conceptions” and described the third category as “rational” planning (Cummings, 1999, p. 63).

Chan (1993), who studied dynamism in East Asia, elaborated the difference between a regulatory state and developmental state. Regulatory states minimized intervening market unless they had to regulate or protect certain conflicts, i.e., antitrust regulation and protection of consumer rights. On the other hand, developmental states intervened in markets actively in order to achieve certain economic developmental goals, which included suggesting business models, guiding and protecting infant industries, and offering incentives. Along with this critical difference, Chan added one more decisive characteristic of developmental states comparing regulative states: the presence of a pilot agency. Developmental states developed a pilot agency which was in charge of overall economic tasks from planning to guiding and to coordinating industrial policies. For example, Japan had a pilot agency of Ministry of International Trade and Industry; Korea had an Economic Planning Board; Taiwan had a Council for Economic Planning and Development; and Singapore had an Economic Development Board. By comparison, instead of one powerful pilot agency, regulatory states had various executive departments which produced unnecessary conflicts over which the developmental issues became politicized.

Before the concept of Developmental States was introduced, orthodox economists analyzed the successful cases of Newly Industrialized Countries (NICs)—Korea, Singapore, Hong

Kong, and Taiwan—from various perspectives but not from strong interventionism. Some conventional neoclassical scholars analyzed the success of the NICs with the factors that were irrelevant to government interventions such as education level that improved the productivity of labor force or cheaper labor cost (Cumings, 1987, p. 47). The World Bank report (1993) was one of those that called the East Asian miracle as a result of minimalist, market-friendly functional interventions (Sundaram & Ken, 1998).

However, Wade (1990) refuted these neoclassical claims with cross-country examinations. He suggested that the role of government and policies were ignored in most literature on NICs, especially in the cases of Taiwan and Korea (p. 28). Chang (2003) also has been constructing more theoretical structures on developmental states against mainstream neoclassical orthodox. He attacked dominating neoliberalism in western economic academia and suggested theoretical alternatives. The concept of the developmental state was elaborated by subsequent scholars such as Bardhan (1990) who wrote as:

It is not so much a matter, as is sometimes simple-mindedly put, of *authoritarianism versus democracy*. Once developmental goals are centrally involved in the issues of legitimacy of the regime, I think it is not so much authoritarianism per se which makes a difference, but *the extent of insulation (or “relative autonomy”)* that the decision-makers can organize against the ravages of short-run pork-barrel politics [emphasis added] (p. 5).

Even though Johnson coined the term of developmental states, some scholars asserted that the concept had a longer history (Bagchi 2000; Chang 2002; Chan 1990/1993). Bagchi (2000), who defined the developmental state as “a state that puts economic development as the top

priority of governmental policy and is able to design effective instruments to promote such a goal,” insisted that developmental states existed before Chalmers Johnson named them (p. 398). According to his analysis, the Netherlands in the sixteenth and the seventeenth centuries and Germany between 1850 and 1914 were in the category of developmental states based on his definition. Chan (1993) also counted some late industrializers such as Germany, Japan, and Russia into the range of developmental states on the basis that the interventions in those states were “substantive” and not “procedural” (p.58- 59).

Witnessing Japan’s stagnation and Asia’s financial crisis, some scholars have argued about the myth or the death of developmental states. However, the developmental state should be considered as a form of a state to kick-start economic development. Johnson (1982) insisted that a developmental state must be a “prerequisite” of other different types of following positive states. In other words, based on the successful developmental states, various other advanced forms of states could be formed. They could then become regulatory states or welfare states, however, these variations could be possible only after the precedent developmental state (p. 306).

2-2. Bureaucracy

In developmental state theory, the core factor of successful economic development is efficient bureaucracies. Developmental statist argue that the efficiency of a bureaucracy is highly related to the success of the nation; successful nations have efficient bureaucracy (Kang, 2002, p. 61). The bureaucracy in a developmental state is the engine that “switch[es]

gears” from market-driven economy to government-driven one (Bagchi, 2000, p. 399). Bureaucracy is one of the many terms in the social science that does not have a golden definition. However, the bureaucracy within the context of this thesis follows the definition of Kamenka (1989): “a specialized administrative staff, trained to perform specific tasks and to act within the powers delegated to it or ascribed to each particular office” (p. 4).

Developmental statisticians’ insistence on the role of bureaucracy in late economic development traced back to Friedrich List’s writing; List outlined an initial scheme on the developmental state (Evans, 1989; Leftwich, 1995). By analyzing histories of European nations’ economy, List insisted that in order to catch up to England, then leading world economy, the states on the European continent had to protect their markets until they could grow their markets strong enough to compete with England (List, 1885/1904). List’s idea of the role of state was developed more explicitly by the subsequent social scientists.

Weber (1968) further described the importance and characteristics of modern bureaucracy. He classified rule into three different types: rational-legal, charismatic, and traditional rule, and the rule by a bureaucracy was the purest form of rational-legal rule. It was the ideal type of political organization. However, one of the most outstanding developmental statisticians, Cumings argued that Weber’s concept of a bureaucracy tilted toward the West. Weber took the West as “rational” and the East as “something else” (Cumings, 1999, p. 84). Cumings’ critique is very interesting given that the theory of developmental states originated from the studies on East Asia, more specifically Japan. Weber himself concluded that modern and rational bureaucracy was a thing relevant only to the Western world (more specifically, Germany) and what Japan had was “the feudal organization” (Weber, 1968, p.

338). On the other hand, Johnson found Japan's bureaucracy *rational*. It is ironic that, regardless of the big different point of view between Weber and Johnson on Japanese bureaucracy—which was the core of all developmental states discussion—many developmental statisticians have cited Weber as “the great father figure of the modern theory of bureaucracies” (Kamenka, 1989, p. 1).

The relationship between economic underdevelopment and bureaucratic inefficiency had come to the fore since the 1960s. One of those studies was done by Spengler who underlined two roles of bureaucrats for economic development: offering aspiration to people and mobilizing economic factors in order to realize the aspiration (1963, p. 202). Gershenkron (1968a) also focused on the role of a state in late economic development through a comparative historical analysis between advanced European countries and Russia. Evans (1989) also stressed that late industrialisers had to rely on states because private sectors were reluctant to take risks and were not able to mobilize necessary resources by themselves. (p. 568). Later, Chalmers Johnson (1982) focused on the role of the bureaucracy in the late development with a case of Japan's fast economic development.

According to Johnson (1999) a bureaucracy has mainly three duties in a developmental state: (1) the state has to identify the industries which would have competitiveness and potential and choose some to be developed; (2) the state has to identify and choose the means to develop those selected industries; and (3) the state has to supervise economic activities in those designated industries and encourage their effectiveness. Onis (1991) also underlined the importance of bureaucracy, especially elite economic bureaucracy in the developmental states, in terms of formulating, implementing and guiding overall economic activities as well

as avoiding conflicts between policies for fast economic development. Another pivotal role of a bureaucracy in terms of the whole mechanism of economic development was the catalytic role of its relationship with private sectors; in order to implement effective and coherent development strategies, the roles of a bureaucracy which generated a consensus on goals and helped exchange information were crucial in successful developmental states.

However, what generated the developmental bureaucracy was relatively rarely studied. Everett Hagen was an economist who looked for the cause of economic development in the “concentration of leadership” with “creativity” (Gerschenkron, 1968 b, p. 369). For some developmental state thinkers, leadership itself was just one of the constituents that form the developmental state. Leftwich (1995) included “a determined developmental elite” among six major components² for the developmental state model and underlined the significance of the character of development elites that distinguishes the developmental states (p. 405).

Even though there have been voluminous analyses on the causes of Korea’s economic development, due to the predominant neoclassical tendency during the cold war era in the Western academia only recently has attention been shifted to the strength of the bureaucracy. Jang (1994/1996), one of the renowned developmental state scholars, attributed the fast economic development in Korea to a strong state and its industrial policies. Even though he strongly embraced the significance of the state role in planning and implementing industrial policies, he was not sure about how Korea’s strong bureaucracy was realized. Other scholars, such as Kim (1983), observed the role of leadership carefully along with other contributing factors, and gave partial credit to it for Korea’s economic development.

² 1. a determined developmental elite; 2. relative autonomy; 3. a powerful, competent and insulated economic bureaucracy; 4. a weak and subordinate civil society; 5. the effective management of non-state economic interests; and 6. Repression, legitimacy and performance

However, again, Kim and other scholars did not provide a clear bridge between political leadership and the economic development of the country.

2-3. Leadership

Considering the impact of political leadership, the studies on leadership have been rarely conducted throughout history. Plato has often been quoted as the initial classical scholar who studied leadership on *Republic* by illustrating four qualities of a good state—wisdom, courage, self-control and justice. In a sense the qualities of a state can be translated as the qualities of those who govern it (Nettleship, 1963, p. 146). However, for many classical scholars who seemed to have been interested in leadership, such as Aristotle, Hobbes, Locke, Montesquieu, Rousseau and Plato, the focal interest was a good society and not leadership per se.

Even though there has rarely been a systematic approach to the study of leadership in this context, desirable and undesirable leadership is an intriguing topic. Among classical political scientists, only Machiavelli was interested in leadership. (Blondel, 1987). In *The Prince*, Machiavelli illustrated how a prince should behave to be loved by his people. The prince should protect and live by the ancient customs in order to be a beloved natural leader (Parel, 1992). However, these codes of behaviors of a prince were not a profound analysis of the leadership. They were more about the desirable and normative principles that a natural prince should observe (Machiavelli, 1883).

Weber (1968), as well, focused on the idea of leadership in a chapter titled *Charisma and its Transformation*. In the chapter, he wrote that some people were born to be leaders, with the “natural” quality called charisma while others were not. Those people with natural charismatic gift can be religious, political, and other types of leader. On the other hand, those who were unlucky enough to be born without this charisma were unlikely to be leaders (p.1111-1112). Weber’s approach obviously described some qualities of leaders, but still, it cannot be categorized as a thorough analysis on leadership.

