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THE INFLUENCE OF COLONIALISM ON THE ECONOMIC DEVELOPMENT OF THE NEWLY INDUSTRIALIZED ASIAN COUNTRIES

УТИЦАЈ КОЛОНИЈАЛИЗМА НА ПРИВРЕДНИ РАЗВОЈ АЗИЈСКИХ НОВОИНДУСТРИЈАЛИЗОВАНИХ ЗЕМАЉА

Summary: *Since the 1980s, a widespread view has arisen in the literature that the economic success, known as the Economic Miracle, of Taiwan and the Republic of Korea since the 1960s has been due, in part at least, to the legacy of Japanese colonialism, but also that the region of East/Southeast Asia was generally more fortunate than other colonized countries, because especially Japanese, even Dutch and American, and British colonialism were more or less developmental. That is, they laid the foundations for the future growth and development of the newly industrialized Asian countries. This paper attempts to determine the actual extent of the contribution of each, comparing the Japanese economic achievements in both Taiwan and Korea with those of (primarily) the Dutch, then Americans, British, Spanish and Portuguese in their East/Southeast Asian colonies. The paper examines the record of economic growth, development of agriculture and industry, infrastructure and all structural changes across the colonies and dependent territories. It also discusses policies related to government revenue and expenditure, and trade. The paper also looks at some non-monetary indicators related to living standards, including education. The main conclusion is that the facts do not wholly support the case of Japanese developmental colonialism but that there are drastic differences in the colonial legacy among the colonizing countries of the East/Southeast Asian region. Also, what is indisputable is that every colonizer, including Japan, primarily thought about their interests and not about the development interests of their colony.*

Keywords: *Asian newly industrialized countries, colonialism, Japan's Asian policy, Japanese developmental colonialism, Cultivation system, Ethical policy.*

JEL classification: *N, N15, O1*

Резиме: Од 80-тих година XX века, у литератури се појавило широко распрострањено мишљење да је економски успех, познат као привредно чудо, Тајвана и Републике Кореје од 60-тих година XX века последица, бар делимично, наслеђа јапанског колонијализма, али и да је регион Источне/Југоисточне Азије генерално имао више среће од осталих колонизованих земаља, јер су и јапански, чак и холандски и амерички, па и британски колонијализам били у пуној или мањој мери развојни. Односно, да су поставили темеље за будући раст и развој азијских новоиндустијализованих земаља. Овај рад покушава да утврди праву меру доприноса сваког од њих, упоређујући јапанска економска достигнућа на Тајвану и у Кореји са достигнућима (нарочито) Холанђана, потом Американаца, Британаца, Шпанаца и Португалаца у њиховим колонијама у Источној / Југоисточној Азији. У раду се испитују подаци о привредном расту, развоју пољопривреде и индустрије, инфраструктуре и свим структурним променама у различитим колонијама и зависним територијама, а такође се говори о политикама које се односе на државне приходе и расходе и трговину. У раду се такође разматрају неки немонетарни показатељи који се односе на животни стандард, укључујући и образовање. Главни закључак је да чињенице не подржавају у потпуности јапански развојни колонијализам, али да постоје драстичне разлике у колонијалном наслеђу међу земљама колонизаторима региона Источне и Југоисточне Азије. Такође, оно у чему нема спора је да је сваки колонизатор, укључујући и Јапан, првенствено размишљао о сопственим интересима, а не о развојним интересима своје колоније.

Кључне реијчи: *азијске новоиндустијализоване земље, колонијализам, азијска политика Јапана, јапански развојни колонијализам, Систем узгајања, Етичка политика.*

ЈЕЛ класификација: *N, N15, O1*

1. INTRODUCTION

The importance that the *economic miracle* of the Asian newly industrialized countries (NICs) has acquired in scientific and business circles, as well as its resonance in developing countries (LEDCs) in general and in international institutions that deal with problems of economic development in particular, have instigated numerous discussions regarding the factors which had a decisive influence on its emergence.

In this sense, it is extremely important to include the factors of the economic history of the region that, in part, enabled the realization of the economic success of the Asian NICs. The economic history of East Asian/Southeast Asian (EA/SEA) countries should be analysed in terms of structural changes, as well as social and economic reorganization of these countries during the colonial period.

In this paper, Asian NICs include Singapore, the Republic of Korea, Hong Kong, Taiwan, Malaysia, Indonesia, the Philippines and Thailand. Generally, three historical circumstances have been particularly significant in shaping modern Asian economies. Those include the *partial* and *forced* integration of the Asian population into world capitalism through colonial development, the *formal* and *passive* integration of the Asian population through Cold War industrialization, and the *real* and *active* integration through contemporary neoliberal globalization. The degree and intensity of integration were markedly unequal among the countries of the region.

The colonial expansion of Western countries was the trigger for the subordinated integration of Asia into world capitalism. During the 16th and 17th centuries, Portugal and Spain began to suspend indigenous commercialization and regional trade, dominated by networks of Indians, Chinese, and other inhabitants of the EA/SEA. The development of *war capitalism* in Asia during the 16th century mostly referred to connecting European trade routes with the existing maritime trade network in Asia by establishing trading posts. Nevertheless, it failed to transform or replace the existing Asian trade network. Accordingly, the impact of early colonization was rather marginal.

It was only at the end of the 17th century that Asia's own development dynamics began gradually absorbing. The ever-increasing need for cheap labour, raw materials and a larger market of the growing industrial capitalism of the European colonial powers changed colonial policy. It seriously degraded and transformed both existing regional trade systems and domestic social relations. This applies to both Dutch, as well as British and French colonialism. Rural labour, which produced primary products, formed the Asian side of the *old* international division of labour that arose between the production of primary goods in Asia and industrial production in Europe.

At the beginning of the 20th century, most of Asia functioned under some form of a colonial system or dependence on the countries of the West, which eventually overpowered the existing centres of production and trade. Primitive accumulation, which turned the land into private property, followed the destruction. The new colonialism threatened the traditional land rights of local farmers. It was the beginning of colonial primitive accumulation in Asia.

Colonial primitive accumulation created a class of people who lost their means of production (land, water, forests, etc.). Hence, they were forced to lease land or become wage labourers. The labour reserves created by colonial primitive accumulation were then integrated into growing world capitalism through the old international division of labour.

There is no doubt that colonial integration set the Asian development course firmly towards capitalism. Colonization accelerated the expansion of the monetary economy and the transformation of labour into a commodity within the *colonial* context. That is why the first generation of *wage labourers* was far from today's *free-wage workers*. Wage labourers from the colonial period were disciplined both by colonial employers, treating them like slaves, and by devastating hunger and debt bondage, which forced them to endure unbearable working and living conditions. Asia was an integral part of world capitalism, even an essential element of the growing capitalist world that generated colonial profits, thus shaping the trajectory of capitalist development at the global level.

The beginnings of the labour movement rested on protests against features of colonial capitalist development such as slavery, forced labour, and quasi-free contractual relations with wage labourers. The movement developed along with national independence movements.

1.1 Imperialism, closure of the world-system and anti-colonial reaction

Nakao (1997, 53) points out that the creation of *the world economy* was de facto a product of Europe's need to establish trade contacts with Asia. There was a demand in Europe for goods from Asia that were not available in Europe, so trade between the two continents became extremely important. Two famous explorers, Marco Polo and Christopher Columbus, shared the same interest in Asia.

