

The Role of Ideology in Korean Shipping in the Embryo Period

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맹아기의 한국해운에 있어서 이념의 역할

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Abstract

This paper presents that in the conditions of extreme backwardness in the Korean shipping industry the ideology, which resulted from anti-Japanese nationalism and Confucianism, played a major role in overcoming the constraints to shipping development through driving the energies and imaginations of seamen labour during two decades after liberation from Japan in 1945. In other words, in the context of the Gerschenkron model, the ideology fulfilled its function for the Korean shipping growth. In the process of shipping growth, the above ideology produced the outcomes of two patterns, i.e. supply of seamen labour and entrepreneurs and successful management of a vested shipping company.

I. Introduction

An ideology is a set of ideas and values guiding individuals and organisations composed of them in interpreting their environment, choosing goals in regard to maintaining or changing the environment, and selecting the means to achieve these goals¹⁾. An economic ideology is a set of

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ideas related to economic action. Ideology may affect the economic system in various ways. It influences both the ends and the means of the system ; what its goals are, including the priorities among them ; the institutions and instruments²⁾ of the system and the patterns of their use ; and attitudes about changes in goals, institutions and instruments.

An ideology is the only non-economic factor autonomous in Gerschenkron's theory of industrialisation, which we will call the Gerschenkron model, besides being closely connected as a cause of industrialisation. The model was first set out in the essay entitled "Economic Backwardness in Historical Perspective" in 1952³⁾ developed in "Social Attitudes, Entrepreneurship and Economic Development" in 1955⁴⁾ and "Reflections on the Concept of 'Prerequisites' of Modern Industrialisation" in 1957⁵⁾, and summarised in "The Approach to European Industrialisation: A Postscript" in 1962⁶⁾. The Gerschenkron model starts from a criticism of the way of thinking which regards industrialisation as a uniform process of a universal character, unaffected by considerations of time and space and rests in the fact that every historical event which takes place changes the course of all subsequent events.

In this paper, our primary concern is with applying the Gerschenkron model to the Korean shipping industry in terms of ideology. In Section II, the Gerschenkron model is introduced as a preparatory stage for the above purpose, being limited to the role of ideology. Section III is devoted to explaining the ideology which emerged in Korean shipping sector, i.e. a set of ideas and values guiding individuals participating in the sector in its initial period. Section IV is concerned with finding out whether the ideology has played a role in its rapid growth in the context of the Gerschenkron model and, if so, with discussing the embodiment patterns of the ideology and its effects on the shipping industry in Korea. The final section concludes this paper.

II. The role of ideology in the Gerschenkron model

An integral part of Gerschenkron's view of European industrialisation is the belief that changes in the speed of industrial growth in the early stages of industrialisation were intimately associated, on the one hand, with the relative backwardness of the countries concerned, and, on the other, with a number of specific features of the industrialisation process itself⁷⁾. The industrialisation was characterised in a systematically varying fashion by sudden accelerations , that is to say, by identifiable discontinuities in the form of great spurts⁸⁾.

Gerschenkron describes a few basic elements in the industrialisation processes of European

backward countries⁹⁾ from the nineteenth century and up until the beginning of the First World War. One of them is that in a backward country prior to industrialisation, there is a situation of tension between the actual low state of economic activities and the obstacles to industrial development, on the one hand, and the great promise inherent in development, on the other. He cites as examples the serfdom of the peasantry¹⁰⁾ or the far-reaching absence of political unification as the obstacles in Russia¹¹⁾.

Generally the whole process of industrialisation has to overcome many considerable obstacles from all parts of the social and historical structure. They came from : groups whose previously unchallenged dominant position in society is threatened by the industrial entrepreneurs ; artisans whose small shops are being ruined by the competition of the factory ; intellectuals whose sense of both compassion and beauty is outraged by the conditions of factory labour, the misery and the ugliness of the worker's suburbs ; and all those whose preference for security, stability, and aversion from change are offended by the uncertainties and hazards of the new dynamic economy¹²⁾. Many examples can be from all developing countries. Indeed, they provide much of the content of recent history.

No country in which industrialisation took place has been free of such obstacles. Thus, his view is that unless certain formidable institutional obstacles are removed, no industrialisation takes place. However, their intensity varies considerably ; directly with the degree of relative backwardness of the country concerned on the eve and in the early stages of its industrialisation.