Why, then, have there been almost no theoretical analyses while many political philosophers were interested in and recognized the serious influence of the leaders? For Hobbes who described leadership as a *Leviathan*, political leadership was an object that should be limited and tamed in order to guard people’s freedom. This attitude of the classical political philosophers had a lingering impact until the nineteenth century when monarchy was replaced by more participatory forms of government in most western countries. As republican governments settled in, political scientists believed that systematically designed political structure was superior to a one-leader rule. It was believed that the system or the power of institutions could control or limit leaders. In this sense, analyzing leaders rather than systems or institutions seemed less logical. At the same time, the existence of tyrannies or despotism has brought on the continuous unease about untamed leadership per se. Therefore analyses of leadership happened to focus more on how to limit and minimized the negative sides of leadership than on how to discover and maximize its positive roles (Blondel, 1995).

In this academic atmosphere, political leadership has been studied only on rare occasions.

According to G.D. Paige's (1977) survey on leadership study, only seventeen articles contained keywords of 'leadership' or 'leader' out of over 2,500 articles in American Political Science Review between 1907 and 1963. Stodgill (1974) claimed that researches on political leaders had been "neglected" together with those on labour leaders and criminal leaders, while leadership of military personnel, businessmen and students had been "heavily researched" (p. 5). The study on leadership has been even scarcer outside of the dominating western scholarly world. Political leaders outside the western developed nations have rarely been the subjects of theoretical analysis. In spite of the significance of the role of political leaders in developing countries, particularly in Africa, there has only been a limited number of analytical works on it (Grundy, 1963).

However, since the late 1960s, there has been remarkable increase in interest in *how* leaders influenced political performance (Hah & Bartol, 1983, p. 100). Instead of how to limit the influence of the leader, how to utilize the positive roles of leaders has become the subject of analyses (Blondel, 1987). In doing so, interest in a positional leader swayed to a behavioral leader. Thus, a leader became distinguished with a mere position-holder who simply sat in a high position. In current academia, leadership is a force that is capable of mobilizing resources. Blondel defined leadership as "the power exercised by an individual to push members of the polity *toward action in a particular direction* [emphasis added]" (1995, p. 290).

Political leadership consists of three components, which are also very critical in terms of developmental state's leadership: (1) leadership diagnoses and identifies problems and strengths; (2) leadership recommends how to act in order to resolve the problems and

improve the strengths; and (3) leadership mobilizes resources for these actions (Tucker, 1981, p. 26). On top of these elements, additional qualities are asked of the leaders in transforming societies: vision and will (Westlake, 2000 a). These two additional qualities in transforming are especially critical to leaders in developmental states since a developmental state itself is the transforming state.

2-4. Studies on Korea and Ghana

It would be an over-simplistic analysis if political leadership is regarded as the only attributing factor to the success or the failure of economic development of a nation. Leadership is not perfectly autonomous from the environment that circumscribes it. Some scholars such as Blondel (1987) pointed out that leadership could be only effective within the confinement that the environment allowed. Along with the different types of leadership, there are many other considerable factors that have affected economic development in a specific nation: the quantity and quality of foreign aid and socio-historic values; and distinctive international dynamics around each nation. Besides, these variables should not be disregarded in studying the role of leadership in economic development.

A comparative historical economic perspective—a question of why some countries succeeded in economic development while others did not—has a long history (Oylaran-Oyeyinka & Rasiah, 2009, p. 1). To name a few, Hamilton (1791) and List (List, 1885/1904) studied the underlying factors in the US' and European continent's economies respectively through the lens of successful England economy; Gerschenkron (1968 a) studied European economy and

compared it with Russian economy; Franco (1988) tried to extract lessons from Korea's experience for Latin America ; Kim (1995) tried to find the components of Korean economic success that would be helpful for African economy; and Oylaran-Oyeyinka and Rasiah (2009) analyzed East Asian miracle and Sub-Saharan African tragedy in terms of building technical and learning capability.

Among those, Stein (1995) indicated two risks in comparative interpretations: identification and reproducibility. Identification refers to the job of pinpointing the contributors to successful economic performance. It is a very puzzling task not only because it is not simple to find direct causes of successful economic development but also because there are countless indirectly intertwined variables involved. Reproducibility means the feasibility of reproducing the previous success in a relatively underdeveloped place, and it should be approached carefully for the four following reasons: (1) the unique international environment that surrounds a specific nation at specific time; (2) the unique historical economic circumstances; (3) cultural or social values that reduce the transaction costs; and (4) a structure of social or political classes relating to promoting a set of policies (p.32-33).

Looking at the cases of Korea and Ghana within the framework of the four factors identified by Stein, it would be observed that first, the international market was friendly towards Korean export-driven economic growth. However, Ghana has suffered from relatively less favored terms of trade than Korea. Secondly, relating to the historical economic factors, massive aid, which Korea received after the end of the Korean War, did not happen in Ghana. In fact, 80 per cent of gross domestic investment in Korea was foreign aid between 1956 and 1962. Thirdly, the Confucianism in Korea reduced the transaction cost in Korea's economic

development. But in Ghana, it was not easy to find the societal attributing factors to its economy as Confucianism did in Korea. Finally, in terms of the peculiarity of political alignment, the authoritarian regimes were possible in Korea but regimes in Ghana were less autonomous; Korean strong regime was possible partially due to the land reform that had the basis of rural elites shrank, but Ghana did not go through the similar processes.

The socio-economic basis has always been one of the factors that should not be ignored in the historical comparative analyses for many scholars including Stein. For instance, in the work of extracting ten lessons from Korean economic development for Latin America³, Franco (1988) concluded that the prime lesson from Korea would be policy making and the implementation process. However, he also stressed the underlying socio-economic factors as the attributors to the efficient bureaucracy. For example, he explained that Confucian ethics and the earned obedience from enlistment worked as the basis of the successful policy implication in Korea (p.17-19).

On the other hand, instead of pointing out relatively vague cultural factors, a few scholars have directly related leadership or policies with economic underdevelopment. Werlin (1994), one of the pioneers of comparative study between Korea and Ghana, also asserted

³ Franco pointed out 10 lessons : 1. The ability to monitor and respond to outside threats and opportunities; 2. The ability to generate a consensus; 3. A powerful instrument to measure performance; 4. Political stability created by an outward-oriented strategy; 5. Rules of the game; 6. A labor policy of linking salary raises with increases in productivity and using a paternalistic management style; 7. The creation of think tanks; 8. A pragmatic mode of problem solving on obtaining foreign investment and technologies; 9. The flexible and quick response to external changes; and 10. Investment in human capital (p. 19-20).

that cultural explanations often distracted the influence of leadership and policies in economic development. He found the causes of two opposite economic developments of Korea and Ghana in the different level of leaders' commitment to economic development. In conclusion, he ardently insisted that scholars devoted to Africa should criticize its leaders. (p. 222).

Cartwright (1983) specifically illustrated that the leadership of Ghana, especially that of Nkrumah, failed because it swung from search for private investment to planned economy without serious commitment to economic development. In other words, the lack of developmental leadership was the core hindrance in Ghana's economic development since its independence. Many analysts, including Moss (2003), argued that what Ghana needed to develop was not more outside aid but more determined leadership and effective policies.

3. Case study: Korea's leadership and the bureaucracy of Park Chung-hee

Korea was an agrarian society before it was invaded by Japan in 1910. Japan utilized Korea as a new breadbasket that could fill up its insufficient rice supply. Later, during the Second World War, Japan introduced some military industries for its war supplies which were destroyed during the Korean War between 1950 and 1953. When Park Chung-hee was inaugurated in 1961 as a president, Korea was the second poorest nation in Asia after Bangladesh. Sakong (1993) described Korea's miserable condition when Park took power thus:

Korea's rapid development began in the early 1960s, while the country was suffering from all the ills associated with a typical developing nation. Widespread

unemployment, underemployment, and absolute poverty plagued the country. Savings were negligible, and dwindling foreign aid, mostly from the United States, primarily financed what little investment there was. Exports were almost nonexistent because Korea, unlike some resource-rich developing nations, did not have resource-based exportable goods. Worst of all, there was no significant industrial base, as agriculture dominated the economy (p. 7).

When Park took power in 1961 through a military coup, he only earned a position as head of the Supreme Council of National Reconstruction, and at the election that was held right after the coup, he defeated his opponent with just a slim margin. He promised general elections in two years. Park needed to prove himself as a qualified leader in order to win the coming election in two years, and it was economic development that would give him the legitimacy he sought.

In 1962, he announced the first Five-Year Economic Plan (1962-67). Under the given circumstances, the plan was designed hastily and had many failings, and thus it had to be modified later. However, it was enough to reflect his commitment to economic development to his people (Sakong, 1993, p. 48). At the next general election in two years, his strong commitment to economic development and the economy that had begun to experience faster growth gave him a landslide victory. The means that filled the holes of his legitimacy was economic development, including the distribution of the fruit of the development. The chase for economic development became his “leitmotif” throughout his presidency from 1961 to 1979 during which Korea had recorded over 9% annual growth rates (Amsden, 1989, p. 49), (Franco, Egruren, & Baughman, 1988, p. 14). In a nut shell, he had to be committed to economic development for his political survival and legitimacy to be assured.

3-1. Leadership Commitments through Writings and Speeches

Whatever political desire he had ultimately, the medium he chose to get his political goal was successful economic development, and thus Park committed himself to economic development. The most efficient instrument to accomplish economic development, for him, was effective bureaucracy (Franco, Egruren, & Baughman, 1988, p. 15). His commitment to economic development and the bureaucracy was well expressed in his speeches during his tenure. This subchapter studies his commitment based on some of his speeches. How the commitment was realized in practice is studied in the next subchapter, 3-b; Examination via Relevant Policies.

Park frequently expressed his determination to pursue economic development in his speeches and letters throughout his tenure. From his initial days in office, he explicitly prioritized economic development and the bureaucracy as the engine of those economic policies. In one of Park's earliest speeches, which was delivered right after he took power, he said that

At this revolution, stabilizing a society and *implementing economic policies are the utmost task of the revolutionary regime*, hence determined and detailed economic policies are necessary....Planning and implementing will be *long-term oriented*....The *administration* is to offer the details of economic planning to you [people] [emphasis added]⁴.