Centuries ago, Asia was superior to Europe in terms of the level and diversification of economic activities. For example, China produced more iron and steel in 1066 than Great Britain in 1876. Before the British Industrial Revolution, the economies of Asian countries, especially China and Japan, were at the same development level as the economies of European countries.

Historians point out that the Han dynasty, which ruled China in the 3rd century BC, laid the foundations for an enduring economic and administrative system that survived well into the 3rd century AD. In the same period, international trade involving China, India, several of the Arab countries and Indonesia, was also well established. It is well-known that China is the first country in the world to reach an undeniable level of economic development. Such a result ensued from achievements in education and literacy, mathematics, mining techniques, non-metal processing, shipbuilding, printing, construction of roads, irrigation canals, and even the banking system.

Throughout history, until the British Industrial Revolution, the economic influence of the East was much more significant than that of the West. Regardless, Western influence became much more prominent after the British Industrial Revolution due to the production of more internationally competitive products based on technological innovation. The East was then almost compelled to introduce many goods and ideas from the West into its markets and societies, which led to the modernization of Asian economies and the creation of a *worldwide* civilization. The last four decades of the 20th century should be analysed to assess the current influence of the East, when there was a huge transformation of the world economy due to the exceptional economic development and growth of certain Asian NICs.

The different dynamics and time discrepancy between the economic development of the East and the West also caused a distinct attitude towards industrialization and specialisation of labour. Namely, in the 19th century, Ricardo advocated free trade based on the theory of comparative advantages. Nonetheless, the question of why Asian economies should give up expanding *infant* industrial sectors and supplying raw materials to international markets through trade (Nakao 1997, 64) arises. It is challenging for this theory to convince Asian nations that they must be satisfied with their agricultural sector and should give up cultivating their industrial sectors.

Even at the beginning of the 19th century, vast areas were still unknown to Europe, although European explorers had travelled to remote parts of the world since the 15th century. Missionaries, merchants, soldiers and officials soon followed them. In the struggle for territories, natural resources and markets, a massive part of the world fell under the rule of the European powers. Asian countries, like African or Latin American countries, could not resist European technological supremacy. Therefore, the fact that the majority fell under European political power is no surprise.

European trade initiatives played a central role in the economic history of Asia. The initiatives came in two chronological waves: the first in the 16th century and the second in the 17th and early 18th centuries.

The first wave was primarily Portuguese in origin (Portuguese explorer Vasco da Gama reached India by the sea in 1498, initiating the era of European imperialism in Asia) and involved the opening of a transatlantic route around Africa to the East and the linking of intra-Asian regional trade routes with the Atlantic road; the creation of the Indian Ocean trade network, in which European merchants established small but powerful bases that stretched

along the ocean's shores; the introduction of large ships called *armed merchantman*; and the emergence of cultural mediators, the first of whom were Jesuit missionaries (Nakao 1997, 62).

The Netherlands and Great Britain were the bearers of the second wave of *initiatives*. In two centuries (1600-1800), they fundamentally transformed the Asian trade system. The two most significant initiatives from this second wave were transferring a new form of business organization (holding companies) to Asia and the fusion of private commercial interests and state policy. With the formation of English, French, Dutch and Portuguese trading companies in the 17th century, European control over Asian countries grew. By significance, placing themselves closely between these two initiatives, were the systematization of intra-Asian trade and its transfer under European control after 1700; the shift of the trade centre from the West Coast of India (the Arabian Sea sphere) to the Bay of Bengal and Indonesia; and the changing structure of trade, from spices and porcelain to sugar, coffee, tea and opium, and cotton textiles.

By the middle of the 18th century, the overall effects of these *initiatives* had transformed not only Eurasian relations and the economy of Asian countries but also the world economy. Before the Industrial Revolution, European states lacked both the financial resources and the military power to undertake any significant venture in Asia. European powers extended political control first over the Indian subcontinent and then over Southwest and Southeast Asia by exploiting local conflicts and using the technological advantages brought about by the Industrial Revolution. European pressure *opened* China and Japan to trade. Therefore, Hilgerdt (1943, 398) presented a thesis about the formation of *the multilateral trade network* during the 1870s, which started in the countries of Asia and ended in Great Britain.

The 19th century is often known as the age of vast European expansion or imperialism. However, the creation of new colonial empires covered *de facto* only the last quarter of the 20th century. With the exception of the possessions of Great Britain in India and South Africa, France in Indochina and Algeria, and Russia in Central Asia and Siberia, European territorial participation in Asia was, until 1871, limited to trading posts and/or fortifications.

Adam Smith and the Manchester School theoretically invalidated the mercantilist justification of imperialism. On the other hand, the boom in British trade with the US and South America showed practically that political control was not necessary for gaining profit. Yet, the European powers did not want to abandon their colonial possessions. As Spain and Portugal lost importance and strength, so did their empires in the Western Hemisphere. Only France, which lost most of its original colonial empire around 1815, gradually built a new one by annexing Saigon in 1859. Great Britain was also constantly conquering new territories. In the peace treaties of 1815, it retained, *inter alia*, the Dutch possessions in SEA and the coastal provinces of Ceylon. Its power continued growing in India, so around 1858, the borders of British India and the territories under British rule were as they would be until independence in 1947. Great Britain gained Singapore in 1819, Malacca in 1824, Hong Kong in 1842, Natal in 1843, Sarawak and Labuan in 1846, Lower Burma in 1852 and Lagos in 1861. The fact that Great Britain believed that its prosperity depended on trade and used both approaches: 1) influence and 2) direct political or military intervention explained this apparent gap between theory and practice (Gajinovic 2023, 334).

The new imperialism, which started with the French occupation of Tunisia in 1881 and the British occupation of Egypt in 1882, provoked an anti-colonial reaction throughout Asia and Africa. The European powers and the US faced almost constant resistance. That resistance was primarily an aversive explosion of xenophobia and despair, conservative, with powerful traditional and religious influences. Nevertheless, the conservative, traditionalist resistance to European imperialism, which had little prospect of success given the military superiority of the colonial powers, was followed in other countries by a more positive reaction, especially in Turkey, Egypt, China, and India, where the interference of the Western

powers had already undermined the old order. Nationalist movements tried to stop Western infiltrations in rejecting outdated institutions and decadent semi-feudal dynasties, as well as in implementing programs of modernization and reform. [...] The elements they brought together lacked unity and clearly defined goals and none achieved more lasting results (Atlas 1984, 378).

A new, *competitive* imperialist momentum emerged at the end of the 19th century. Even though many areas had already been conquered, the *Monroe Doctrine* deterred European countries from further interference of the Western Hemisphere. Countries like Italy and Germany had to seek for their colonies in Africa, the Pacific or China. The US occupied the former Spanish territories in the Spanish-American War of 1898. Japan has clearly expressed its pretensions towards Korea, Taiwan and China. The Netherlands was the only power satisfied with its possessions in the Dutch East Indies.

China was also attractive and a target for division between the colonial powers. *Struggles for concessions* in this country marked the end of the 19th century. Nevertheless, although weakened, China was more powerful than the African countries. Yet, this did not prevent the European powers from imposing a series of unfavourable economic and territorial solutions on China.

The First World War was a turning point. Although Great Britain increased its colonial possessions after the war by taking over former German colonies, reckless seizure of another countries' territories was no longer considered internationally acceptable. Also, the outbreak of war in Europe diverted the attention of the imperialist powers from their colonies. In addition, the First World War gave new momentum to the independence movements. Although the actual successes were negligible, they nevertheless inaugurated the process that later led to the collapse of European empires.

