

**The Evolution of the Economic Relationship between Japan and South Korea from  
the Perspective of World System Theory from 1948 to 2008**

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### Abstract

This research examines the evolution of the economic relationship between Japan and South Korea from 1948 to 2008 through the lens of World System Theory. By analysing the changing positions of these nations within the global economic hierarchy, the study explores how their bilateral economic ties have been shaped by broader systemic factors. The research employs a qualitative approach, drawing on historical data, economic indicators, and theoretical frameworks to understand the complex interplay between domestic policies, regional dynamics, and global economic trends. Findings suggest that the economic relationship between Japan and South Korea has been significantly influenced by their respective trajectories within the world system, transitioning from a colonial legacy to a more balanced partnership as both nations ascended from peripheral to semi-peripheral and core status. This study contributes to our understanding of East Asian economic development and the applicability of World System Theory to regional economic relationships.

**Keywords:** Japan-South Korea relations, World System Theory, economic development, East Asian economics, core-periphery dynamics

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## **Introduction**

### **1.1 Background Research**

The economic relationship between Japan and South Korea offers a compelling case study in the evolution of regional economic dynamics within the global economic system. Oddly enough, even if these two entities belong to the Confucian cultural circle within East Asia, they have also had a very challenging and often even hostile relationship mostly due to historical animosity, rivalry, or economic necessity (Cha, 2015). The changes that occurred in the bilateral economic relations during 1948 and 2008 enable understanding of the qualitative changes that have taken place in the development processes of East Asian countries in the post-World War II period (Kang, 2017). To discuss the relationship between these variables, it is possible to use the theoretical approach of World System Theory suggested by Immanuel Wallerstein. Wallerstein has a historical framework of the world economic structures that have a form of cores, periphery, and semi-periphery to compare how nations' economic relations evolve over time. (Chase-Dunn & Grimes, 1995; Wallerstein, 1974).

### **1.2 Research Question**

How have the changing positions of Japan and South Korea within the world system affected their bilateral economic relations from 1948 to 2008?

### **1.3 Research Objectives**

#### **1.3.1 Overall Aim**

To analyze the influence of Japan and South Korea's changing status in the world system on the evolution of their bilateral economic relations from 1948 to 2008.

## 1.4 Specific Objectives

1. To examine the systemic factors affecting Japan and South Korea's positions in the world system during three distinct periods: 1945-1972, 1973-1990, and 1991-2008.
2. To analyse the influence of Japan and South Korea's positions in the world system on their bilateral economic relations during each period.
3. To evaluate how the evolution of Japan-South Korea economic relations reflects broader trends in East Asian regional integration.

## 1.5 Justification

This study's significance lies in its potential to illuminate the complex interplay between domestic economic policies, regional dynamics, and global economic structures. Hence, by using the World System Theory to examine the concrete example of the Japan South Korea relations in economic terms, it is possible to find further insight of how countries are positioned in the context of the world economy and the inherent opportunities and limitations (Arrighi, 1994). This is more so useful, when tracing out the growth contexts of countries that have shifted from the periphery to the core or semi-periphery within the world system (Cumings, 1984). Additionally, the research makes a scientific contribution to the understanding of the East Asia's economic development issues contributing to the analysis of the integration and competition processes (Pempel, 2005). The historical period under consideration is crucial for the economic growth of the both states as well as for the entire East Asian region and includes several important stages, starting from 1948 up to 2008.

The organization of this research paper is coherent and incorporates the principles of progressive revelation: A proposal starts with the literature review that looks at the WST, JSK economic relations, and East Asia Economic Growth. This is succeeded by a clear section of methodology that describes the research design, data collection techniques and

analysis technique. This outline format with a separate findings and discussion section is divided in three periods which look at a different phase in the dynamic of Japan-South Korea economic relations within the context of the transformation of the world system. Last of all, the conclusion integrates the analyses of the findings and makes recommendations about the potential usage of this work in improving the knowledge of regional economic trends and the potential of the World System Theory in the explanation of the economic partnership between any two countries. By adopting a systemic perspective, this research aims to provide a nuanced understanding of how various factors have interacted to shape the economic ties between Japan and South Korea, offering valuable insights into the dynamics of regional economic development and the evolving structure of the global economic system (Haggard, 2018).

## Literature Review

### 2.1 World System Theory

The foundation of this research rests upon World System Theory, a macro sociological perspective developed by Immanuel Wallerstein in the 1970s. This theory offers an explanation of the current economic interactions in the world, as well as the world economy's stratification. According to Wallerstein (1974), the modern world system started in the 16th century which entails the capitalist world economy in the three categories of core, semi-peripheral and peripheral regions. This structural division has imprints of the power distribution as well as the economic strength of the nations in the global system.

The main structure of the world system is the exploitative connection between the center and periphery: the center accomplishes dominance in the whole world economic system by the development of superior technologies, creation of high added-item production and capital concentration. The peripheral countries on the other hand is usual with less developed economies which are involved mainly in the provision of raw materials and cheap products. The criteria for categorizing these nations include that they are in an intermediate status between the core and the periphery in terms of inequality, following Wallerstein's classification (1976). This tripartite division is not fixed since the nature of the state's relations within one or another type can change over time, which indicates shifts in the state's position within the global hierarchy.