⁴ July 16, 1961, from *a Statement on Urgent Economic Problems*, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

Park believed and claimed that only economic development could pave the way to resolve societal and political ills. In order to build a stable and democratic society, he asserted, one needs economic development first. This was well expressed at several points in his speeches;

My wish is alleviating poverty in this land....Our enemies are poverty, corruption and communism. I think these are our three common enemies.... *Without preceding economic development, we cannot expel poverty. Without preceding economic development, we cannot expel underemployment and unemployment which incubate corruption, and without preceding economic development, we cannot win communism and we cannot liberate the people in North Korea [emphasis added].*⁵

He believed that the primary goal of national democracy was economic independence. National identity or democracy was hypocrisy when not based on economic independence.⁶ In developing countries, the focal point of politics was building economy, and democracy was able to be grown on the soil of economic development⁷.

Park's commitment to economic development was not only expressed in his speeches. His personal diary, which was discovered after his death, also demonstrated this commitment. He wrote a journal on the day he participated in the event that celebrated 'Day of Export—Meeting the Goal of US\$ 10 Billion Export' in 1977. Recollecting the original 'Day of Export'⁸ in 1964 when Korea's export had exceeded US\$ 100 million for the first time, he

⁵ July 1, 1967, from *the 6th President Inauguration Speech*, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

⁶ April 15, 1967, from radio speech *the Will of Economic Independence*, cited in Hong, 2005, p. 112

⁷ January 1, 1968, from *the New Year Message to People*, cited in Hong, 2005, p. 50

⁸ The amount of Korea's annual export was US\$ 50 million in 1962 when the 1st Economic Development

conveyed his personal emotion and determination in his diary; “we will exceed US\$ 20 billion export in 1981....We have to make strenuous efforts and gird up our loins more....let’s make a definite promise of new vigorous advance with new resolution, volition and confidence”.⁹

To fulfill his commitment to economic development, Park depoliticized the Korean bureaucracy by granting it greater power. He insulated the bureaucracy from political influences. He believed that “a *bureaucracy should be built first in order for the fast economic development in backward societies* on their road of modernization [emphasis added]”¹⁰. In the same vein, he added that;

The Revolutionary Government will enact ‘the New Public Servants Law’ *in order to prevent a bureaucracy from wrongful political pressures and illegal interference that have tenaciously hindered ‘bureaucratic efficiency’*....The Government has done everything to establish a secured public servants system by protecting the statue of public servants....I do not doubt that establishing the system of public servants will increase the efficiency of the bureaucrats...[emphasis added].¹¹

In the 1960s and 1970s, Korea lacked capital to build industrial bases such as plants to start new industries, and therefore had to borrow money from abroad. Commencing construction

Plan was initiated. Two years later, on December 5, 1964, Korea reached US\$ 100 million of export and Korean government set the day as the ‘Day of Export’ with countrywide festivals.

⁹ December 22, 1977, in Park’s diary, obtained from http://www.parkch.com/client/news/nw_viw.asp?idx=4553&cpage=1&b_cate=5&m_cate=23

¹⁰ September 6, 1963, from *the Celebration Speech for Opening of the Building for Educating Central Government Officials*, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

¹¹ September 6, 1963, from *the Celebration Speech for Opening of the Building for Educating Central Government Officials*, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

of a plant meant that the government succeeded in borrowing money, and corrupted politicians frequented the construction site in order to extort some of the money through political blackmailing. When Pohang Steel Company (current POSCO)¹², the state-owned iron foundry, was under construction, Park Tae-jun, who was in charge of the construction, tendered a resignation because the political interference was too excessive for him to continue the project. Since the size of the project of constructing Pohang Steel Company was the biggest in Korean history¹³, political interference and threats for getting private advantages from the project went to extremes. The project manager who visited President Park to turn in a resignation, instead got a hand-written card of the President; “whoever you are, you would better leave him alone,”¹⁴ which, thereafter, he carried around when he had to meet politicians until the successful completion of the project.

Park regarded a professional bureaucracy as a precondition for national development. He believed that efficient execution of government policies depended on the work ethic of public servants, capable manpower, and improvement of bureaucratic technologies through education. He often made public speeches on ameliorating working condition, and having bureaucrats focused on their jobs by revising of pension system.¹⁵ Insulating bureaucrats

¹² Pohang Steel Company was completed in July 1973. Since it started running, it has never recorded deficit, and now POSCO (former Pohang Steel Company) is producing more than 33 million tons of steel a year (2008, from www.posco.co.kr). Korea is the world’s 5th steel producing nation and based on the steel produced in POSCO, Korea became the 1st ship builder, the 2nd electric home appliances supplier and the 5th car makers in the world (Hong, 2005).

¹³ In order to build the Pohang Steel Company the government got US\$ 100 million loan from Japan

¹⁴ Cited in Hong 2005, p 149-150

¹⁵ September 3, 1968, from *a Speech on Opening the Budget*, obtained from the E-library of President

from political influence was accomplished to increase bureaucratic efficiency. For Park, the bureaucratic efficiency was achieved most by two methods: staying professional and keeping work ethics.

In order to maintain bureaucratic professionalism, two factors were underlined: field researches and education. As analysts agreed (Lee, 1968; Hong, 2005), he, himself, was a field researcher¹⁶. Park once dismissed a Minister of Construction, and Park said he was fired because he did not go out to check the site of constructing the highway that connected Seoul-Busan.

Along with the field research, Park believed that education played an important role in keeping the bureaucrats capable and effective. Indeed, various education centers, including universities, were one of the most frequently visited places by President Park and the venue of many of his speeches. His yearning for education can also be understood in the context that Korea lacked manpower that was highly educated enough to build its economic plans and pioneer new industries. Even though many analysts have pointed out relatively well educated labor as one of the factors that led to Korea's fast economic development, Korea's labor, in 1960s, was educated only enough to manage simple labor works efficiently¹⁷. In fact, Korea did not have enough managerial personnel or technicians who were able to take

Park Chung Hee; <http://www.parkchunghee.or.kr>

¹⁶ He was an enthusiastic learner and field researcher. When Pohang Steel Company was under construction, he visited the construction site (it took more than five hours to get there from the Blue House) thirteen times before it was completed.

¹⁷ Japanese constituted over 80 percent of technicians and engineers in Korea in 1943. (Sakong, 1993, p.

2)

on long-term economic and industrial planning.

In order to boost economic development, manufacturing industries should be introduced. Park believed that institutional initiatives only could bring in those industries effectively. He insisted that without technological improvement, economic development was impossible. Park defined the underdeveloped countries as the countries lacking technology and relevant institutions; in order to improve the technology level, he said, an institution with powerful administrative and concentrated authority should be built in the first place.¹⁸ The strategy of utilizing government think-tanks for private sectors can be seen in the cases of the Economic Planning Board (EPB), the Korean Institute for Science and Technology (KIST), and the Korean Trade Promotion Corporation (KOTRA) which are to be elaborated upon in a following subchapter.

Along with maintaining professionalism, another point that Park ceaselessly stressed to the bureaucrats was work ethic and vision. One of his favorite phrases to government officials was “Let’s not betray our people. Let’s make them have the confidence that we can do it also.”¹⁹ Through personal letters and public speeches, he encouraged bureaucrats to act as models to grassroots people and to offer a vision to them; “you [regional government officials] are primary workers of national activities and the spiritual leaders of your places as well as people’s servants.”²⁰ When he made speeches or wrote letters to government officials, he

¹⁸ April 21, 1967, from a Speech at the Opening Ceremony of Science Technology Administration, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

¹⁹ Hong 2005, p. 43

²⁰ March 6, 1968, at a *Meeting with Regional Government Officials*, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

frequently added the expression of *in the position of leading our people*. By upgrading their position as leaders of people, Park tried to improve their morals and their sense of duty also. Park often wrote autographic letters to higher government administrators and inspired their sense of duty.

Lastly, as part of the morals and professionalism in bureaucrats, he also asked public servants to have a shared and integrated vision with central government. This could be heard in his saying “most of all, you have to have a vision on development of local communities by fully grasping government’s goals....I expect that the economic policies discussed in last administrative meeting were transferred to local government offices and fully understood by local officials.”²¹

Park’s leadership, which was committed to improving morals among the bureaucrats, is displayed not only in his speeches and letters but also in incentives and systems. They are to be studied in the next subchapter.

At domestic level, Park’s commitment to economic development was explicitly expressed. He stressed the need to build insulated bureaucracy as a precondition for economic development, and his words showed that he was particularly concerned with the professionalism and the work ethic of a bureaucracy.

At the international level, when Park’s administration planned long-term economic

²¹ September, 17, 1971, at the Meeting with Heads of Regional Government Officials, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

development, Korea did not have enough money and technology to kick-start its economy; it needed capital and technology to be brought from abroad. However, foreign investors were reluctant to lend money to a country like Korea that seemed to have no hope or capability to repay its debts.