The European powers with colonial possessions in 1939 were Great Britain, France, the Netherlands, Italy, Belgium, Spain and Portugal. The first three powers agreed to grant a certain degree of self-government to their colonies. Great Britain and France's *consent* was conditional, i.e. the League of Nations gave them mandates over the territories that were previously part of the German and Turkish empires. Nevertheless, both the resistance of the European settlers minorities and the conflict of the (Western) European ideal of cultural progress with the powerful cultures (Islamic, Hindu, Buddhist and Confucian) of the colonial possessions complicated the process.

The events of World War II had revolutionary consequences. In the SEA, Japan expelled European colonial powers from Malaya, Burma, and the Indonesian islands and established local nationalist governments in Burma in 1942, and in Indonesia and Indochina in 1945. After the capitulation of Japan, these governments, expanded or replaced by anti-Japanese governments, forced the colonial powers to recognize their independence.

Since the colonial powers sought to build political institutions in their colonies with little or no domestic roots, it is not surprising that violence and the establishment of repressive regimes often accompanied *colonial retreat*. In other cases, ethnic or tribal communities tended to spread across borders. An example is Indonesia's conflict with Malaysia. Civil wars broke out in China, Burma, Indochina and Korea. The dispute between nationalists and communists in China began in the 1920s. In 1950, war broke out between North and South Korea. Conflicts between communist-led rebels and government forces erupted across much of the SEA, beginning in 1947-48 with uprisings in Malaya, Burma, Indonesia, and the Philippines. Until 1984, there were smaller riots in Malaysia, Burma, Thailand, the Philippines and Indochina. Also, military rebellions and coups were more and more frequent, and in some countries, their occurrence was recurring and constant. The coups were partly caused by the low level of economic development in areas where, despite very high growth rates in some countries, most countries remained extremely poor.

The situation changed significantly in the mid-80s. Japan has become the world's third industrial power, and countries such as Hong Kong, Singapore, Taiwan, and the Republic of

Korea gained the status of newly industrialized countries. Also, after 1978, China started numerous reforms and became the most influential stability factor in the Far East by 1985.

2. JAPAN'S ASIAN POLICY

In general, Japanese foreign policy towards Asia pursued only two strategies.

The first placed Japan *among other Asian nations*. Japan used the power and prestige gained by reinforcing its position in Asia on a par with the Western powers [...] and to consolidate its status in the international community. The second course has placed Japan in *the non-Asian world*. Japan shares the technological development and democratic values of the West and belongs to the so-called Western bloc. The former course has meant that Japan's status in the international community depended on its position and power in Asia. The latter [...] has meant that Japan's prestige and influence in Asia have depended on whether on it's being an industrially advanced, democratic, Western nation (Ogura 1996, 3).

Japan implemented the first strategy prior to World War II. In a period when most of Asia was fully or partially under the colonial rule of European countries, Japan's policy sought to increase its own power in Asia. Japan's goal was not to *save* the politically and economically blackmailed and exploited EA countries. On the contrary, Japan showed its true intentions in annexing Korea, in forcing *the Twenty-One Demands* on China, and in turning first Manchuria and then the rest of China into a quasi-colony.

On the other hand, the interests of European countries were also satisfied by exercising control over Japan's *Asian actions*. In this sense, Japan's policy towards Asia was merely a function of its policy toward the West and an aspect of the West's global strategy (Ogura 1996, 5). When Japan's colonial expansion came to be seen as a threat to the colonial control of Western countries, *Japan's Asian policy* fell apart.

Japanese Prime Minister Matsuoka announced the idea of creating *the Greater East Asia Co-Prosperity Sphere* in August 1940. Yet, the Sphere's origins date goes back well before its official release.

The awareness of *the cultural superiority* of Japan over other Asian nations has not entirely, nor in all areas disappeared even to this day.

Economic causes also played a significant role in the concept of the Co-Prosperity Sphere. Japan needed raw materials from the EA region to supply industrial plants in China and other conquered territories. Other Asian countries in the Sphere were to provide Japan with export markets for its industrial products and land for its surplus population.

Also influential were *the political factors* that initiated the idea of forming the Co-Prosperity Sphere. At the end of the 19th century, Japan realised it had the same rights as the Western countries to conquer colonies in Asia, considering them a necessary prerequisite for achieving international prestige and obtaining the status of a *highly respected country (itto koku)*.

When Japan conquered certain EA/SEA territories/countries, it installed puppet governments that declared independence. Puppet regimes imposed a program of *Japanization* with almost no regard for local customs and religious beliefs, so de facto, the Greater East Asia Co-Prosperity Sphere turned out to be just another form of imperialism.

Japan had to *undermine* the idea of Asian independence in order to become a member of *the Western Community*, so the pursuit of creating its own colonial empire was not the only reason for *Japan's betrayal* of Asia (Gajinov 2023, 283). Nonetheless, it should be noted that in Japan's pre-war foreign policy, there was also a movement advocating the establishment of proper neighbourly relations with the EA/SEA countries.

Much of the EA region began to move towards capitalism in various ways in the period between the two world wars. At the same time, Japan was realizing the process of

industrialization, transforming the industrial structure and implementing an expansionist policy.

Regardless, Nawa pointed out that Japanese capitalism could not maintain the balance of the reproductive structure based on the trade structure, which was subordinate to the developed countries (MEDCs) of the West and aggressive towards the Asian semi-colonized countries (Hori 1994, 3).

After World War II, Asia established completely new political systems. However, the distinct conditions formed in the past, whether by domestic or foreign capital, largely determined the characteristics of new economic systems created in each country.

In the meantime, Japan's *New Asian Policy* emerged, completely reversing the pre-war position. In general, the main guiding idea was for Japan to *share* its economic development and growth with neighbouring countries, the underdeveloped economies of the region.

Before the war, Japan's international position was upheld by its military, political, and economic power in Asia. However, since the war, Japan's position in Asia has been defined by its position in the international community as an industrially advanced Western nation (Ogura 1996, 7). Japan's inclusion in the US-led *world economic order* defined Japan's policy with respect to Asia. In this sense, Japan's *post-war* foreign policy was basically the *same* as *pre-war*, determined by the inclusion of Japan in the world order led by Great Britain, France and other powers of Western Europe. What is surprising is that even today Japan's Asian policy is largely defined by the American strategy towards Asia¹.

Today, there seems to be a *third way* for Japan. In this sense, Japan should cooperate with the countries of Asia, which will allow it to develop, for the first time, a global foreign policy that does not use Asia as a means to achieve a goal.

Cooperation and competition marked Japan's relations with EA/SEA NICs in the last decades of the 20th century. The participation of the countries of the EA/SEA region, i.e. the Association of Southeast Asian Nations (ASEAN) - ASEAN Free Trade Area (AFTA), in Japan's total trade with the world is more than 1/3. Japan has also achieved a high level of investment in ASEAN countries in the form of foreign direct investment (FDI). Nonetheless, it should be noted that Japan has expanded economic activities in the region solely following its interests, overlooking problems arising from historical, cultural and geographical factors. Over time, EA NICs began to be increasingly seen as rivals to Japan in the competition for export markets for certain industrial products, especially in the US market (Abegglen 1994, 20).