The effect of basic factors which historically were peculiar to economic situations in backward countries and made for higher speed of growth and different productive structure of industries was reinforced by the use in backward countries of certain institutional instruments, mainly banks and the state, and the acceptance of specific industrialisation ideologies¹³⁾.

The role of ideology tends to increase with the degree of backwardness¹⁴⁾ ; and indeed the two go hand in hand. Here, there is a functional justification : some kind of psychological reassurance and inspiration is necessary to comfort the members of a society in their years of privation and stimulate them to labour for better times to come ; and they are the more necessary, the more difficult the effort, the more ambitious the goal, the greater the sacrifices demanded¹⁵⁾.

On the need and role of ideology for industrialisation, Gerschenkron notes that :

“To break through the barriers of stagnation in a backward country, to ignite the imaginations of men, and to place their energies in the service of economic development, a stronger medicine is needed than the promise of better allocation of resources or even of the lower price of bread. Under such conditions even businessman, even the classical daring and innovating entrepreneur, needs a more powerful stimulus than the prospect of high profits.”¹⁶⁾

The process of industrialisation needs to overcome resistances which come from a social structure. They reflect the level of backwardness of the country concerned on the eve and in the early stages of its industrialisation. It can be said in the context of the Gerschenkron model that unless they are removed, no industrialisation takes place. Here, the creation of specific industrialisation ideologies to play a role in removing such resistances is needed. It is not, therefore, surprising that in backward countries attempt was made to justify the process of industrialisation and to make palatable the indubitable ills it implied by associating it with values that could be expected to find approval in large segments of society and to overcome, or at least to mitigate, those resistances¹⁷⁾.

Gerschenkron enumerates Saint-Simonism in France and nationalism in Germany which can be justly regarded as the dominant industrialisation ideologies¹⁸⁾. In each case, there is little doubt that to some not inconsiderable extent, those ideologies fulfilled their function not only in reducing external resistances to industrialisation, but also in calming the uneasy consciences of the industrialisers themselves and providing them with a strong spiritual incentive in addition to the more materialistic profit motive¹⁹⁾. Thus, ideologies of this type were undoubtedly helpful in the creation of industrial economies, being confined to brief initial periods of rapid spurts.

III. Ideology in the Korean shipping industry

The twentieth century has been a period of travail in Chosun, “the land of the morning calm”, another descriptive phrase applied to Korea, which was derived from the name of an old ruling dynasty, Koryo. Korea remained a closed pre-modern society until 1876. Subsequently, many world powers struggled for political and economic dominance over Korea. The first two protagonists were Japan and China. After the defeat of China in the Sino-Japanese War in 1894 and that of Russia in the Russo-Japanese War in 1904, Korea was annexed to Japan in 1910 and remained a colony until the end of the Second World War.

During the period 1910-1945, the Korean economy was controlled by the totalitarian Japanese Colonial Government established in Korea²⁰⁾. At the beginning of the Japanese occupation of Korea, Japan allowed Koreans to operate shipping companies through equity participation, but gradually removed them, subsequently, Japanese came in large numbers and controlled the companies²¹⁾.

The Japanese left behind physical facilities on their defeat and withdrawal in 1945. Korea inherited over 2,500 operating industrial and business enterprises, as well as infrastructure,

inventories, real estate, and 15 per cent of the nation's land ; the official count was 166, 301 items of such so-called "vested property"²²). As a result, in Korean shipping sector physical capital, e. g. ships and shipping enterprises from Japan, was available from 1945. Table 1 shows major vested shipping enterprises and their ships in Korea.