One of the very few options Park had was getting money from Japan based on the historical debt Japan incurred during Japanese occupation of Korea in exchange for recovering the diplomatic tie between the two countries. The diplomatic tie between the two nations was ceased when Korea became independent in 1945. Yet, it was not an easy option because most Koreans were still suffering from the trauma of the Japanese occupation. When the Government announced its plan to cease the discontinuance of diplomatic ties with Japan, there were enormous anti-Japanese movements in the streets across the nation. Getting money from Japan in exchange for recovering broken tie with Japan was definitely a huge risk to his political life. In this vein, it is understandable that Park delivered one of his longest speeches on the *Korea-Japan Conference* in 1964. In the speech, he said;

I understand the sentiment in current street demonstration of patriotic young students over the Korea-Japan Conference....But our government and I are thinking about our nation's future at the conference table....*I have detailed plans to utilize the benefit of this conference for our nation* and I will disclose them as soon as the conference is over.²²

Getting money from the Japanese against extreme national anti-Japan sentiment of many Korean whose parents and siblings were killed by Japanese and who still lived in the

²² March 26, 1964, from a *Special Speech on Korea-Japan Conference*, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

traumatic memories was never an easy task. Even though Park managed to recover the suspended diplomatic ties between the two nations and get money and much-needed technologies from Japan, it was not enough. Korea was still short of the capital required to boost its economy. The US announced that it would cease the aid to Korea. Therefore Park's government chose to include even communist countries when it could get what it wanted. It was also very unconventional regarding that Korea lost one third of its national assets during the Korean War against communist North Korea. However, Park asserted that Korea had to practically choose its international partners not only among politically neutral countries but also with communist countries. In building diplomatic ties, trade and cooperation for economic and technical gain were at the top of the agenda.²³

We have to build a bigger advocate international group through *practical diplomacy even with communist nations*. With the military diplomacy, for our peace, we have to work more on our economy building. Economy building is the basis of national power. Forthcoming competition between a democratic bloc and a communist bloc depends on 'development competition' beyond military one. It would not be exaggeration winning communists means building stronger economy [emphasis added].²⁴

Considering that it was at the height of the Cold War, and that South Korea had had a war against Communist North Korea, this speech showed Park's determination to depoliticize Korea's foreign policies for its practical goal of economic development.

²³ September 3, 1968, from *a Speech on Opening the Budget*, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

²⁴ January 1, 1971, from *a New Year Speech*, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

Park's speeches and letters show that he exercised leadership aimed at depoliticizing economic issues—domestically by building and improving a professional and moral bureaucracy and internationally by building diplomatic ties not limited by history or ideologies.

3-2. Examinations via Relevant Policies

Park's commitment to economic development and an insulated bureaucracy expressed in his words was efficiently realized in the form of corresponding policies. Before Park took control, the Constitution of Korea, which was established in 1948, vested the National Assembly with decisive power in governmental affairs. As soon as he took power, Park transformed the government from a Parliamentary system to a Presidential system. Moreover, through a few revisions of the Constitution, government was allowed to appoint one-third of Assembly membership in 1972. Needless to say, the tenure of the appointed assembly members was at the discretion of President Park and depended on their loyalty to him (Luedde-Neurath, 1988, p. 94).

That Park took the Assembly under his control was of importance both domestically and internationally. Since the 'paper tiger' Assembly was not able to influence or stop government decisions, the administration did not need to wait for the lengthy procedure of ratification. Domestically, it accelerated administrative duties such as implementing policies and internationally, the government was able to avoid the delays and obstacles that

occurred in Putnam's (1988) two-level games in diplomatic issues.

Along with retrenching the Assembly, Park also strengthened the bureaucracy. The bureaucracy of preceding regimes was neither effective nor organized (Cheng, Haggard, & Kang, 1999, p. 100). Developing a competent and efficient bureaucracy was urgent for Park since he took a bureaucracy to be the medium for economic development. His strategy to build a developmental bureaucracy can be divided into two aspects: generating competent bureaucrats and restructuring system of the institutions.

As many scholars pointed out as an underlying factor of its strong bureaucracy, Korea has had competitive civil service exams to select competent bureaucrats since around 500 B.C., and passing this exam has meant enormous prestige (Cheng, Haggard, & David, 1999, p. 105). However, the tests became loose and ineffective while Korea went through Japanese occupation, the following Korean War, and the chaos of nation building after the War. Thus, one of the first things in Park's regime agenda was revising the system of the test. The National Civil Service Exam Law was adopted in order to build the basis for professional bureaucrats across the nation. The revision was conducted based on three principles: (1) open competitive tests as a base of appointments in general; (2) evaluation of performance at a particular post as a base of promotion; and (3) job security for all public servants (Kim & Leipsiger, 1993, p. 30). New tests based on the new law enabled Park's regime to secure more competent manpower and thus to improve the efficiency of a bureaucracy in the beginning.

Together with The National Civil Service Exam Law, Park's regime adopted a few more

measures that offered incentives to bureaucrats and to insulate them from political interruption. First of all, the Provisions for New Public Servants were enacted in 1963 aiming to secure the status of bureaucrats against political pressure. Along with the new revisions that protected the status of public servants, job security and the pension guaranteed for civil servants were powerful merits. Civil servants were the only class who enjoyed those benefits in Korea in 1960s. These fringe benefits enabled the bureaucracy to recruit competent human resources despite the low salaries of public servants.

Although Park insisted that the salary of public servants met the proper level to keep on recruiting competent public servants and let them focus on their job²⁵, he had a clear understanding that it was not easy to reward civil servants with the insufficient salaries within the government's tight budget. Park, who wanted to hire and maintain professional and competent bureaucrats, offered his own type of incentives. Instead of compensating them financially, Park provided them with non-monetary gratification such as words of gratitude and trophies or medals for their accomplishments. For example, an awards ceremony for *Honorable Public Servants* was held in the media spotlight every year. Park made speeches that showed gratitude for award winners and he presented them with medals in person. Various types of non-financial incentives were one of distinctive features of Park's leadership, and these incentives did work as those that can improve the qualities and capacities of the bureaucrats (Weiss, 1998, p. 49-50).

On the one hand, improving the level of bureaucrats in general was achievable by relatively

²⁵ September 3, 1968, from a *Speech on Opening the Budget*, obtained from the E-library of President Park Chung-hee; <http://www.parkchunghee.or.kr>

simple systematic revision such as tightened national civil servant exam or more chances of educating bureaucrats themselves. On the other hand, it was a different story to secure highly educated ‘brains’, i.e., PhD holders equipped with advanced technology or information²⁶. It was obvious that Korea needed those brains to make decisions in long-term economic planning and to transform its industry structure.

Accordingly Park initiated reverse brain drain policies to recruit high level Korean technicians who stayed outside of Korea. According to the Ministry of Science and Technology, which was in charge of the reverse brain drain program, it was conducted by strict government instructions and rules. There were governmental requirements for repatriation. Scientists or technicians who had minimum two-year working career beyond PhD degree with Korean ancestors and who had at least five published research papers in past five years were the target of the government. Various incentives were offered to attract repatriation including material compensation, research autonomy and technocratic authority. The state-led reverse brain drain brought back 553 highly educated PhD holders between 1968 and 1980, and they mainly worked at public R & D institutes such as Korea Institute of Science and Technology (KIST). KIST was founded in 1966 as a part of administrative reform for repatriated scientists in order for the industries that the government targeted to develop strategically. They included the industries of electronics, chemistry, genetic

²⁶ According to Yoon (1992), “as of 1967, the percentage of drain for Korean engineers, natural scientists, and social scientists were 80.0 percent, 97.7 percent and 90.5 percent respectively (the corresponding world comparisons are 30.2 percent, 35.0 percent and 34.6 percent). Significantly, aggregate overseas Korean ‘brains’ outnumbered those in Korea: As of 1965, those who had a doctoral degree at home totaled 79 whereas Korean scientists and engineers in the United States along (although not all of them had PhD’s) numbered approximately 869” (p. 6).

engineering, and computers. The status of researchers and their works in KIST as a government think tank were insulated from political interference (Yoon, 1992).

Aside of KIST, other institutional restructuring for economic development was undertaken while the government established a number of developing bureaucratic think-tanks. The Korean Development Institute (KDI), and the Korean Trade Promotion Corporation were two of the most prominent. These public institutes supported Korea's exports by researching into foreign markets and by developing new technologies for exporting goods. Among the administrative reforms, "the most important institutional innovation" (Sakong, 1993, p. 26) was setting up the Economic Planning Board (EPB)²⁷. Park aimed at establishing an institution which was able to play the role of headquarters in economic development policies: from planning to implementing and to checking the results of the implementation. To meet this need, EPB was created. The EPB was a pilot agency that played a pivotal role in formulating and implementing economic policies.

A pilot institution that has an autonomous power in overall economic activities is one of the decisive features of developmental states (Onis, 1991, p. 111).²⁸ The EPB was a powerful pilot institution that was in charge of the whole process of planning, allotting, guiding, evaluating economic industrial policies. The comprehensive role of the EPB helped avoid

²⁷ Given the limitation of time and quantity, the thesis only studies the Economic Planning Board.

However, most analysts have put weight also on a few more institutional restructuring, including the National Tax Association, the Office of Labor Affairs, and Ministry of Science and Technology.

²⁸ Developmental states in East Asia have had institutions that played a similar supervising role: Japan's Ministry of International Trade and Industry, Taiwan's Council for Economic Planning and Development, and Singapore's Economic Development Board.

conflicts between different institutions, administrations and projects.

The EPB played a role of “a super ministry” (Kim K. , 1983, p. 44). First of all, the head of the EPB was a Deputy Prime Minister. It gave a significant and superior status to the EPB since a Deputy Prime Minister received instruction directly from the President not going through a Prime Minister. In other words, the head of the EPB was an acting Prime Minister in economic issues, and this status gave the EPB supreme degree of autonomy.

Not only its status but also the function of the EPB was highly autonomous. According to Kim and Leipsiger’s compact description on the function of the EPB established in 1961;

the EPB combined several policy functions previously entrusted to different Ministries: (i) the planning function, originally located in the Ministry of Reconstruction, which had worked with USAID in the aftermath of the War; (ii) the power of preparing the government budget, which was removed from the Ministry of Finance (MOF); (iii) the function of collecting and evaluating the national census and other statistics which was taken from the Ministry of Internal Affairs. Responsibility and jurisdiction over the inflow of foreign capital and technology were vested in the EPB as well. The EPB had three main functions: (i) it planned and formulated economic policy programs; (ii) it coordinated economic policies implemented by individual Ministries; and (iii) it evaluated policy programs implemented by individual Ministries on a continuing basis (p. 29).