Nevertheless, it should be pointed out that one of the most significant conditions that enabled the *Asian catching-up* in the second half of the 20th century was the previous establishment of capitalist production in this region between the two world wars. These historical roots of accelerated growth should not be ignored when assessing the post-war development of EA/SEA. Namely, if the *economic miracle* of the EA/SEA countries is viewed from a historical perspective, it seems much less like a *miracle*.

Table 1 East Asian and Southeast Asian Countries by GDP Per Capita (in USD=1990)

	Indonesia	Philippines	Thailand	Japan
1900	745	1033	812	1180
1913	904	1066	835	1385
1950	840	1070	817	1926
1973	1504	1959	1874	11439
1990	2516	2199	4645	18789
2000	3041	2385	6335	20084

Source: Maddison 2003

¹For example, one of the reasons for Japan's reserved attitude towards the EAEC is that this organization includes elements potentially in conflict with American - and therefore Japanese - *Asian policy*.

2.1 The Colonial Roots of East/Southeast Asia's Post-war Economic Take-Off – Japanese *Developmental Colonialism*

In general, the sustainable rates of economic growth recorded in the second half of the 20th century in EA/SEA NICs were not such an unusual phenomenon since these countries achieved high growth rates during the colonial period as well. Korea (1910-1945) and Taiwan (1903-1945) experienced higher growth rates under Japanese rule than many other countries under other countries colonial rule and even slightly higher than Japan's growth rate during the same period (the average annual growth rate was 3.3% in Japan, i.e. 3.57% in Korea and 3.8% in Taiwan). Besides Taiwan and the Republic of Korea, apart from Hong Kong and Singapore, no other former colony in Asia has achieved outstanding *catching up* with the MEDCs of the West. In several countries, including India, Indonesia and the Philippines, per capita GDP was lower in relation to that of the USA (as in the case of India and Indonesia in relation to that of their former colonizers) in 2000 than it had been in 1913 (Table 2).

Therefore, by the early 80s, the opinion that Taiwan and the Republic of Korea owe their economic success, in part at least, to Japanese colonialism emerged in the literature. In this sense, a comparison was made of Japanese economic achievements in Taiwan and Korea and those of Great Britain, France, the Netherlands and the USA in their colonies.

Table 2: *Per Capita GDP in East and Southeast Asia as a Percentage of Per Capita GDP in the Metropolitan Power, 1913-2000*

Year	British colonies				
	India	Burma	Malaysia	Hong Kong	Singapore
1913	13.7	13.9	18.3	26.0	26.0
1929	13.2		30.6	n/d	n/d
1938	10.7	11.8	21.7	n/d	n/d
1950	8.9	5.7	22.5	32.0	32.0
1960	8.7	6.5	17.7	36.3	26.7
1970	8.1	5.2	19.3	52.9	41.2
1980	7.3	6.4	28.3	81.2	70.0
1990	8.0	4.9	31.2	106.8	87.4
2000	9.6	6.8	39.7	108.5	112.1
	Japanese colonies			Dutch	American
	China	Taiwan	Republic of Korea	Indonesia	Philippines
1913	39.8	53.9	59.1	22.3	19.9
1929	27.7	56.6	50.0	20.6	21.8
1938	22.9	53.2	59.6	22.4	24.8
1950	22.9	48.1	40.1	14.0	11.2
1960	16.9	37.4	27.7	12.3	13.0
1970	8.1	30.7	20.1	10.0	11.7
1980	7.9	43.7	30.6	12.7	12.8
1990	9.9	52.6	46.3	14.6	9.6
2000	16.3	79.0	68.1	14.8	8.5

Source: Maddison 2003; Booth 2007

Many authors consider Japanese colonialism was generally more *committed* to economic development in terms of goals and achievements than other colonial regimes in Asia. According to Peattie (1984, 481), Japan modelled its policies on its successful modernization after the Meiji reforms so that circumstances in Taiwan and Korea during the period of Japanese colonial rule were not significantly different from those that existed in Japan in the late 1860s. In addition to establishing military and political power, Japan as a colonizer had two goals: to create a raw material base for food and to impose Japanese values through the educational system. By the 1930s, the industrial sectors of both colonies were developing to provide essential inputs for the Japanese war economy.

The Japanese authorities did not turn Taiwan into *an extractive state*, as some colonial European powers did, which enabled the successful post-war development of *the one-off colony* (Gajinov 2023, 359). Amsden emphasizes achievements in agriculture transformation,

as well as in primary education and infrastructure development. Hsiao and Hsiao point out that in Taiwan, the Japanese left a developed irrigation system, an efficient organization of agricultural estates, a comprehensive education system, huge power generation facilities, as well as transportation and communication networks. In addition, customs and habits leading to modern industrial society were introduced. In other words, the social, cultural and psychological prerequisites for *take-off* had already existed in the 1930s and early 1940s, although some of them were the result of coercion pursued by the colonial government due to the interests of the metropolitan country and military reasons. Taiwan's *institutional reforms* were completed long before the end of World War II. The reforms facilitated the pre-war rapid development of agriculture and industry, and [...] were of essential importance for the rapid economic growth after the war (Hsiao and Hsiao 2005, 152).

Regarding Korea, Cummings (1998, 66) has argued that the colonial period played an undeniable role in placing Korea above most Third World nations by 1945. Kohli emphasized that the reforms in the administration laid the foundations for the development of the Republic of Korea after 1945. According to his analyses, there is a remarkable degree of institutional continuity between colonial Korea and the South Korean state of Park Chung-Hee.

Haggard, Kang, and Moon (1997, 878) have expressed severe doubts about the enduring nature of the Japanese legacy. Howe, Chang and Myers argue that Japanese policy in Korea and Taiwan was primarily aimed at serving Japanese interests and it was no different in this respect from the policies pursued by colonial powers in other parts of Asia.

Therefore, the analysis had to determine whether there was a sufficiently considerable difference in economic performance between the various colonies in EA and SEA at the end of the 1930s, which would provide the basis of their economic trajectories after 1950.

By 1913, the USA has become the world leader in terms of both total GDP and per capita GDP. Of the Asian economies, only Japan had a per capita GDP that was more than $\frac{1}{4}$ per capita GDP of that of the USA, while in most colonial territories and in China, per capita GDP was well below 20% of that in the USA. After Japan, the highest per capita GDP in 1913 was recorded by Hong Kong and Singapore, followed by the Philippines, Indonesia, Malaysia and Thailand. The Republic of Korea and Taiwan were below the mentioned countries (Table 3). By 1929, Taiwan and the Korea had overtaken Thailand but were still below the other three SEA economies. It should be noted that it was only during the 1930s when most SEA countries recorded slow or negative growth, the two Japanese colonies grew much faster, although by 1938, the Philippines still recorded a higher per capita GDP than both countries.

Table 3 Per Capita GDP for Japan, Thailand and Colonies in East and Southeast: 1913, 1929 and 1938

	Per Capita GDP (1990 USD)			Growth rate, %	
	1913	1929	1938	1913-1929	1913-1938
Japan	1387	2026	2449	2.4	2.3
Hong Kong	1279	n/d	n/d	n/d	n/d
Singapore	1279	n/d	n/d	n/d	n/d
Philippines	1053	1502	1522	2.2	1.5
Indonesia	904	1170	1175	1.6	1.1
Malaysia	900	1682	1361	4.0	1.7
Thailand	841	793	826	-0.4	-0.1
Korea	820	1014	1459	1.3	2.3
Taiwan	747	1146	1302	2.7	2.2
Burma	685	n/d	740	n/d	0.3

Note: Malaysia here refers to the area covered by the state of the name created in 1963. Singapore was part of British Malaya during the colonial era, and part of Malaysia until 1965.