Table 1. Major vested shipping enterprises and ships in April 1946

Name of Shipping Enterprises	Number of ships	Gross tonnage	Average gross tons per ship
1. Chosun Wooseon Choosik Haesa	5	8,693	1,740
2. Kyeong-In Sangseon Choosik Haesa	4	985	250
3. Kanghwa Hangwoon Chohap	6	350	60
4. Samkook Seoktan Choosik Haesa	23	683	30
5. Chosun Haeryook Woonsoo Choosik Haesa	25	1,368	55
6. Pusan Haehang Woonsoo Choosik Haesa	8	401	50
7. Chosun Michang Choosik Haesa	10	192	20
8. Bokdo Cho	9	310	35
9. Cheonnam Kiseon Choosik Haesa	6	253	40
10. Seo-Ilbon Kiseon Choosik Haesa	10	1,163	116
11. Chosun Seonbak Tongje Choosik Haesa	35	3,457	100
12. Chosun Keunhae Woonsoo Choosik Haesa	11	370	35
13. Chosun Haesang Kooweon Choosik Haesa	7	276	40
14. Choil Cho	4	150	40
Total	163	18,751	115

Source : The Division of Shipping, the Ministry of Transport, *Haewoon Sipnyeon Yaksa*, (in Korean version), [A Brief 10 Years History of Shipping], (Seoul, Korea, 1956), pp. 119-120.

As shown in Table 1, 14 major shipping enterprises and tonnage of 18,751 gross tons (gt) were left in Korea in April 1946. The total number of ships was 163 and the average tonnage per ship was merely 115 gt. It was only the "Chosun Wooseon Choosik Haesa" which owned any ships over 1,000 gt.

Subsequently, ships supplied through the U.S.A. aid were added to the Korean shipping sector.

Total tonnage of ships imported by the Government and Relief in Occupied Area aid programme was about 40,000 gt and the number of ships was about 40. It can be said that from the point of view of tonnage, the aid ships contributed to expanding Korean national fleet in the burgeoning period, but only with very small vessels.

In these circumstances, the presence of large stocks of liberated property, including ships, encouraged the people to have two attitudes. The first attitude was the so-called parasitic characteristics. This involved acquisitive minds, irrespective not only of the ends and means for

seeking gains from the liberated property but also of the nature of the ethic of the time. In M. Weber's words it appeared broadly around the process of expansion and institutionalisation of the spirit of capitalism in the case of modern, rational and industrial capitalism, but it also appeared as the essence of acquisitive activities in the case of pre-modern capitalism, especially of merchants and financiers. In other words, it represented pre-modern capitalism, serving as negative elements at the occasion of the birth of uniquely modern, rational and industrial capitalism²³⁾. Those who had such an attitude perceived themselves as legitimate heir to at least a portion. As a consequence, they employed all sorts of pressures from high-ranking military officers, representatives of national agencies, their civil affairs colleagues and Korean friends against the property custodians in order to acquire the vested property and concessions related to the American aid for themselves²⁴⁾.

Those who had the second attitude, which Weber terms "ethos"²⁵⁾, devoted their eagerness and passion to re-building his country liberated from Japan after a 36-year occupation with disinterested minds and stood beyond their personal profit-seeking need.

The maritime officers who participated in the Korean shipping sector after the Liberation from Japan generally showed the second attitude²⁶⁾. They had been educated in mercantile marine colleges in Japan and experienced ocean-going navigation in the colonial period. They not only played the role of a leading elite in shipping growth²⁷⁾ but also were a class formed in social or economic mobility in the shipping sector in Korea, as was the case in the rise of the bourgeoisie in Western Europe. They possessed great enthusiasm for building a viable national merchant fleet perceiving in this way in which they could contribute to the economic development of Korea²⁸⁾.

It can be said that in the Korean shipping sector a tension resulted from conflicts concerning the vested property between the first attitude of men who had "pariah-Kapitalismus" characteristics and the second attitude of men who had strong passion for building their country, standing beyond individual profit-seeking. The former can be regarded as an obstacle to shipping development.

Other tensions were caused by social and economic disorder. The Liberation and unexpected partition between the North and South Korea created acute disorganisation in every aspect of Korean society. There was also a sudden evacuation of all Japanese entrepreneurs, managers and technicians and the unanticipated separation of the Korean economy from the dismantled Japanese economic bloc. Simultaneously, the partition severed the economic links between the North and South Korea²⁹⁾.

It can be said that unless the tensions existed in the sector shortly after the Liberation are removed, no shipping development takes place. It was the second attitude of men that had a functional role of ideology to remove the tensions.

The ideology which the second attitude of men owned resulted from two factors as follows : first, it was based on anti-Japanese nationalism and the maritime officers' recognition of the role of shipping in economic development in Japan through their experiences in the Second World War under the Japanese military regime. During the Japanese occupation, they were excluded from shipping business, but they were permitted to enter mercantile marine colleges and could become maritime officers in very limited numbers. They realised that for Japan, shipping played an important role for the Japanese economy before and during the Second World War. They thought that the establishment of merchant marines could play an important role in building a country newly born from 36-years' occupation, opening a road towards complete economic independence from Japan.