Putting economic development in a human body analogy, the EPB functioned as the brain. The Ministries, government institutions and even private enterprises were connected to and received instructions from the EPB. The central and complete (from planning to evaluating) function of the EPB might have been originated from Park’s experience from a centralized military system (Cheng, Haggard, & Kang, 1999, p. 101) However, no matter where the

idea of EPB was originated from, one may be certain that the EPB played a decisive role in industrializing Korea. According to Weiss (1988) three factors are necessary in bureaucratic structure of coordination for industrialization: high quality of bureaucrats, intelligence-gathering infrastructure and insulated pilot agencies policy coordination. The EPB undoubtedly met those conditions.

Along with the EPB's cohesive and synthesizing role in development policies, there was one more pivotal function of the EPB: the Monthly Economic Briefing. This meeting was held at the EPB, and the participants were President Park, the heads of the Ministries, other senior officials and even the heads of big private enterprises. This monthly meeting with policy makers and players in private sectors played one of the focal roles in effective and coherent economic development. They exchanged information, generated consensus, and encouraged support for each other. Park listened to the complaints about the obstacles to increasing exports, which was the anthem of Korea, and checked the progress at the next meeting which must have been a big pressure and, at the same time, motivation to the administrators. There also were quarterly Trade Promotion Conferences and annual briefings from senior officials in the Ministries which played the same encouraging and checking roles for high-ranking government officials to meet the targets that were set previously.

Even though it is true that Park's "unselfish" leadership was committed to economic development and that Korea made enormous economic development during his reign, it is also true that his leadership was obviously a faulted one (Kang, 2002, p. 62). Park was inaugurated for seven consecutive terms as a president, and he reigned for 19 years (1961-1979). When the Constitution limited his term in office, he amended it. He put anyone

who stood against his will into jail and many labor activists who fought for better working conditions were tortured and killed. Park, who pursued meritocracy for an efficient bureaucracy failed to clean up national betrayers who had cooperated with Japanese imperial governance which still generated societal conflicts in Korea. Many scholars, including Choi (2002/2009), emphasized the “militarism” as the feature of his regime alongside the developmental state (p. 98). However, apart from the question of whether he was benevolent dictator or bureaucratic authoritarian (Yoon, 1992; Choi, 2002/2009), his long reign of almost two decades played a positive role in Korea’s economic development.²⁹ His lengthy reign accompanied by his determined commitment to economic development and an insulated and efficient bureaucracy allowed him to plan, implement, evaluate, and re-plan long term economic development. Through the repetitive and continuous economic planning cycles, Korea was able to pull itself out of abject poverty and transform its industry from agriculture to light industry and finally to heavy and electronic industry.

4. Case Study: Ghana’s leadership and the bureaucracy of Kwame Nkrumah

In the early 1960s when Korea was “suffering from all the ills associated with a *typical* developing nation [emphasis added]” (Sakong, 1993, p. 7), the extent of Ghana’s development was “*untypical* of the stereotype of an under-developed economy [emphasis added]” (Omari, 1970, p. 100).

²⁹ The impact of his rule on the history of Korea’s democracy is not as positive as that on economic development and it has been still very controversial. However, the thesis limits its range only to his leadership on developing economy and building efficient bureaucracy. Thus the thesis does not seek for the answer of the question whether he was a dictator or not.

When Ghana became independent from Britain in 1957, it was economically the most advanced nation in Africa outside South Africa. It was true that the distorted investment during the colonial era rendered the Ghanaian economy “very uneven” (Ray, 1986). Railways were not extended into the north because there were almost no cash crops in there, and Ghana’s economy was heavily reliant on a few commodities such as cocoa and gold. However, Ghana’s social and economic infrastructures—telecommunications, roads, health system, education—were far more developed than those of Korea where two thirds of its roads were destroyed during the Korean War. Those who observed Ghana when it was independent agreed that it was the country that had the most potential in Sub-Saharan Africa. Werlin (1994) described Ghana when it became independent thus;

Ghana came into independence under Kwame Nkrumah in 1957 with more advantages than perhaps any other country in Sub-Saharan Africa. It exported more cocoa than any other country and 10 per cent of the world’s gold. It also exported significant quantities of diamonds, bauxite, manganese and mahogany. It had reserves amounting to an estimate US \$532 million, or US \$83.2 per head in 1955—enough to pay for one-year’s import requirements (Fieldhouse, 1986). Its liquid assets were more than seven times its long-term debt. Ghana’s transport infrastructure was considered among the best in Africa (Huq, 1989 p 62). In addition to its economic assets, Ghana had at the time of independence a higher percentage of well-educated, professionally qualified, and technically trained and experienced people than any other Sub-Saharan African country (p. 208).

However, when Nkrumah was ousted by a military coup in 1966, Ghana’s economy was not the same as the one he inherited when he became president of independent Ghana. Taking every index of 1960 as a yardstick 100, between 1960 and 1966, the real value of the minimum wage declined to 56, monthly earnings in the private sector to 81, industrial earning

to 75, and the incomes of cocoa farmers dived to 34 (Fieldhouse, 1986, p. 140).

The economic dynamics that Nkrumah had been through during his stay in office—starting from the highest condition ending at the bottom—shared a similar trace with his political trajectory. The symbolic event of Ghana's independence as the first on the African continent promoted him “from the status of a relatively unknown colonial agitator into a world leader” (Jackson & Rosberg, 1982, p. 201), which was enough to implant a more ambitious dream in his mind. Nkrumah and his Convention People's Party (CPP) were in power continuously from 1946, when Ghana became self-governing, until the 1966. Nkrumah took power and had to keep the power against existing threats to his political status. In the 1950s, there were strong oppositions in Ashanti regions, and also there were other movements in favor of joining Togo among Ewe-speaking residents in Ghana. At the beginning of 1960s, he worried about the shaking basis of his supporting groups. In order to secure the base of support, he had to fulfill the material expectations of his party activists (Killick, 1978, p. 34).

4-1. Leadership Commitment through Writing and Speeches

Scholars who have studied Ghana suggested a wide range of dimensions on Nkrumah: “a perfect tool in the hands of Russians” (Metrowich, 1967), a nationalist as well as a socialist (Killick, 1978), or a “leader, thinker and activist [who] continues to inspire a new generation of Africans” as a determined Pan-Africanist (Hadjor, 1988, p. 88). Whichever dimensions are taken, one can find one thing in common; Nkrumah's pursuit of political aims preceded

economic concerns.

Nkrumah's priority of political goals to economic ones can be effortlessly understood from often quoted axiom of his: "Seek ye first the political kingdom and all things will be added unto it" (Grundy, 1963, p. 439). He thought that underdevelopment was a result of politics. In the same vein, for him, economic development was only possible on the basis of politics as this was evident in his saying that "this country must progress politically—indeed political self-determination is the means of further realization of our social, economic and cultural potentialities. It is political freedom that dictates the pace of economic and social progress."³⁰

Nkrumah's ultimate goal was to become a leader of Pan-Africa. Alexander who worked for Nkrumah as Chief of staff for two years recalled that his boss's aim had been to become a leader of the whole Africa for a long time; Nkrumah had a strong emotional fondness to the Pan-Africanism and he constantly worked toward that goal. (Alexander, 1965, p. 27).

The socialism that Nkrumah pursued in Ghana can be understood in the wider context of his conclusive goal of the united Africa³¹. Ideologically Nkrumah was Marxist-Leninist and

³⁰ Gold Coast Weekly Review (July 20, 1955), cited in Grundy, 1963, p. 440

³¹ There are a few of opinions on Nkrumah's socialist position. Alexander's opinion (1965) on this issue is interesting; "Is Nkrumah a true communist? Perhaps he was inclined towards it in his youth, and even in the days when he was working to 'free' his country, but now he is an opportunist, using communist doctrine only when it suits his purpose and furthers his own aims. ... He still retains a love-hate relationship with the United Kingdom ... he knows that the communists will co-operate in his endeavours and undermine his enemies—that is, all who frustrate him in his desire to be the most important African in Africa." (p. 26)

therefore regarded imperialism as the culprit of Africa's economic underdevelopment (Grundy, 1963, p. 453). He took imperialism as the highest stage of capitalism that exploited underdeveloped nations like Ghana³². On the other hand, the Soviet Union was regarded as the ultimate victory that destroyed Nazis who had defeated France, Belgium and almost Britain, the colonial powers that had extorted African countries (Ray, 1986, p. 11). Also, the Soviet Union was against the colonial powers and its fast economic and military development in 1960s was impressive enough for Nkrumah to take it as his path to Pan-Africanism.

Nkrumah overtly proclaimed his political ideology of Pan-Africanism and socialism, yet he understood that he needed capital from western countries to rebuild the infrastructures of Ghana for its economic development. The critical fallacy of Nkrumah's leadership in terms of economic development was the fact that his economic policies lacked consistency and predictability while his ideological belief swung widely from pro-Western to pro-socialism domestically and internationally³³. Economic gains were sometimes foregone for the sake of political benefits. In a nut shell, Nkrumah did not distinguish between political agendas and economic gains, and when they conflicted, economic gains had to be sacrificed.

At the domestic level, Nkrumah prioritized political independence, however he acutely

³² Nkrumah, 1963, p. 22

³³ There has been a controversy on Ghana's ideological shift. Fitch and Oppenheimer (1966) asserted that Ghana under Nkrumah should be considered two different nations: a pro-western Ghana between 1946 and 1961 and a pro-socialist Ghana between 1961 and 1966. On the other hand, Killick (1978) regarded Nkrumah more of a socialist. Gerund argued that his socialism was just another name of anti-colonial nationalism (cited in Killick 1978).

understood that political independence was senseless without economic independence; before Ghana obtained full independence, he wrote in his autobiography that;

*The first objective then is political independence,...Once this freedom is gained, a greater task comes into view. All dependent territories are backward in education, in agriculture and in industry. The economic independence that should follow and maintain political independence demands every effort from the people, a total mobilization of brain and manpower resources....Unless it is, as it were, 'jet-propelled', it will lag behind and thus risk everything for which it has fought [emphasis added].*³⁴

In his early days in power, he seemed to grasp the clear vision of the advanced economy in Ghana; he said in 1960 that “the Government will embark upon an intensified program of industrialization which, with the diversification and merchandization of agriculture, will provide the main basis for the transformation of the economic and social life of the country.”³⁵ However, as it is inferred in his provision of relatively unclear future of its economy, what lacked in his policies were detailed sub-plans and reliable government institutions that could implement the policies, which is studied in the subsequent subchapter: Examinations via Relevant Policies.