Source: Booth 2007

In 1913, most EA/SEA economies were predominantly agricultural, with more than 40% of GDP coming from that sector, except for Japan, where the share had fallen below 30%. In Korea, almost 60% of GDP was generated from agriculture and forestry, which was a higher share than in the mentioned SEA countries, except Burma. Agricultural growth rates were high in both Taiwan and Korea in 1913 - 1938. The value added in agriculture had doubled in Taiwan and almost doubled in Korea. Nonetheless, the results were not so impressive in Thailand, Indonesia and Burma, mainly due to sluggish growth in the 1930s. In most parts of Asia, over these years, the non-agricultural sectors were growing faster than agriculture, so the share of agriculture in GDP had fallen everywhere except in Thailand. Agriculture accounted for 1/3 of total GDP in Indonesia in 1938, compared to 35% in Taiwan and 41% in Korea.

After the *Rice Riots* of 1918, Japan accelerated the transfer of Japanese high-yielding rice varieties to both Taiwan and Korea, hoping that both colonies would become Japan's rice suppliers. According to Thorbecke (1979, 152), they established farmers' associations and agricultural cooperatives, which functioned more successfully in Taiwan than in Korea. Japan has also increasingly invested in irrigation systems and rural infrastructure. Therefore, it is no surprise that by 1925 Korea provided over 5% of Japan's total rice needs, and Taiwan a further 2.8%. Both shares increased over the 1930s. As Ho, Lin, and Schneider point out, Taiwan also became a significant supplier of sugar, replacing imports from Java based on Japanese direct and indirect subsidies. Therefore, *the Meiji Agrarian Strategy* and Japan's large market enabled a high agricultural growth rate in Korea and Taiwan. Hence, by the late 1930s, their rice yields were much higher than in other parts of Asia. However, the impact of Japanese agrarian policy on the welfare of the rural population in both colonies is a much more controversial issue.

As in Korea and Taiwan, at the beginning of the 20th century, other colonial powers actively worked to promote the growth of agriculture in most of the SEA. The increase of rice production was relatively high in the decades after the first decade of the 20th century in the Philippines, Thailand, South Vietnam and Malaya. However, recorded growth was nowhere more rapid than in Taiwan. In Taiwan and Korea, export growth was closely related only to the needs of the Japanese market and did not represent a response to the impulses of world demand.

There were different trajectories of the two Japanese colonies regarding the industrial sector. Industrial growth was much faster in Korea than in Japan, starting from a low base in 1911. In 1911-1938, mining and manufacturing sectors recorded an almost ten-fold increase in value added. Growth was exceptionally high during the 1930s, so manufacturing and mining sectors accounted for about 16% of Korea's gross national product (GNP) by 1938. Industrial development in Korea was more capital-intensive than in Taiwan. In Taiwan, compared to Korea, industrial growth was slower, especially during the 1930s, because the manufacturing and mining sectors were larger to begin with. Namely, as Mizoguchi and Umemura point out, the industrial sector in Taiwan initially accounted for a higher share of GNP than in Korea - around 24% by 1938.

On the other hand, multiple authors point out that in the SEA region, industrialization was largely limited to agriculture and mineral processing until 1940, i.e. the British, French and Dutch colonial regimes preserved colonial markets for their own manufactures, and were disinterested in the establishing and development of industrial factories in their colonies. Nevertheless, the data do not fully back this generalization, especially in the inter-war period. The growth of GDP from 1900 to 1930 in British Malaya, Indonesia, the Philippines and to a lesser extent in Burma and Indochina, increased demand for various manufactured products, some of which by reason of high transport costs were produced in the domestic market. In addition, the world depression of the 1930s had multiple impacts on agricultural exports in most of the SEA in terms of forcing economic diversification.

In the Philippines, much of the industry developed until 1918 was based on agricultural and minerals processing, although significant diversification occurred during the 1920s. Even under a system that gave most American manufacturers tariff-free access to the domestic market, manufacturing industry accounted around 21% of gross value added in 1938.

Booth (2007, 9) points out that there is no solid evidence of *Japan's colonial exceptionalism* based on data on economic growth leading to rapid structural change in the economy - a shift from agriculture towards industry and the modern service sector. Namely, even though per capita GDP growth was relatively high in both Taiwan and Korea from 1913 to 1938, they surpassed GDP growth rates in the SEA region only after 1929. Indeed, rice production and yield growth rates were impressive, especially in Taiwan, but rice output also increased rapidly in some parts of the SEA. Also, industrial growth was no higher in Taiwan and Korea than in some parts of the SEA. In fact, Taiwan's economy was similar to those of the Philippines, Indonesia and British Malaya, in which industrialization was very largely based on agricultural processing until the 1930s. In Korea, industrial growth was high, but from a considerably low base. The acceleration during the 1930s was largely the result of investment in heavy industry by Japanese conglomerates. There were similarities with Indonesia, where there was also high industrial growth based on foreign transnational companies' (TNCs) investments in the second half of the 1930s. Namely, industry had approximately the same share in the GDP of both Korea and Indonesia in 1940.

According to Morris (1963, 608), the colonial state in Asia was a *nightwatchman state* with *no self-conscious programme of active economic development*. However, authors supporting Japanese exceptionalism argue that Japanese colonies were characterized by active colonial states. In the case of Korea, Kohli (1994, 1282) argues that the colonial state was a *busy state*. Namely, although it followed the imperial interests of Japan, it implemented the policy of economic transformation of Korea.

During the first three decades of the 20th century, most colonial regimes in the EA/SEA region prioritized education, health, agriculture and public works, including irrigation, in their budgets. Through comparative analysis in 1931, Schwulst found that the Philippines, the United Malay States and French Indochina spent more than 40% of the total budgetary outlays on these sectors. In Taiwan, expenditures on agriculture, education, and public works accounted for over 60% of total budgetary expenditures for most years from 1910 to 1938. In contrast, as Mizoguchi and Umemura (1988, 28) pointed out, in Korea, expenditures on public order and administration accounted for a larger share of budgetary expenditures for much of the same period. However, government expenditures on transport accounted for 1/3 of total expenditures by the late 1930s. Nonetheless, it is difficult to draw a general conclusion about the government expenditure priorities in any of the colonial territories in EA/SEA in 1900-1940 because they adjusted according to changes in external circumstances, and pressures from the colonial powers.

It is important to emphasize that the data do not support the argument that expenditures in the Japanese colonies were more *developmental*, in a sense that sectors such as infrastructure, education, or agriculture consistently received more funds than in other colonial territories. Although by the end of the 1930s, both Taiwan and Korea had significantly developed road infrastructure compared to most parts of the SEA, none of the colonies had yet caught up with Java, which compares favourably with Taiwan regarding transport infrastructure (Table 4). British Malaya also had both good infrastructure and electric power capacity. On the other hand, nowhere in SEA was irrigation as developed as in Korea and Taiwan, even though the colonial governments in Indonesia and Vietnam dedicated substantial budgetary funds to it until the 1930s.