Arrighi (1996) used World System Theory to written the rise of East Asia with the stipulation that this event has to be placed within the frames of reference of long term cycles within the structure of the capitalist world economy. His work is informative about how countries of East Asia including Japan and the South Korea have managed their status as they relate to the structural shift of the international economy. This perspective is relevant for our study as it contributes to understanding shifts and fluctuations in Japan-South Korean



economic relations within the framework of East Asian countries' development and changes in the global economy.

Hopkins and Wallerstein (1982) deepened the notion of the world-system as an object of analysis by stressing the wisdom to study long-term historical developments and inter structural interactions rather than discrete states. This is a significant approach for this study because by locating Japan and South Korea's bilateral economic affairs in global economy, power relations are revealed.

## **2.2 Japan-South Korea Economic Relations**

Scholars have paid much attention to the economic interaction of Japan with South Korea since they have played a crucial role in the East Asia region's economy. A historical view of the period at the earliest years posts the war is given by Borden, 1984 which deals with the outlines of the US foreign economic policy that dictated the pace of Japan's traders' recovery and by implication its dealings with South Korea. This work is of critical importance for the comprehension of the background that defined the nature of economic relations between Japan and South Korea in post-WWII and post-Korean War period.

Review of Political Economy Comparative Analysis of Broadband Industries Japanese and South Korean Industries by Kushida and Oh (2007). Their study shows how various institutional frameworks and policy decisions impacted the economic performance difference in both countries and it has given an analytical look into how Japan and South Korea since then embarked on different but inter-related trajectories of economic integration.

Zang and Baimbridge (2012) focus on export and import of goods of South Korean and Japanese economies, this study presents a quantitative analysis of the significance of international trade to the selected countries. H & H's research thus puts emphasis on the importance of export-led development policies for the countries' growth, which is one of the critical factors bequeathing their economic bilateral relation.

By analysing the articles in Japanese language more information about the history of Japan-South Korea economic relations can be obtained. Contemporary sources including Takebe (1960) and The Asahi Shimbun provide information and analyses of economic relations between the two countries in the early days of post-war reconstruction. To understand the political realities, Yoshizawa (1969) sets forth a historical background on the role of Japan's foreign policy with South Korea specifically after the end of war as a way of making the results of the surveys make more sense.

### 2.3 East Asian Economic Development

The broader context of East Asian economic development is crucial for understanding the evolution of Japan-South Korea economic relations. In dissecting the dynamics of the nature of the antagonism between the centre and the periphery in the process of globalization and development, this paper provides viewpoints derived from the analysis that can explain the transitions of the status of Japan and South Korea in the international system. This work is especially suitable for comparing how both countries have adapted their development pathways especially due to the structures and opportunities offered by the international economy.

For a general understanding of how political economy factors affect the trading system of the world, a good source is Hoekman and Kostecki's Political Economy of the World Trading System-WTO and Beyond (2009) gives a glimpse of how regional economic commitments have transformed the trading regime in East Asia. They are crucial for grasping the other infrastructural factors surrounding the subject matter that has shaped the Japan-South Korea economic cooperation.

The Japanese scholars have also written immensely on the East Asian economy growth and evolution. Nagano (2008) pursue the emerging bilateral relationship of Japan and South Korea and stresses the entangled cooperation and rivalry model of both nations'

interaction. Ikeo et al. (2011) have submitted a paper which gives a comparative institutional study of the Japanese and South Korean economic system, and thus, provides valuable information on the development models of both the countries.

First of all, it is necessary to study the development of Japan-South Korea economic relations in the context of furthering processes of regional economic cooperation and integration. Referring to the study done by the Japan-Korea Economic Association (2010), the historical facts outlined their mutual economic cooperation developments and the progress made during the half a century of their cooperation with the issues faced by the two countries.

The following literature review demonstrates that there is a robust literature on World System Theory, Japan-South Korea economic relations and East Asia's development. However, there remains a need for research that explicitly applies World System Theory to analyse the long-term evolution of Japan-South Korea economic relations. This study aims to address this gap by examining how the changing positions of both countries within the world system have influenced their bilateral economic ties from 1948 to 2008.

## **Methodology**

### **3.1 Research Design**

This study employs a qualitative research design to examine the evolution of economic relations between Japan and South Korea from 1948 to 2008 through the lens of World System Theory. For that reason, the qualitative approach is more appropriate in the context of the current research, as it enables the researcher to provide detailed accounts of the processes that occurred in history and the interactions between the factors on the global systemic level and the bilateral economic relations. Thus, this research intends to add detailed and context ICT insights onto the nature of economic relations within the global system through a focus on a single case within a theoretical base.

The method of research is historical-cum-comparative and involves the application of theories as well. The historical analysis part is focused on the tracing of Japan-South Korea economic relationship during the period of six decades, key events and tendencies have been determined. Therefore, in comparing the two countries the comparative aspect is evident in an understanding of shifts in the status of the countries considering the world system, and how these changes affected their economic relations. Last of the theoretical application is the provision of World System Theory, which helps analyse observed patterns and changes in Japan-South Korea economic relations.