This ethos of the maritime officers resulted partly from the capital-intensity of shipping. Thus, they believed that the shipping industry cannot be a business for private profit acquisition and the establishment and development of merchant fleet is able to play an important role in building their newly born country. In other words, they stressed that shipping development must be one whose benefits do not accrue to a small, self-enriching minority but benefit the population in general.

The second factor came from Confucianism and the respect it induces for education.

In the colonial period education had been primarily at lower levels. However, after 1945 the situation was different in both quality and quantity. In the 20 years after the Liberation, the number of college students rose 18-fold; middle and high school students 14-fold. This phenomenon reflected the high value that Korean society has traditionally placed on education as a cultural and social asset. In due course it became an economic asset, too.

By the late 1950s and using formal education as a measure, Korea had achieved the highest level of human resource development for its per capita GNP. Thus, Korea's human resource development was comparable to that of countries with per capita GNP equal to three times the Korean level. Since that time Korea's educational effort has increased still further in relation to the country's level of real output³⁰⁾. It can be said that such rapid growth and eagerness for education is consistent with the characteristics of Confucianism³¹⁾. It can be found in a note on the significance of education in Confucian society as follows :

“.....education in Eastasia was the major path to individual success. The class structure, divided into the four classes of scholar, agriculturist, handicraftsman, and peddler, reflected this emphasis on book learning. In premodern China and Korea even lowly peddler's family could aspire, through education, to achieve the rank of scholar. Unlike the traditional castes of India, these categories were not fixed at birth but could be changed with effort. Educational systems took deep root in Eastasia, offering extensive private education in small academies with individual

instruction. ……Eastasia learned early that education is too important an asset to leave to the aristocracy.”³²⁾

Literary education was the yardstick of social prestige and basic qualification for office in Korea. Scholars were not a hereditary social group like the Brahmins of India, for their position rested in principle upon their knowledge of writing and literature, not their birth. They had the same high prestige regardless of their social origin, though obtaining the requisite education often depended upon the wealth of the family. It is, therefore, evident that as far as education is concerned, this characteristic of Confucianism, which Weber characterised as the status ethic of the literati, played a leading role in rapid expansion of education in Korea where an atmosphere of Confucianism is pervasive. As a consequence, Korea in extreme backward conditions could to a great extent reduce illiteracy and overcome the resulting difficulty in training skilled seamen.

These factors were channelled into in burgeoning period of the Korean shipping sector and formed an ideology. Let us now turn our attention to discuss how the ideology played a role in the Korean shipping sector.

IV. The effects of ideology on the Korean shipping industry

The ideology or ethos of the second attitude of men produced two patterns in the Korean shipping sector shortly after the Liberation from Japan: one was the establishment of an educational institution for producing maritime officers in 1945 and the other the take-over and management of the biggest vested shipping company, the “Chosun Wooseon Choosik Haesa”. (See Table 1.) The first of these is discussed in the following section below.

The establishment of a seamen’s education institution : supply of maritime officers and entrepreneurs

When ships are purchased they have to be manned and managed. The point is often rightly raised that the developing countries are, as a whole, unable to meet the manning requirements of their maritime industries and especially in the more skilled grades. Japan faced such problems in the nineteenth century and even until the early twentieth century. Although the Japanese government set up schools of navigation and marine engineering in 1875, foreign captains and officers formed a high portion of the officers employed by the mercantile marine until 1900, and their numbers remained significant until 1914. In 1895 about two-fifths of the masters, navigating officers and engineers employed by the Nippon Yusen Kaisha were foreigners. Even in 1910 more

than a quarter of the masters were foreigners³³⁾.

In 1945, shortly after the Liberation, when Korea still had hardly any ocean-going ships, a mercantile marine college with the aim of educating and training high-grade maritime officers was established by the maritime officers. It was named the "Jinhae Merchant Marine College". The College, with a four-year course, took over both the "Tonyeong Merchant Marine College" in 1946 and the "Incheon Merchant Marine College" in 1947. The name was changed to the "Korea Merchant Marine College" in 1957³⁴⁾. The establishment and success of this college displayed the second attitude described above.