Table 4 East Asia and Southeast Asia: Infrastructure Endowments, Late 1930s

Country/year	Roads (km per 000 km ²)	Railways (km per 000 km ²)	Electricity ^a (installed capacity)
Philippines (1939)	70.5	4.5	4.76
Indonesia (1940)	27.7	3.8	2.97
Java	171.7	40.5	3.01
Outer Islands	17.0	1.1	2.86
Indochina (1936)	38.8	5.7 ^b	2.39
British Malaya (1938)	100.1	12.5	36.06
Burma (1938)	45.2	3.4	3.69
Taiwan (1937)	94.4	43.3 ^c	38.32
Korea (1938)	107.2	25.7	28.48

^a Data refer to the installed capacity in kilowatts per 1000 population for the following years: 1938 (Philippines), 1937 (British Malaya and Vietnam) and 1940 (Taiwan); The figure for Indochina refers to Vietnam only. For Burma, the data refer to the capacity of the large plants with estimates for smaller plants.

^b Data refer only to Vietnam and Cambodia only.

^c Data exclude 2098 kilometers of special track for the transport of sugar.

Source: Author's analysis based on Bureau of Census and Statistics data 1947; Robequan 1944; Andrus 1948; Grajdanzev 1944; Barclay 1954

Considering foreign trade, it should be pointed out that a dominant model of a colonial economy was developed in the 1860s and 1870s, emphasized an open economy which is tightly tied via both trade and investment flows to the metropolitan economy. [...] In such a model, exports were entirely agricultural and mineral and supplied from enclaves which were not closely connected to the rest of the colonized economy. The needs of the exports industries for both consumption and capital goods determined imports. Imports were usually well below exports in value, so the export surplus was accumulated as foreign exchange reserves in the colonizer's country. Reserves were then used to maintain strict parity between the colonizer's and the colony's currency (Booth 2007, 9).

In the case of Taiwan, exports to Japan accounted for only 20% of total exports immediately after the Japanese occupation, but by the late 1930s, it had risen to as much as 88%. Taiwan's exports were dominated by rice and sugar. Taiwan consistently recorded export surpluses after the early 20th century, and after 1916, exports often exceeded imports by more than 30%. As Mizoguchi, Umemura, and Yamamoto point out, the current account of the balance of payments was in surplus from 1915 to 1938. These surpluses financed outward capital flows back to Japan.

At the beginning of the 20th century, Korea was already closely attached to the Japanese economy through both imports and exports, and these connections remained until the end of the 1930s. However, other aspects of the colonial model fit the Korean experience to a much lesser extent. For example, Korea never recorded large export surpluses, either before or after Japanese colonization. Imports often exceeded exports by 15% or more. Since the balance of trade in services was also negative, Korea was running current account deficits for most years from 1911 to 1938. These deficits were financed by government transfers from Japan and after 1927 by increasing long-term capital inflows.

In the economies of the colonial SEA, the majority recorded large surpluses in the trade balance from the 1890s onwards. The main exceptions were the Philippines and French Indochina where, the balance of trade was until 1915, often in deficit. However, a surplus of exports over imports did not imply that the current account was necessarily in surplus. Unfortunately, there are only complete balance of payments estimates for Indonesia and French Indochina for the period from 1890 to 1949. In both cases, when the balance of trade was large and positive, the current account balance was significantly lower. In Indonesia, as Korthals Altes and Booth (1991, 188) point out, the current account balance was positive on average for most of 1901-1939. In Indochina, the data fluctuates much more. According to

Bassino (2000, 45), there were large capital inflows in the late 19th and early 20th century, both international and private. Based on Chinese remittances, current account surpluses were consistently positive and large only from 1936 to 1944.

In the period after 1915, the Philippines recorded surpluses on the trade account, which for most years were neutralized by the deficit in the balance of services. The Federated Malay States recorded large export surpluses for most years after 1900, which were to some extent *offset* by deficits in other parts of British Malaya, including deficits in services.

By the 1930s, there were significant differences between the EA and SEA countries in terms of the degree of dependence of the colony on the metropolitan country in the area of foreign trade. While Taiwan and Korea highly depended on Japan for both imports and exports, only one colony in SEA showed similar dependence. That was the Philippines, primarily in the case of sugar exports to the USA (Table 5). In other countries and territories, the degree of dependence on the metropolitan country was not as high, and it even declined during the last four decades of Dutch colonial rule in Indonesia. The reason for the low dependence on colonizer markets in both Indonesia and British Malaya was the growing importance of other markets, especially the USA, for the two of their main export products: rubber and tin.

Contrary to the Japanese colonies, where the export sectors were closely related to the needs of the colonizer's economy, the export sectors of Indonesia, Malaya and French Indochina turned towards the markets where the demand was the highest. Nevertheless, it was a risky strategy, and Indonesia was the hardest-struck colony during the Great Depression. Namely, the Dutch home market was small, without an extensive Dutch empire in other parts of the world that would absorb Indonesian exports of sugar, rubber, tin and petroleum products. The Philippines, which had quotas for sugar exports to the American market, was in a far more favourable situation and, in this respect, in a similar position to the Japanese colonies of Korea and Taiwan (Booth 2007, 15).

For many authors, the criticism of colonial economic systems in Asia rests upon the thesis that economic growth did not benefit most of the population in terms of better nutrition, health care, education, etc.

In this sense, Lee cites that rice consumption per capita constantly decreased in Korea from 1912 to 1930, forcing the majority of the population to consume more inferior foods such as millet. Taiwan achieved a higher rural standard of living by the end of the 1930s. Anyway, rice availability per capita was higher in Taiwan than in Korea (Myers and Yamada 1987, 483).

Several authors have used anthropometric data to examine trends in living standards in both Korea and Taiwan during the Japanese colonial period. Gill claims that the Korean population became shorter with the generations born in the late 1920s and that the height started to increase only with the generations born in the early 1950s. The author advocates the thesis that the reduced grain consumption explained at least part of the decline in the population height. On the other hand, Morgan and Liu (2007, 1014) argue that nutrition and per capita GDP in Taiwan improved during the first four decades of the 20th century.

As for SEA, at the end of the 1930s, there were considerable differences in the per capita rice availability between countries. In Java, by 1937 to 1939, per capita availability of rice was only 85kg, and in the Philippines 97 kg, which was significantly less compared to Thailand and Indochina. Although Lava found that actual stark starvation did not exist in the Philippines, except in isolated cases, his study and that of Rumes show that the population of the Philippines did not share the fruits of the economic development that had occurred in the American colonial era. In the same vein, Kurihara (1945, 49) quotes authors who claim that the standard of living of the majority of the population in the Philippines at the end of the 1930s was slightly better than in the last phase of Spanish rule. These arguments defy Williamson's claims that there was a doubling of the standard of living in the Philippines during the American occupation. The only data supporting his claim is a series on real wages.

Williamson claims that real wages in the Philippines were 80% higher than those in Japan from 1920 to 1924, and more or less the same as in Japan by 1935-1939. After 1910, real wages in the Philippines were higher than in Korea, Taiwan, Thailand and Indonesia. However, the data is open to criticism, as it is challenging to compare real wages across countries, partly because labour markets operate in different ways, partly because data series are not always comparable, or often inadequate attention is paid to differences in purchasing power of currencies, between countries and over time.