To fulfill his aims of the economic independence and development, Nkrumah thought Ghana should become a socialist society because “capitalism [was] too complicated a system for a newly independent nation.”³⁶ Even though Nkrumah had had a socialist view, it had not been noticeable while he was fighting for independence. However, after independence, Nkrumah’s real aims toward socialist society began to emerge.

³⁴ Nkrumah K. , 1957/1971, p. x

³⁵ July 4, 1960, cited in Obeng 1997, vol.1, p. 96

³⁶ Nkrumah K. , 1957/1971, p. x

Nkrumah's swinging attitudes toward domestic private industries exemplified his "extremely ambivalent" views. (Killick, 1978, p. 37). Initially his government supported private operators buying publicly owned commercial enterprises. However, in 1960, Nkrumah said that private businesses "must now stand on their own feet"³⁷, and he took back various government measures that encouraged entrepreneurships before. Later Nkrumah said more explicitly that "we would be hampering our advance to socialism if we were to encourage the growth of Ghanaian private capitalism in our midst."³⁸ It was not only about the ideological road to a socialist society; Nkrumah, indeed, feared emerging capitalist class in Ghana (Fieldhouse, 1986, p. 144; Killick, 1978, p. 37). The unpredictable government policies on a private business sector concluded in a way that Ghanaian private companies were doomed to remain to small-scale which hindered the international competitiveness of Ghanaian companies.

Nkrumah's urge to attract foreign investment and his furious statements against colonialism were also not consistent. His conflicting positions kept giving confusing signals to foreign investors such that Ghana finally failed to secure enough capital it needed to develop its economy.

Nkrumah's vision about Ghana was a welfare state with productive infrastructures for a socialist society. He promised his people that; "Roads, river communications, harbor facilities and other communications will be developed in accordance with the present

³⁷ October 10, 1960, *Ghanaian Times*, cited in Killick, 1978, p. 37

³⁸ March 11, 1964, *National Assembly Debate*, cited in Killick, 1978, p. 37

plan....Our goal is to achieve a free universal primary and middle school education within the shortest possible time....The Government has embarked on a complete reorganization of the health and medical services of the country.”³⁹ In order to deliver those promises Ghanaian government desperately needed money and Ghana did not generate enough capital within its nation. For these reasons, Nkrumah perceived the importance of foreign investment very acutely.

In 1960, in the welcoming speech for the Prime Minister of England, he vividly mentioned the need of foreign capital for Ghana’s economic development and its strong will to stay unaligned in the Cold War polar system for the development of his country; “During the next five years we will leave no stone unturned to find the funds we need to give full effect to our Second Development Plan. For this to be achieved, we need the full support, both financial and material, of our friends overseas”⁴⁰ Obviously, here, in this welcoming speech for the Prime Minister of England, he referred to England in the expression of *our friends overseas*. Nkrumah knew that western countries had more money Ghana could borrow, thus he added that “we are happy to observe in recent months that the ice of the cold war is beginning to thaw....Ours is one of positive non-alignment. It is essential for the development of our country and for the rest of Africa that we should take this stand”.⁴¹ Even after Nkrumah turned Ghana relatively obviously towards socialism in 1961, he had to send friendly signals to the imperialists that he had condemned. Nkrumah desperately needed foreign investment or foreign aid. About a quarter of his government’s *Seven-year Plan* needed to be financed by

³⁹ July 4, 1960, cited in Obeng 1997, vol.1, P 96-97

⁴⁰ January 9, 1960, cited in Obeng, 1997, vol.1, p14-15

⁴¹ January 9, 1960, cited in Obeng, 1997, vol.1, p14-15

foreign capital.

On the one hand, he sent friendly signals to foreign investors who had capital that Ghana needed to build a welfare state that he promised to his people. On the other hand, he impeached the formal colonialist nations and condemned their renewed investment as a new form of colonialism. The monetary aid from international organizations was also regarded as an evil trick of the colonialists. In his book *Neo-colonialism*, Nkrumah asserted as such;

This new wave of predatory invasion of former colonies operates behind the international character of the agencies employed: financial and industrial consortia, assistance organizations, financial aid bodies and the like. Friendly co-operation is offered in the educational, cultural and social domains, aimed at subverting the desirable patterns of indigenous progress to the imperialism objectives of the financial monopolists. These are the latest methods of holding back the real development of the new countries.⁴²

Another technique of neo-colonialism is the use of high rates of interest....Thus 'aid' turns out to be another means of exploitation, a modern method of capital export under a more cosmetic name. Still another neo-colonialist trap on the economic front has come to be known as 'multilateral aid' through international organizations.⁴³

Considering that the World Bank, the US and the UK were financing the external costs of the Volta project in Ghana at this time, what Nkrumah wrote in the book did not sound like the voice of the political leader of Ghana. His contradictory attitudes toward western capital gave ambiguous signals to investors and ended up failing to provide the necessary funding to build Ghana's economy. Some even described the ambivalent attitudes of Nkrumah as

⁴² Nkrumah, 1965, p. 50

⁴³ Nkrumah, 1965, p. 242

“almost schizophrenic” (Rooney, 1988, p. 169).

Outside Ghana, ‘a united Africa’ was the “cardinal objective” in Nkrumah’s policy (Adjei, cited in Lengum, 1962, p. 46).⁴⁴ Nkrumah assumed the Balkanization of the continent as the most threatening danger in Africa⁴⁵, and Pan-Africanism was his old ambition. He had clear Pan-African aims since his days at Lincoln University (Rooney, 1988, p. 140), and started to work on this ambition with the Ghana-Guinea Union in 1958. The following year Liberia joined the union at Sanniquellie and the three nations, initiated by Nkrumah, announced the Sanniquellie Declaration which Nkrumah valued highly. In the Declaration, Nkrumah urged African nations to join a union of African states and to tackle the obstacles in building the still visionary union together.⁴⁶ For Nkrumah, Ghana’s independence and its economic prosperity were meaningless without the complete liberation of the whole African continent.⁴⁷ He was committed to sacrifice the resources of Ghana for a liberated and united Africa (Lengum, 1962). This would be a great and necessary commitment as a leader of Pan-Africa, but this grandiose goal was not beneficial to the people and economy of Ghana. His vision and leadership was “romantico-spectacular” at the expense of the economy of his own nation (Kirk-Greene, 1986).

⁴⁴ Ako Adjei was Ghana’s Foreign Minister who spelled out Nkrumah’s ideas in adopting Sanniquellie Declaration.

⁴⁵ August 6, 1960, cited in Obeng, 1997, vol.1, p126

⁴⁶ Statement by the president of Ghana Osagyfo Dr. Kwame Nkrumah, on the Sanniquellie Declaration, cited in (Lengum, 1962, p. 164)

⁴⁷ Kwame Nkrumah at Parliament House in July 4, 1960

4-2. Examinations via Relevant Policies

For two years after independence, Ghana did not have actual economic development plans (Fitch & Oppenheimer, 1966, p. 90). Even though there were two consecutive Five Year Development Plans, they were little more than a mere name. Ghana's economic policies were based on the *Report on Industrialization and the Gold Coast* written by W. Arthur Lewis in 1953. He was very influential in economic policies in Ghana and his strategies were based on passive government and foreign capital. Ghana failed to attract enough foreign capital to go by the plan of him and the economy of Ghana started to fall as foreign reserves began to decline.

After the failure, the second Five Year Development Plan was introduced in 1959. However, the plan did not contain organized planning. According to Fitch & Oppenheimer (1966),

The Plan had been drawn up with a 'shopping list' technique. Since the state had no control over the means of production, the question of how to generate the maximum surplus for development purposes could not even be raised. Instead, the various ministries simply suggested lists of whatever projects they thought might be both useful and economically feasible. The planners were then limited to dropping or modifying proposals in order to keep within the total budget (p. 90).

The two Five Year Development Plans were merely nominal ones, and the economy of Ghana had been deteriorating since its independence partially due to external shocks and mainly due to mismanagement of the economies. In the mean time, Nkrumah's leaning toward Communism became more and more undisguised. Right after his return from his visit to Eastern European countries in 1961, Nkrumah pronounced the abandonment of the Second Five Year Development Plan which was underway. Impressed by the fast economic

growth of the Soviet Union, Nkrumah discarded the Second Five Year Plan without any official announcement of why it was scrapped.⁴⁸

For a new economic plan that would replace the deserted one, a National Planning Commission was formed and Nkrumah took the place of Chairman. The Commission was in charge of preparing the new Seven-Year Plan. It would not be a coincidence that the Seven Year Economic Plan of the Soviet Union was in progress when Nkrumah introduced Ghana's new Seven Year Plan.

Comparing the previous Second Five Year Plan whose aim had been a welfare state, the new Plan was based on socialism. However, as it could be heard in his public speeches, there was also some level of conflict between the communist political agenda and economic attentions (Omari, 1970, p. 104). Some experts on Ghanaian economic history also pointed out that the rationale of the new Plan was building an economic framework for the attainment of the Convention Peoples Party's basic socio-political goals along with industrialization for resolving a high unemployment problem. (Killick, 1978, p. 46; Green, 1965, p. 253). The new plan explicitly linked economic activities with socialist political goals. However, unfortunately, it did not yield the anticipated results. Facing continuous economic failure, Nkrumah withdrew into his political kingdom deeper and deeper.

⁴⁸ Fitch & Oppenheimer (1966) offered another reason why the Second Plan was scrapped. According to them, "Increasing balance of payments deficits, dwindling reserves, and failure to attract foreign investment forced Ghana to search for a new development strategy. Not 'flirtation' with socialist planning, not hostility to British entrepreneurs operating in Ghana, but complete reliance on the conventional wisdom reflected in the Lewis approach had led Ghana into the predicament." (p. 91)

The political pursuit of Nkrumah and his party⁴⁹ was one of the most fundamental obstacles in the economic development of Ghana. The other challenge in its development was a bureaucracy which was under the influence of politics. It hindered effective planning and implementing of economic policies.