For many observers, it can be said that there is a relationship between education and economic growth. In analysing the possible relationships, two outstanding perspectives can be employed. The first is the human-capital theory, the other the status-conflict theory³⁵⁾. The former argument in Korean shipping sector would go on asserting that the accumulation of educated manpower helped to lay a foundation for the rapid shipping growth which occurred after 1962. The export-oriented pattern of economic growth during this period increased the demand for shipping³⁶⁾ and it consequently required skilled seamen. Table 2 shows that educational expansion had made maritime officers available in the Korean shipping industry.

Table 2. Distribution of persons employed by years graduated from the Korea Merchant Marine College*, 1948-1981

Year of college graduation	Deck Department	Engineer Department	Total number	Total per cent employed in shipping
1948-1954	272	237	509	46%
1955-1961	390	393	791	less than 5%
1962-1964	152	159	311	about 51%
Total : 1948-1964	841	789	1,603	14%
Sub-total : 1965-1981*	1,351	1,398	2,749	100%
Grand Total : 1948-1981	2,165	2,187	4,352	

Notes : *In 1968, the enrollment size of each department increased to 100 persons and in 1975 and, 1976, to 150 and 175 persons, respectively. In 1977, it increased to 200 persons.

* The name was changed to the Korea Maritime University in 1980.

Sources : The Korea Maritime and Port Administration : *Hankook Haewoon Hangmansa*, (in Korean version), [History of Korean Shipping and Ports], (Seoul, Korea, 1980), pp. 1056-1057 ; The Korea Maritime University : Unpublished internal documents, (Pusan, Korea, 1987).

Accelerated shipping growth effectively absorbed both the accumulated educated human resources in the shipping sector as of 1962 and the post-1962 increments. Effective utilisation of seamen resources was reflected in the sharp increase of employment rate from an average 14 per cent in the period 1948-1964 to an average of about 100 per cent in the period 1965-1981. Therefore,

Korea could overcome the problem caused by lack of seamen which most developing countries commonly faced in establishing their merchant marines.

From the above discussion, we may draw a peculiarity in the Korean shipping industry that the education of merchant marine officers preceded the establishment of merchant marine, unlike the advanced traditional maritime and developing countries. In 1965 when bareboat chartered with purchase option (BBCPO) arrangements³⁷⁾ was introduced in Korea, well educated and low cost crew already existed in sufficient numbers to man the ships under the arrangements. Thus, the availability of efficient seamen played an important role in establishing and expanding the merchant marines. In other words, the factor of Korean seamen plus bareboat chartering made it possible to substitute the prerequisite of original accumulation of capital in the context of Gerschenkron model for acquiring ships through internationally horizontal division of labour with Japan.

The Korea Merchant Marine College also played a major role in providing shipping entrepreneurs in the Korean shipping industry. A recent study³⁸⁾ indicated that 70 to 80 per cent of top management in ocean-going shipping companies graduated from the College. That is to say, almost all the board directors in Korean ocean-going shipping companies were ex-seagoing officers originally trained there. It can thus be said that the high availability of skilled managers and of directors has been a result of the establishment of the College. This is consistent with the fact that many shipping companies emerged and were founded in the 1960s and 1970s in Korea. Thus, Professor Sohn defined this phenomenon as a type of maritime officer's leading shipping in Korea³⁹⁾.

The successful management of vested shipping companies

Shortly after the Liberation, the second attitude of men set up two organisations, which mainly consisted of maritime officers, in order to establish and develop the merchant marine in Korea⁴⁰⁾. The American Control Authority nominated the representatives of both organisations and a few investors as members to take over and manage one of the biggest vested shipping companies, whose name is "Chosun Wooseon Choosik Haesa" in Korean.

Unlike other vested shipping companies as shown in Table 1, the "Chosun Wooseon Choosik Haesa" was the biggest one and at the same time owned and operated most of ocean-going vessels until 1949 in Korea. Brief details of ships operated by the company until 1949 are presented in Table 3.