Demographic indicators are a more reliable guide to changes in living standards over time than wage data. For example, in the late 1930s, infant mortality rates were lower in Taiwan, the Philippines, and British Malaya than in Indonesia, Indochina, and Burma (Table 5). As Barclay points out, infant mortality rates fell in Taiwan during the Japanese period, and life expectancy increased. Kimura argues that there was also a decline in mortality rates in Korea after 1920. The Philippines also witnessed some decline during American rule.

Table 5 Development Indicators: East and Southeast Asia, Late 1930s

Country	Per Capita GDP, 1938 (USD, 1990)	Infant mortality rates	Crude death rates	Educational enrolments as % of total population
Philippines	1522	139	23	11.5
Korea	1459	n/d	23	5.8
Malaya ^a	1361	147	21	7.8
Taiwan	1302	142	21	11.4
Indonesia	1175	225-250	28	4.0
Thailand	826	n/d	22	10.7
Burma	749	232	30	5.5
Indochina	n/d	190	24	2.5

^a GDP and crude death rate data refer to Malaysia (British Malaya excluding Singapore).

Source: Author's analysis based on data from Maddison 2003, Fumivali 1943, Grajdanzev 1944, Nitisastro 1970, Chang 1966, Barday 1954, Sompop 1989, Banens 2000, Sundrum 1957, Evans 1939, Palmore, Chander and Fernandez 1975

The last set of welfare indicators refers to education, where the differences between the colonies were significant over the 1930s. Proponents of the *exceptionalism* of the Japanese colonial government particularly point out education and social reforms as pivotal proof of their thesis. Namely, Japan tried to change the caste system of Confucianism, inherited from China, according to which the individual social status decreased from scientists to peasants, artisans and merchants, in that order, including contempt for physical labour. Therefore, Japan has imposed strict norms regarding attitudes towards work and work discipline, remuneration, subordination, etc. Also, as pointed out by Wu and Tsurumi (1984, 285), Japan introduced measures to improve private and public hygiene, including ventilation and lighting of houses, construction of bathing places within the house [...] the habit of bathing and washing hands, [...] garbage cans in public places, etc. All common diseases had been eradicated by the end of the 1930s, which was in stark contrast to India, China and the SEA countries. Yet, despite claims that Japan was more successful in increasing access to education than other colonial powers, the data indicate that neither in Taiwan nor in Korea did the Japanese surpass the American achievement in the Philippines. In Taiwan, Japan did a lot to develop primary education, while secondary and higher education was almost inaccessible to the native population.

Still, by the end of the 1930s, the Philippines and Taiwan were significantly ahead of most other EA and SEA countries and territories, in terms of the ratio of educational enrolments to total population (Table 5). Indochina was at the other side of the coin since education was highly inaccessible to the indigenous people, as in the Dutch Indies. In British Malaya, this ratio was higher than in Korea, although there was a disproportionately less Chinese and Indian students compared to Malays.

If a composite index of human development were to be calculated based on per capita GDP, demographic data and education data for 1938, the Philippines would have ranked first and Taiwan second (Table 5). Although both Korea and Malaya had high levels of per capita GDP and similar demographics, they ranked worse than both Taiwan and the Philippines based on educational enrolment. French Indochina would have come last, followed by Burma and Indonesia.

Authors defending Japanese *developmental colonialism* also point to the achievements in transferring Japanese rice technology to both Taiwan and Korea, as well as the impressive improvements in physical infrastructure in both colonies. On the other hand, critics point to the large balance of payments surpluses that accumulated in Taiwan and encouraged high level of remittances back to Japan. There are indications that the protectionist regimes that Japan established within its empire led to higher prices for agricultural products, such as rice and sugar, than would have been under a free trade regime.

It is still a matter of debate what proportion of economic profits flowed from the colonies to the metropolitan economy, i.e. how much of a destructive effect was produced by the capital outflows in relation to the gains earned by the colonies on the basis of the European entrepreneurial initiative. The subject of the debate is also the question of the exact measurement method. As Van der Eng and Lindblad point out, there was another channel of outflows towards the metropolitan economies of the immigrant ethnic groups, which means mainly towards China.

Overall, much additional research is needed to determine the full economic impact of various colonial systems in Asia. The claim of *Japanese exceptionalism* is far from proven, at least until the late 1930s. Therefore, a full assessment of Japan's legacy should include the period up to 1945 and post-war developments in both Taiwan and the Korean peninsula. Authors who argue that there were post-colonial policies, including extensive land reforms and rapid increases in educational levels, as well as trade regime reforms that were crucial in the transformation of Taiwan and Korea, especially the South, in the 1950s and beyond, seem to have sufficient arguments to defend their thesis. Why such policies were not implemented with the same robustness in SEA is a crucial question that requires more research.

3. CONCLUSION

Modern studies indicate that the impact of colonial policies was less destructive than *theorists of exploitation* suggest and less constructive than *apologists of colonialism* point out. It is essential to examine the complex interactions within and between different parts of the colonized economy, given the diversity of economic transformations in colonial Asian economies. The significant growth of intra-Asian trade in the period leading up to the Second World War requires special attention also.

The colonial expansion of Western countries was the trigger for the subordinated integration of Asia into world capitalism. During the 16th and 17th centuries, Portugal and Spain began to suspend indigenous commercialization and regional trade, dominated by networks of Indians, Chinese, and other inhabitants of the EA/SEA.

At the end of the 17th century, Asia's own development dynamics began to be gradually absorbed. The ever-increasing need for cheap labour, raw materials and a larger market of the growing industrial capitalism of the European colonial powers changed their colonial policies. It applies to both Dutch and British colonialism.

The Netherlands and Great Britain transformed radically the Asian trade system. Exploiting local conflicts and taking advantage of the technological benefits of the Industrial Revolution, European powers extended political control first over the Indian subcontinent and then over Southwest and Southeast Asia. European pressure *opened* China and Japan to trade.

In the SEA region, industrialization was restricted to agriculture and mineral processing until the 1940s. In other words, the British and Dutch colonial regimes kept colonial markets for their industrial sectors and were disinterested in the establishing and expansion of industrial factories in the colonies.

The British colonial influence in Singapore can be evaluated as moderately positive: there were investments in infrastructure, logistics, and more modern machines and improvements of financial institutions functioning. The British colonial influence on Malaysia, especially West Malaysia, although not always positive, was profound. Great Britain was directly or indirectly responsible for establishing the plantation system and commercializing agriculture, improving mining, modernizing logistics, etc. Also, although most of the profits from colonial exploitation were subject to repatriation, there were still enough spillover effects left for the Malay economy, so that it acquired a satisfactory physical infrastructure. The economic infrastructure of colonial Malaya was generally more developed than in most other British colonies.

In 1929, British Malaya achieved the highest per capita GDP among all countries and territories in Asia. Even five years after the Second World War, colonial Malaya contributed more to the export earnings of the British Empire than any other part of it, including Britain itself. Moreover, those funds were used to finance the reconstruction of Great Britain after the war.

The Dutch colonial government did not consider the need to encourage industrialization until the supply of manufactured goods from Europe ceased during the First World War.

In Java, colonial economic policy included the forced production of agricultural goods under the *Cultivation System* from 1830. Foreign investments and technology transfer encouraged economic growth in the colonial sector. There was also a growth in the non-colonial sector, especially the non-agricultural one.

Today, it is generally accepted that the forcing of agricultural production brought significant profits to the Netherlands, while the course of events was opposite for the Javanese peasants. The Cultivation System produced at least ambivalent results in practice, as there were local and regional differences in implementation. Nevertheless, in most cases the result could be characterized as colonial exploitation. Namely, the growth of exports of the so-called export crops was *mandatory*.