Facing pressures from various opposing or conflicting groups Nkrumah basically chose to strengthen his inner circle, instead of resolving the problems with them, in order to protect his power against external groups. The more severe the conflicts, the stronger he tried to build his groups not only within his party but also within the bureaucracy. The distinction between the party and administrations became increasingly vague (Killick, 1978). For instance, the Ga tribe had dissatisfaction with Nkrumah government because Ga people had not been represented in the government. They asked the proportionately proper number of seats in the government, and to mobilize their political power, they founded a political party. Nkrumah, instead of resolving problems with them, took it as threat and gave more power to his Convention People's Party (CPP). The CPP established a new law that nullified a party based on regional tribes. By this new law, the party of Ga people was banned but their dissatisfaction remained while their anger increased.

Another factor that hindered an efficient bureaucracy from developing was his inclination toward socialism. When Nkrumah decided to embark on socialism he realized that 'You can't build socialism without socialists' (Nkrumah, cited in Rooney, 1988, p. 139). Thus he

⁴⁹ Omar (1970) pointed out that the prime concern of Nkrumah and the assemblypersons in the CPP was ideology and the party itself (p. 105).

commenced the task of educating young people in the party with socialist ideology. Nkrumah appointed his ideological comrades to high posts in government, which was natural in his logic; in order to transform Ghana into a socialist society, a person subscribing to socialist philosophy should take the leading post rather than more practical and qualified non-socialists. The political appointment later brought about a huge brain drain that hurt Ghana's international competitiveness.

As anticipated, this mismanagement style resulted in an incapable and inefficient bureaucracy. Also, bureaucrats did not wield the essential power they needed. There was nothing insulating power in the system that could protect bureaucrats from political influence. Jackson & Rosberg (1982) described this situation, rather comically by suggesting that "even the government ministries came under the influence of party 'barons' [emphasis original]" (p. 207). As a result, the overall level of effectiveness of a bureaucracy was so low that it could not implement planned policies.

Another problem that made the Ghanaian bureaucracy inefficient was brain drain. Even though the government introduced an 'Exit Permit Bill' in November 1963, a significant number of the most senior civil servants left Ghana by 1966, including Executive Secretary of the Economic Commission for Africa and Deputy Secretary-General of the Commonwealth Secretariat. Some of them left Ghana because the appointments of important government posts were based on political ideology or loyalty. Many highly capable former senior officials failed to gain appointments because they were not socialists. Some deserted or moved out of their homeland because they felt their lives threatened by the displeasure of Nkrumah toward them. (Omari, 1970, p. 107).

At the international level, Nkrumah's ambivalent views on foreign private investment were well reflected in related policies whose inconsistency finally ended up failing to secure much-needed investment. For example, a Capital Investment Act was passed in 1963, and the Act offered a variety of fiscal and other ranges of benefits to potential investors. However, Nkrumah, who feared financial dependency, added strings to the investment. The conditions included that the government had to have a priority to buy shares of foreign private companies; that the foreign companies should be co-owned with Ghanaian government; and that 60 per cent of the profits that were earned in Ghana should be reinvested in the country.

These strict conditions undoubtedly failed to attract anticipated foreign investments, and unfortunately, Nkrumah's newly-found international partners of socialism would not help him out of this dilemma. Despite Nkrumah's support and affection, economic cooperation or trading with the socialist nations were not necessarily beneficial to Ghana. Nkrumah tried to persuade his people saying that the aid and loans from the socialist countries were more beneficial to Ghana's economy.⁵⁰ However, those socialist countries did not have sufficient capital to lend. Also, the deals made with them were mostly ineffective because they were not aware of the situations in Ghana enough to give effective help, and because their intentions underlying the economic deals were also political. Omari observed and presented the reality of the economic cooperation between Ghana and socialist nations;

Trade agreements with East European countries were generally made from political motives. They often acted unfavorably on Ghana's balance of payments because Ghana in many cases provided these countries with a considerable quantity of her own

⁵⁰ Nkrumah, 1965, p. 243

products, and was receiving in return goods that were neither to the same real value nor suitable for Ghana....One East European country supplied Ghana with several hundred ‘agricultural’ tractors which turned out to be *snow-ploughs*, and were therefore useless [emphasis added]” (p. 108).

The socialist nations that Ghana built economic ties with were as helpful as the snow-ploughs to Ghana. Ghana received somewhat unhelpful assistances in the form of products, as it can be seen above, and sometimes it had to pay back with foreign currency. These economically unproductive ties and agreements with socialist counterparts put Nkrumah into further difficulty. In order to fill the gap created in the economically unnecessary political ties with socialist nations, to meet the expectation of his supporting groups, and to build the economic basis of Ghana, Nkrumah had to rely on the western ‘imperialists’ even more than before.

For Nkrumah, if socialism was the strategy, Pan-Africanism was the principle. Pan-Africanism was the ground and the ultimate goal of his foreign policies. As soon as he became the head of independent Ghana, Accra became a center of Pan-Africanism. In 1958, Nkrumah brought outstanding Pan-Africanist George Padmore⁵¹ to Ghana. Nkrumah intended to give him a position of advisor but faced big opposition of within his party; Padmore was from West Indies and the congress people would not like to have a foreigner in their government. However, eventually, Nkrumah outmaneuvered the complaints and established the Bureau of African Affairs, and Padmore was in charge of the newly installed

⁵¹ According to Hadjor (1988), George Padmore was one of those who advocated Pan-Africanism “as political response to racial oppression and colonial domination, ” and he developed Pan-Africanism into a “coherent ideological perspective” (p.88).

bureau. In the same year Ghana also held conferences for Pan-Africanism, including the All-African People's Conference for boosting the ideology of one Africa and Nkrumah initiated founding the African Affairs Secretariat and the All-African Trade Union Federation (Hadjor, 1988).

Nkrumah never gave up on Pan-Africanism but it was a visionary and difficult road toward one Africa. Nkrumah dedicated excessive and passionate support. His government poured millions of pounds of Ghana's once-the-biggest foreign reserves into the vision of the African Union with a single parliament (Omari, 1970, p. 123). Nonetheless, it was too grandiose a vision for him to materialize. By 1962, he became the only advocate who worked for the vision. Every African nation, except Nkrumah's Ghana, had to handle exceeding domestic problems of its own. Also, the peculiarities of each nation that were rendered from different colonial experiences and from diverse interests walled the path to one Africa. In 1963, Nkrumah's ambitious dream ended with the Organization of African Unity (OAU), which was a contradiction of his Pan-Africanism (Hadjor, 1988, p. 93), to the extent that the OAU would always be an organization of individuals and never an individual unit of itself.

Although it is true that Nkrumah pursued his political ideology before economic development of Ghana, his accomplishment should not be underestimated. He played a pivotal role in Ghana's independence and led the country to be the first independent nation in the African continent. On top of that, Nkrumah's plan for building socio-infrastructures such as hospital and clinics, schools and universities rendered Ghana an African nation with relatively high level of education and health system (Ray, 1986, p. 13). Also, his determined and persistent actions for Pan-Africanism have inspired many African thinkers and activists

including South Africa's Robert Sobhukwe. However, he had "basically moralistic and messianic orientation to leadership" (Jackson & Rosberg, 1982, p. 203). While he was planning and working for his hardly achievable political vision, the people in Ghana had to survive deteriorated economics and mismanaged or unmanaged bureaucracy.

5. Conclusion

Ghana, the first independent nation in the African continent, was one of the most prosperous nations on the continent when it became independent in 1957. As many scholars and commentators have pointed out, around the time when Ghana got independent, its economic situation was not worse than that of Korea. However, a half century later, while the GNI per capita of Korea increased by fortyfold exceeding US\$20,000, Ghana's economy still stays about the same; Ghana's GNI per capita was US\$ 490 in 1957, and it is US\$ 670 now.

The thesis explains these opposite directions of economic development between Ghana and Korea from a perspective of developmental states; Korea transformed itself as a developmental state in 1960s, while Ghana failed to do so. Considering that the basis and core of the developmental states is a developmental bureaucracy and its interventionism, the failure of transforming itself to a developmental state can be translated as the failure of securing a developmental bureaucracy. In this vein, Ghana's less successful economic development should find its cause the answer to the question of why Ghana failed to have an efficient and competent bureaucracy.

The thesis hypothesized that a developmental bureaucracy was able to be delivered by developmental leadership; a leader, who was committed to economic development, depoliticized economic issues and built an insulated and autonomous bureaucracy. Building a developmental bureaucracy is the prime component of depoliticizing tasks for successful and effective economic development. In order to examine this hypothesis, the thesis employed two cases: Korea under the leadership of Park Chung-hee and Ghana under Kwame Nkrumah.

As Stein (1995) pointed out, there have been a range of differences between Ghana and Korea such as; 1. International market was less favorable to Ghana than to Korea; 2. Korea received massive aid right after the Korean War in 1953 which did not happen in Ghana; 3. Different socio-economic basis such as Confucianism might have worked as a positive factors in Korea; and 4. The regime in Korea was relatively stronger than that in Ghana from different historical experiences. It is true that these factors should be considered not only in studying the economic histories of Korea and Ghana but also in examining the leadership of the two countries since leaders are also “prisoners” of the environment (Blondel, 1987, p. 4).

However, this thesis focused more on the role of leadership in generating an insulated and autonomous developmental bureaucracy based on the fact that the economic level of two countries were just about the same—the GNI per capita of US\$490 for Ghana and US\$ 491 for Korea—when both leaders, Nkrumah and Park, took power, and that after the reign of both leaders, two countries followed the opposite paths of economic development.