The company owned 9 ships of 14,550 gt until 1949, including the ship "Pusan" and the "Rudo"

interned by the North Korea and thus not available. The fleet consisted of typical merchant carrier, i.e. four “three-island” type ships. Although most of ships in terms of tonnage were small and had low speed compound steam engines using coal as fuel, it can be said that at that time the tonnage owned by the company formed a significant proportion of the Korean fleet.

The majority of managers of the company were maritime officers. They operated the company successfully and made a significant net profits every accounting period except the first couple of years.(See Table 3.)

Table 3. Business performance of the “Chosun Wooseon Choosik Haesa” : 1st October, 1945-31st March, 1949
(unit : thousands won)

Accounting period		Profit and loss amount	
1st Oct.,	1945-31st March, 1947	Loss	1,622
1st April,	1947-30th Sept., 1947	Profit	8,868
1st Oct.,	1947-31st March, 1948	Profit	1,049
1st April,	1948-30th Sept., 1948	Profit	1,200
1st Oct.,	1948-31st March, 1949	Profit	2,093

Note : Won is Korean currency unit.

Source : T.H. Sohn : *Hankook Haewoonsa*, (in Korean version), [History of Korean Shipping], (Pusan, Korea : A-Seong Publishing Company, Ltd., 1982), p. 373.

Unlike the manufacturing sector, in the shipping sector the departure of Japanese technicians and entrepreneurs does not seem to have been a critical factor. The reason for this is that the effect of exposure of Korean maritime officers to modern technology and organisation in the Japanese shipping industry and years of “learning by watching and doing” on Japanese ships enabled them to step up to supervisory and technical jobs required for the Korean shipping sector without any technical difficulty in operating ships and managing the company.

In 1950 the “Chosun Wooseon Choosik Haesa” was taken over by the “Korea Shpping Corporation”, a government-owned corporation⁴¹⁾, where ex-seagoing officers, as shore staff, played a key role in successfully managing the corporation. This provided a field where they were able to accumulate know-how in shipping business in the 1950s and 1960s. In 1968, when it was privatised⁴²⁾, a number of managers, who were mainly ex-seagoing officers, retired from the corporation and dispersed in the Korean shipping industry. This means that a number of promising entrepreneurs existed in the industry at that time.

V. Conclusion

This paper has described how the ideology based on anti-Japanese nationalism and Confucianism emerged in the conditions of extreme backwardness in Korea after the Liberation

from Japan in 1945. For Korea, such ideology was helpful in breaking the tensions or obstacles to shipping development and stimulating energies and imagination of maritime officers in the shipping development in the initial period of rapid spurt.

The above ideology was embodied into two patterns in Korean shipping sector: the establishment of seamen's education and the successful management of the biggest vested shipping company. The former produced and provided maritime officers required in the great spurt period in Korean shipping industry and the latter produced entrepreneurs. The existence of the Korean seamen enabled Korea to generate the BBCPO arrangements, which in turn played a major role in expanding Korean merchant marines, substituting a missing prerequisite for shipping growth, i.e. original accumulation of capital. In other words, it can be said that it was the Korean seamen, through international horizontal division of labour, that served as a substitute for original accumulation of capital in the shipping industry in Korea.

Notes

- 1) There are least three major components of any ideology as follows: a set of value commitments, a set of historical generalisations and prophecies and a set of institutional preferences. On the definition of ideology and its subject, see Kirshna, R. "Ideology and Economic Policy." *Indian Economic Review* 23 (January-June 1988), pp. 1-26. Braibanti, R. and Spengler, J.(eds.) *Tradition, Values and Socio-Economic Development*. Durham: Duke Univ. Press, 1961.
- 2) On the institutions and instruments in the economic system, see Bornstein, M. "An Integration." in Eckstein, A.(ed.) *Comparison of Economic Systems: Theoretical and Methodological Approaches*. Delhi, India: Oxford Univ. Press, 1972.
- 3) Gerschenkron, A. "Economic Backwardness in Historical Perspective." in Hoelitz, B.F.(ed.) *The Progress of Underdeveloped Areas*. Chicago: The Univ. of Chicago Press (1952), pp. 3-29. This was reprinted in his book *Economic Backwardness in Historical Perspective: A Book of Essays*. Cambridge, Mass: Harvard Univ. Press (1962), pp. 5-30.
- 4) Gerschenkron, A. "Social Attitudes, Entrepreneurship and Economic Development." in Robinson, A. (ed.) *Economic Progress Proceedings* at Santa Margherita Ligure, Italy. London, Macmillan (1987), pp. 256-74. This book was first edited by Dupriez, L.H. and published by Institut de Recherches Economiques et Sociales, Louvain in 1955. This paper was reprinted in Gerschenkron's book *Economic Backwardness in Historical Perspective: A Book of Essays*. (1962), pp. 52-71.
- 5) Gerschenkron, A. "Reflections on the Concept of 'Prerequisites' of Modern Industrialization." in *L'Industria* no. 2. (1959), pp. 357-72. This was reprinted in his book, *op. cit.* (1962), pp. 31-51.
- 6) *Ibid.*, pp. 353-66.
- 7) Gerschenkron, A. "The Discipline and I." *Journal of Economic History* 27 (December 1967), p. 443.
- 8) *Ibid.*, p. 444.