Overall, the Dutch colonial rule systematically turned Indonesia into an export-oriented plantation *enclave* economy from the 19th century until independence in 1949.

The Cultivation System, as well as the results of the Ethical Policy, measured in the form of improvements in agricultural technology, education or public services, and the transformation of the colonial economy, are still a matter of debate.

Indisputable is that the Indonesian surplus *supported* the Dutch economy after 1700. The outflow of funds was estimated at 6-11% of Indonesia's GDP from 1838 to 1938.

Plans to build road infrastructure, improve port facilities, breakthrough into larger export markets by reducing or eliminating tariffs, encourage foreign investment in mining, forestry and agriculture, and improve the availability of all levels of education for the local population characterized the American colonial rule in the Philippines.

However, powerful agricultural lobbies in the US Congress undermined particular plans. In the early 1930s, due to competition from Philippine products and the consequences of the Great Depression, American manufacturers *de facto* requested the termination of colonial relations with the Philippines.

After the Japanese occupation and at the time of independence in 1946, the Philippine economy remained highly dependent on the US market, that is even more dependent than any other country.

In general, Japanese policy towards Asia pursued only two strategies. The first placed Japan *among other Asian nations*. In a period when most of Asia was fully or partially under

the colonial rule of European countries, Japan's policy aimed at increasing its own power in Asia. Japan's goal was not to save the politically and economically blackmailed and exploited states of the region. Another strategy placed Japan in the *non-Asian world*.

In the period between the two world wars, Japan was pursuing the process of industrialization, transforming the industrial structure and implementing an expansionist policy. In colonial Korea and Taiwan the industrialization was taking place, and a market economy developing, a process by which these economies were *subsumed* within the Japanese economy and under the management of Japanese capital. The economic transformation during the Japanese colonization of Indonesia is difficult to assess because the relevant archives are lost.

The valorisation of Japanese colonial influence is still a matter of dispute in the professional literature.

Authors defending Japanese *developmental colonialism* point to achievements in transferring Japanese rice technology to Taiwan and Korea and impressive improvements in physical infrastructure in both colonies. Nowhere in the SEA was irrigation as developed as in Korea and Taiwan, although the colonial governments in Indonesia and Vietnam devoted significant budget funds to irrigation development until the 1930s.

On the other hand, critics point out: 1) the absence of solid evidence of a structural change in the economy of colonialized countries and territories; 2) the large balance of payments surpluses that accumulated in Taiwan and flowed to Japan; 3) Japanese protectionist regimes that led to higher prices of agricultural products; 4) the absence of evidence that expenditures in Japanese colonies were more *developmental* in the sense that sectors such as infrastructure, education, or agriculture consistently received more funds in total expenditures than in other colonial territories; 5) lack of advantages compared to other colonizers in the field of education. Japan did a lot to develop primary education in Taiwan, while secondary and higher education was almost inaccessible to the indigenous population; 6) the orientation of Japanese policy in Korea and Taiwan primarily favouring Japanese interests. In this respect, it did not differ from the policies implemented by the colonial powers in other parts of Asia.

Therefore, the claim of *Japanese exceptionalism* is far from proven, at least in the period up to the end of the 1930s. Hence, a full review of the colonial legacy should include the period up to 1945, including post-war developments in Taiwan, the Korean Peninsula and Indonesia.

Of the Asian NICs, only Thailand skillfully balanced between the different interests of Western powers in the era of colonialism. On the whole, however, it was within the British economic sphere of influence.

Overall, much additional research is required to determine the complete economic impact of the various colonial systems in Asia.

Nonetheless, it can be argued with certainty that one of the most significant requirements that made possible the Asian *catching-up* in the second half of the 20th century was the fact that capitalist production had already been established in this region between the two world wars.

Also, what is indisputable is that every colonizer, including Japan, primarily cared about their interests, and not about the interests related to the economic development of their colony.

The pattern of colonial relations in the world economy is still a remarkably alive issue, but avoided even in theoretical works. It is a question of neo-colonialism and the form of its manifestation.

While Lenin described imperialism as the final stage of capitalism, neo-colonialism can be characterized as the last stage of imperialism. The core of neo-colonialism remains the control of the economy through foreign actors as a manifestation of the continuity of colonialism. De facto, it is all about power relations between countries.

Globalization has been closely related to European colonialism since the 15th century. Criticisms of globalization were often associated with the diagnosis of the loss of state sovereignty. Regardless, it can be more accurately described as a forced transformation of countries that are becoming less and less capable of regulating economic and social policy on their own. The question arises as to whether the globalized economy represents colonial continuity.

The colonial division of labour (production of raw materials in the South, industrial and high-tech production in the North) still exists in most cases. However, it has been partly changed from the 1970s by the industrialization process, i.e. the *economic miracle* of the Asian NICs.

As for most former colonies, there is a weak focus on intra-regional trade: in the economies of Africa, the Middle East and Latin America, about 75% to 90% of it takes place with partners outside their region, indicating the persistence of colonial trade structures.

Consequently, we can claim that, on the one hand, the balance of power in the globalized economy has changed due to the successful processes of industrialization and *catching-up* by the Asian NICs, which succeeded to industrialize and partly avoid the traditional division of labour. On the other hand, for the vast majority of LEDCs, the data related to the activities of TNCs, their ownership structure, export zones, structural adjustment programs imposed by international financial institutions, *development* aid, the World Trade Organization (WTO) activities, *land grabbing*, etc., indicate that neo-colonial inequalities still structure the world economy in terms of external control of the economy.

When analysing different areas of the globalized economy, from bias in key institutions of global economic governance, adjustment practices in times of financial crisis, structural adjustment and *development* cooperation to agricultural policy, population policy, bio-piracy and public-private partnership in *development* cooperation, the existence of neo-colonialism in the world economy in the 21st century is evident. It also becomes clear that foreign control of the economy is a structural characteristic of the globalized economy. The contemporary neoliberal world order is called neo-colonialism only in particularly striking cases, and often not even then:

- Structural adjustment programs imposed by international financial institutions, especially the International Monetary Fund (IMF) and the World Bank;
- The WTO can also be accused of free trade imperialism. The WTO is, in theory, of course, against monopolistic structures, but in practice, it often uses them - in the name of *non-discrimination and national treatment* - to open the LEDCs' markets for companies from the MEDCs;
- Economic historians point out that the processes of industrialization of the MEDCs were possible only thanks to the measures aimed to protect their economies from competition, but that now they reject the *ladders* they themselves *climbed*;
- Ownership of TNCs, their activity and effects against competition, ecology, then taking profits out of the host country, creating a dual economy in the host country, etc.
- The neo-colonial character of *development* aid and the fact that the aid of many donors is conditional;
- Land grabbing (especially in Africa) shows that neo-colonial practices in agriculture are clearly on the rise, but the actors are mainly from LEDCs (China) and are not among the countries that are usually mentioned as carriers of the world colonialism;
- Moreover, the case of Greece shows that neo-colonial relations can arise independently of former historical colonial relations. In global capitalism, there has also been a diversification of victims of neo-colonialism.

The parallels between the globalization of the late 20th/early 21st century and the colonial era are clearly visible. Therefore, for most countries in Africa, Asia and Latin America, the perception of neo-colonial control of the economy by foreign actors is by no means unfounded.

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