The thesis approached at two different levels when it studied the role of leadership in

depoliticizing economic policies and in building a strong and autonomous bureaucracy: domestically and internationally. First, domestically, building a developmental bureaucracy insulated from political interventions was critical because an empowered and insulated bureaucracy was able to work for long-term economic policies avoiding pork-barrel politics. Internationally, depoliticizing economic issues was also very critical; in order to obtain necessary capital and technology from abroad for economic development, a developmental leader had to depoliticize foreign policies in choosing international partners based on economic benefit not on political ideology. In addition, the hindrance occurred in two-level game (Putnam, 1988) was avoidable due to the strengthened bureaucracy which was in charge of relevant foreign policies.

In order to examine the domestic and international roles of leadership, the thesis studied the leaders' commitments which were expressed in words through autobiography, speeches, letters, personal journals, memos and books they had written. The commitments to economic development and to a strong bureaucracy were mainly studied. In addition, the commitments, which were articulated in words, were investigated through relevant policies to check the truthfulness of the aforementioned commitments.

In studying Park's leadership in Korea, first of all, the thesis outlined a number of cases that showed his strong commitment to economic development. When he took power by military coup in 1961, he had to prove his capacity as a leader before the scheduled election in two years, and rapid economic development was the only way that would grant him legitimacy. Therefore, he introduced a government-led economic development plan and worked on implementing it. Under his development plan, the economy showed signs of

significant improvement, which led to a landslide victory in his 1963 bid for election. Building on his initial success, he remained dedicated to rapid economic development throughout his nineteen year tenure as President. A large number of Park's speeches explicitly outlined economic development as the top priority of his agenda. In such a speech, he described economic development as the ultimate solution and a necessary precondition to resolving other urgent and severe problems including poverty, corruption and communism—known as the three common enemies of the nation. He urged that only by first addressing economic development could other predicaments be resolved.

Also, he committed to building a strong bureaucracy as the most effective medium to establish the fast economic development he needed. Several parts of speeches and writings showed his determined will to build an insulated bureaucracy. For example, in his memos to secretariats in the Blue House, he wrote them not to disclose their opinions on government issues in public, because it would be translated as an abuse of their authority against the bureaucrats in relevant administrations.

Park believed the insulated bureaucrats' competency could be maintained in two ways—professionalism and work ethic. Since he regarded the bureaucrats the frontrunners that should lead the people of Korea as well as its economic development, securing qualified bureaucrats—professionally and morally—was of great importance. His determination to have professional bureaucrats with a healthy work ethic could be heard in several parts of his speeches and letters. In order to keep the bureaucrats professional, Park insisted on the necessity of field research and education, and to maintain high moral standards, he tried to implant the sense of duty in them as leaders of Korean people and of Korea's economic

development.

At the international level, getting capital that was desperately needed for its economic development was the most important task. Facing the reluctance of international lenders, Park decided to receive money from Japan in exchange for rebuilding the ties of two nations that had been ceased after Korea's independence. However, it was a huge political risk for him because Koreans had still not fully recovered from the trauma of the harshness of Japanese occupation. His *Speech on Korea-Japan Conference* illustrated his commitment to depoliticize foreign diplomacy explicitly. In the speech, he insisted that the government already had a detailed plan to utilize the money, which would be given by the Japanese government. He also asserted that to build its economy Korean had to develop diplomatic ties with foreign countries, even if those countries were former enemies hated for past atrocities. Furthermore, he expressed his willingness to include former Communist enemies as Korea's new international partners for practical benefits.

Those commitments disclosed in his words were witnessed in relevant policies. First of all, he transformed the system of government from an Assembly-centered to a Presidential one. On top of that, by 1972, one third of Assembly membership went to the appointed by the President and the appointment of the one third made based on the continuous loyalty to the President; for them to vote against government policies was purely impossible. Both transformations dramatically decreased the political influence of the Assembly and increased the power of the bureaucrats.

Also, in order to secure competent manpower in a bureaucracy, a revised National Civil

Service Exam was adopted. The status of capable bureaucrats selected by the new strict exams was insulated by the newly enacted Provision for New Policy Servants. Park utilized various types of nonfinancial rewards to public servants in order to motivate them, such as writing gratitude letters or presenting medals to award winners in person in the annual *Honorable Public Servants Contest*. These were alternatives to boost the working spirit of public servants in an underdeveloped country like Korea with a tight budget, and they helped spawn committed and capable bureaucrats.

One of the most critical features of Park's leadership in utilizing bureaucrats was establishing government think-tanks. The government-led reverse brain drain initiatives brought in highly educated technicians who stayed abroad, back to Korea. Also, researches from the think-tanks were insulated from political influence as well as the status of the institute. They became new technocrats who led the Korean industrial revolution successfully.

Along with those government think-tanks, the role of the Economic Planning Board (EPB) was pivotal in Korea's economic development. Most developmental statisticians have taken the role of a pilot institution as one of the most imperative and distinctive aspects of a developmental state (Onis, 1991, p. 111). The EPB was the powerful pilot institution that was in charge of the whole process of planning, allocating, and evaluating economic policies. It was a supra ministry in its status and function. A Deputy Prime Minister who received instructions directly from the President was the head of the EPB, and it coordinated economic planning and budgeting of other ministries.

On the other hand, Ghana's Kwame Nkrumah was the typical case that the leader failed to

depoliticize economic issues resulting in economic disaster. Contrary to Park's logic that economic development should be preceded in order to heal other ills of society such as corruption and human indignity, Nkrumah thought that politics could resolve the problem of economic underdevelopment. This was well noted in his frequently quoted axiom.

The political path Nkrumah chose was socialism. However, Nkrumah's socialism was closer to the strategy for the principle of Pan-Africanism—the ultimate goal of his rather than pure socialism as a principle. Unlike his constant determination regarding Pan-Africanism, his speeches and policies on socialism were sometimes ambivalent, and this ambiguity lent great unpredictability to Ghana's economic policies domestically and internationally. Nkrumah, at the beginning, supported boosting domestic private businesses in Ghana, but later, he gave speeches that hinted at suppressing private sectors. He explained that capitalism was too complex to implement in a newly independent country like Ghana. Also he expressed his ill feeling against private business, stating that supporting private capitalism would hinder the advance to socialism in Ghana. Concerning his statements and domestic policies toward socialism, some scholars indicated that the socialism in Ghana was not just his ideological propaganda; Nkrumah feared emerging capitalist class in Ghana and took them as threat to his power (Fieldhouse, 1986, p. 144; Killick, 1978, p. 37).

Nkrumah's ambivalence originated from the conflict between his political belief of socialism and his acute understanding that Ghana needed economic support from the 'imperialists'. Nkrumah, a Marxist-Leninist, took imperialism as the climax of capitalism, and, on the other hand, the fast economic and military growth of the Soviet Union in 1960s seemed the right path for Ghana and especially for his dream of Pan-Africanism. However, Ghana's

economy and the capital projects such as Volta River scheme which required funding from abroad, and Nkrumah's international ideological comrades were not very helpful to Ghana. Thus, he had to send friendly signals to imperialists that he had condemned, since about a quarter of his government's *Seven-year Plan* needed to be financed by foreign capital. Killick (1978), one of the most outstanding Ghanaian experts, asked; "how to reconcile these facts with the views he published in *Neo-colonialism?*" (p. 38)

Nkrumah's ultimate political goal was to be the leader of United Africa. Even though he did not show this ambition until he became the first Prime Minister of independent Ghana in 1957, Pan-Africanism was his old ambition; he had clear Pan-African aims since his days at Lincoln University. Right after he took power, he disclosed his vision of Pan-Africanism and Accra became the center of Pan-Africanism.

While the leader was bustling about Pan-Africanism, Ghana, practically, did not have serious economic development plans since its independence before Nkrumah embarked on the socialist Seven-Year Plan in 1961. Even though there were two Five-Year Plans before the Seven-Year Plan, the two plans did not control almost any economic activities and they were close to a collection of the ideas and policies from various ministries. Right after his trip to East Europe, Nkrumah deserted the Five Year Plan that was in progress without official comments on the abandonment. The new Seven-Year Plan replaced the previous welfare-oriented plan, and the ideal background of the plan was openly socialistic. However, the plan did not harmonize the socialist political basis and practical economic intentions, and finally failed to yield anticipated results.

The failure of the economic plan partially resulted from a general incapability of bureaucrats who could not implement public policies effectively (Roseberg, 1982, p. 207). When Nkrumah appointed the heads of government institutions, their sociological ideology was counted before their capabilities. Nkrumah wanted to appoint the heads who would educate people into socialist ideology, and this resulted in a critical brain drain in Ghana, forcing a number of competent, high level bureaucrats to leave Ghana. On top of that, a bureaucracy was never insulated from political interferences (Rosberg, 1982, p. 207).

Nkrumah dedicated wealth and power of Ghana to Africa's unity (Lengun, 1962, p. 44). Pan-Africanism was the goal that had to be met at the expense of Ghana's own prosperity. Overall economic situation deteriorated since he took power while he was working on his political ambition. However, his vision of Pan-Africanism was also doomed facing the flagging support of other African leaders.

Even though Park's developmental leadership successfully boosted Korea's economy, it is also true that his leadership had flaws; Park stopped the progress of Korea's democracy by inaugurating himself as the president of Korea seven times in a row and reigning for 19 years. His militarism suppressed the development of human rights and many activists were dragged to jail, tortured and killed.

Also, even though Kwame Nkrumah failed to develop Ghana's economy, his achievements should not be underestimated. He played a critical role in Ghana becoming the first independent country on the African continent, and his commitment to a welfare state rendered Ghana an African nation with relatively high level of education and a good health

system (Ray, 1986, p. 13). On top of that, his passionate work on Pan-Africanism has inspired numerous African thinkers and activists till now.

However, the thesis focused on their role in depoliticizing economic issues and in generating an efficient bureaucracy from the aspect of a developmental state. Through the case studies of Korea, under the leadership of Park Chung-hee and Ghana, under Kwame Nkrumah, the thesis revealed that a developmental leadership, which was committed to the economic development rather than political goals, effectively depoliticized economic issues and insulated a bureaucracy, and finally led to successful economic development.

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