- 9) In the nineteenth century, France, Germany and Russia belonged to backward countries. Britain was excluded because Gerschenkron's hypothesis concerned follower countries that could make extensive use of borrowed technology from more advanced countries and have advantages of backwardness. Barsby, S.L. "Economic Backwardness and the Characteristics of Development." *Journal of Economic History* 29 (September 1969), p. 450.
- 10) Gerschenkron, A. "Agrarian Policies and Industrialization, Russia 1861-1917." Habakuk, H.J. and Postan, M. (eds.) *The Cambridge Economic History of Europe* VI. Cambridge, England: Cambridge Univ. Press (1965), pp. 706-12.
- 11) Gerschenkron. *op. cit.* (1952), pp. 5-6.
- 12) Gerschenkron. "Ideology as a System Determinant." in Eckstein, A. (ed.) *op. cit.*, p. 279.
- 13) Gerschenkron. *op. cit.* (1952), p. 9.
- 14) Taking the case of Russia in the nineteenth century, Gerschenkron argues that the more backward the economy, the more important the role of government and the more powerful a government the economy needs. Gerschenkron. *op. cit.* (1962), pp. 353-4.
- 15) Landes, D.S. "Technological Change and Development in Western Europe, 1750-1914." in Habakuk and Postan (eds.) *op. cit.*, p. 597.
- 16) Gerschenkron. *op. cit.* (1952), p. 23.
- 17) Gerschenkron. *op. cit.* (1972), pp. 279-80.
- 18) On the role of the Saint-Simonism in industrialisation, see Gerschenkron, *op. cit.* (1952), p. 280.
- 19) Gerschenkron. *op. cit.* (1972), p. 280.
- 20) Kim, K.S. and Roemer, M. *Growth and Structural Transformation*. Cambridge, Mass.: Harvard Univ. Press, Council on East Asian Studies (1979), p. 2.
- 21) On the history Korean shipping in the period of Japanese occupation, see Sohn, T.H. *Hankook Haewoonsa* (in Korean version), [*History of Korean Shipping*]. Pusan, Korea: A-Seong Publishing Co., Ltd. (1982): Chapter 5.
- 22) "Vested property" means an existing and disposable property in Korean territory where the Japanese left in 1945. Korean government had a present, existing and disposable right to the immediate or future possession and enjoyment of the property. Jones, L.P. and Sakong, I. *Government, Business, and Entrepreneurship in Economic Development: The Korean Case*. Cambridge, Mass.: Harvard Univ. Press, Council on East Asian Studies (1980), p. 30.
- 23) Weber, M. *The Protestant Ethic and the Spirit of Capitalism*, translated by Parsons, T. London: George Allen & Unwin (1984), pp. 270-1. On further concrete explanation of the concept, see Otsuka, H. "Max Weber on the Spirit of Capitalism", I.D.E. Occasional Papers Series no. 13. Tokyo: Inst. of Developing Economics (1976): Chapter 2.
- 24) Jones and Sakong. *op. cit.*, p. 32.
- 25) Weber used the word "ethos" which includes in itself the practice of virtues as an inherent structural momentum, in order to emphasise that each man's participation in his society involves a personal commitment both to the behaviour patterns and to the material and ideal interests of a particular status group. Such styles of life frequently spread beyond the groups in which they originate. For example, many aspects of society were influenced by the domineering and patriarchal manner of the Junkers in Germany. Similarly, certain beliefs of early Protestantism, such as the idea of duty in one's calling, gained widespread influence far beyond the particular religious groups that developed them.

An example is the Quakers. Thus, Weber attempted in each case to trace a style of life to the particular social group or groups from which a characteristic pattern of conduct and ideas had spread. In the light of this context, the maritime officers in the burgeoning period of the Korean shipping can be regarded as a particular group which has a specific ethos. Bendix, R. *Max Weber : An Intellectual Portrait*. London : Methuen & Co., Ltd. (1966), pp. 260-1.

- 26) Sohn. *op. cit.*, pp. 364-8 ; Kokuryo, H. "Korean Shipping and Shipping Policy-Shipping Industry Rationalization Plan-" JAMRI Report no. 8. Tokyo : Japan Maritime Research Inst. (1985), p. 7 ; Kokuryo, H. and Tau, Y.M. "Seamen's Situation in Korea", in *Study of Maritime Traffic* (Tokyo), (in Japanese version), no. 22 (October 1983), p. 56.
- 27) On the role of an elite in economic growth, see Rostow, W.W. *The Stages of Economic Growth*. Cambridge : Cambridge Univ. Press (1960), pp. 50-2. On its historical example in Japan, see Lockwood, W.W. *The Economic Development of Japan*. Princeton : Princeton Univ. Press(1968).
- 28) Sohn. *op. cit.*, p. 365.
- 29) Kim and Roemer. *op. cit.*, p. 25.
- 30) On further discussion of the subject, see Harbison, F. and Myers, C.A. *Education, Manpower and Economic Growth*. New York : McGraw-Hill (1964), pp. 31-48.
- 31) In Confucian society, the literati, as a status group, were privileged, even those who had only passed examinations but were not employed. The most important of status privileges for the literati were ; first freedom from the corvée or compulsory labour ; second, freedom from corporal punishment ; third, stipends. They were also regarded as gentlemen. Considering a long history of such cultural background existing in East Asia, it is natural to say that an emphasis may be placed on education. For example, Korean and Japanese parents regard the education of their children as an investment in the prestige and wealth of their family in the future. Weber, M. *The Religion of China : Confucianism and Taoism*, trans. and ed. by Gerth, H.H. New York : The Free Press (1964) : 129 ; Hofheinz, R., Jr. and Calder, K.E. *The Eastasia Edge*. New York : Basic Books, Inc. (1982), p. 45.
- 32) *Ibid.*, p. 44.
- 33) Allen, G.C. *A Short Economic History of Modern Japan*. London : George Allen & Unwin Ltd. (1962), p. 90.
- 34) Sohn. *op. cit.*, pp. 367-8.
- 35) See McGinn, N.F. et al. *Education and Development in Korea*. Cambridge : Council on East Asian Studies, Harvard Univ. Press (1980) : Chapter Three.
- 36) See Lee, T.W. "The Korean Shipping Policy : the Role of Government", *Marine Policy* 14 (September 1990).
- 37) BBCPO has a characteristic of the sale and charter-back or sale and lease-back in the fact that the Japanese shipping company sells the ship to an affiliate company abroad, the ship is registered under a flag of convenience country and is chartered back to the original company through the Korean bareboat charterer. The company obtains the sales price in cash and retains the full economic use of the vessel for the term of the charter party. In this process, general trading companies in Japan introduced sources of finance for BBCPO to the Korean shipping company. On the mechanism of BBCPO arrangements and economic factors behind the generation of the arrangements, see Lee, T.W. "Some reflections on the causes of growth of Korean shipping", A paper presented to International Conference "Current Issues in Maritime Economics", June 20 - 22, 1991, Rotterdam, the Netherlands(1991).

- 38) Kokuryo and Tau. *op. cit.*, p. 56.
- 39) Sohn. *op. cit.*, pp. 379-80.
- 40) *Ibid.*, p. 366.
- 41) On January 1, 1950, the "Korea Shipping Corporation" was established in accordance with the "Korea Shipping Corporation Act".
- 42) The "Korea Shipping Corporation Act" was abolished in December 1957, turning the corporation into a stock company under the Commercial Law. However, its shares were held both by the Korean government and private investors. In 1968, the Government sold all its shares to private investors, and the company became completely a private one.