### **3.2 Data Collection and Analysis**

The data collection process for this research relies primarily on secondary sources, including academic literature, historical documents, economic reports, and official statistics. Key sources include:

1. Academic journals and books focusing on World System Theory, East Asian economic development, and Japan-South Korea relations.

2. Historical documents and official records from both Japanese and South Korean governments, as well as international organizations.
3. Economic data and statistics from sources such as the World Bank, International Monetary Fund, and national statistical offices of Japan and South Korea.
4. Contemporary news articles and reports that provide insights into the economic relationship between the two countries at various points in time.

The analysis of this data follows a thematic approach, guided by the principles of World System Theory. The collected information is organized chronologically and thematically, focusing on three main periods:

1. 1945-1972: The resumption of economic relations in the post-war period
2. 1973-1990: Economic growth and changing dynamics during the Cold War era
3. 1991-2008: Globalization and regional integration in the post-Cold War period

Within each period, the analysis focuses on:

- Systemic factors affecting Japan and South Korea's positions in the world system
- The influence of their changing positions on bilateral economic relations
- Key economic indicators and trends in trade, investment, and technological exchange

This approach allows for a comprehensive examination of how the evolving world system has shaped the economic relationship between Japan and South Korea over time.

### **3.3 Theoretical Framework**

The theoretical framework for this research is mainly anchored on Wallerstein's World System Theory since it offers a global structural view of the international economy. Another theory developed by Immanuel Wallerstein (1974) called the world-system theory

asserts that there is core, semi-peripheral, and peripheral countries thus forming the world economy, and the countries in these categories can change over time. This theoretical framework is very helpful in understanding how Japan and South Korea's roles as industrialized nations in the global hierarchy have shifted and what impact these shifts have had on their bilateral economic relationship.

In applying World System Theory to this specific case study, the research draws upon several key concepts:

1. **Core-Periphery Relations:** Analysing the development of Japan- South Korea relations in their initial core and periphery set up after the post-World War II and how the later shifted with South Korea's economic growth.
2. **Semi-Peripheral Dynamics:** Exploring the process through which South Korea moved from the periphery of the world-system to the next stratum, knights, and even emerging as a contender for the core status and how this transition impacted its economic relation with Japan.
3. **Cycles of Capital Accumulation:** Reflecting upon the impact of the cyclical fluctuations of the world economy and changes in the modalities of accumulation on the economic policies and prospects for development of both countries.
4. **Hegemonic Cycles:** In this case, exploring the contribution of U. S Hegemony in constructing the East Asian Economic System as well as the bilateral Japan- South Korea trade relations.

The availability of this theoretical approach makes it possible to systematically examine the role of structures and processes in the international economy in the shaping of the Japan-South Korea bilateral economic relationship. Through the understanding of the historical background of the two countries, this book offers a way of analysing the relations

between the established history, economy, and policies with regards to changing patterns of trade and investments between the two states.

The method that is used in the current research is designed to offer a detailed and multifaceted description of the relationship between global-systemic causes and effects and bilateral economics. By combining historical analysis with theoretical application, this study seeks to contribute to our understanding of how World System Theory can be applied to specific regional and bilateral economic relationships. The findings derived from this methodological approach will offer insights into the broader dynamics of East Asian economic development and the evolving structure of the global economic system.

## Findings and Discussion

### 4.1 1945-1972: Resumption of Economic Relations

The period from 1945 to 1972 marked a critical phase in the evolution of Japan-South Korea economic relations, characterized by the transition from colonial ties to the gradual resumption of economic interactions within the context of the emerging post-war world system. This era was shaped by several key systemic factors that significantly influenced the positions of both countries within the global economic hierarchy.

In the immediate aftermath of World War II, Japan found itself in a precarious position, with its economy devastated by the war and its former colonial empire dismantled. The U.S. occupation and subsequent Cold War geopolitics played a crucial role in shaping Japan's economic recovery and its relationship with South Korea. As Borden (1984) argues, U.S. foreign economic policy was instrumental in facilitating Japan's trade recovery, which had significant implications for its economic ties with South Korea.

During this period, Japan began its rapid ascent from a war-torn economy to an emerging industrial power. The implementation of strategic industrial policies, coupled with favorable international conditions, allowed Japan to quickly rebuild its manufacturing base and expand its export capabilities. This economic resurgence positioned Japan as an emerging core country within the world system, particularly in the East Asian context (Arrighi, 1996).

South Korea, on the other hand, emerged from Japanese colonial rule and the subsequent Korean War as a peripheral economy, heavily dependent on foreign aid and with limited industrial capacity. The early years of this period were marked by economic struggles and political instability in South Korea. However, the 1960s saw the implementation of export-oriented industrialization policies under the leadership of Park Chung-hee, setting the stage for South Korea's eventual economic transformation (Kim, 1972).



The resumption of economic relations between Japan and South Korea during this period was fraught with historical tensions and political challenges. The normalization of diplomatic relations in 1965, as reported in the Dong-A Ilbo (1965), was a significant turning point, opening the door for increased economic cooperation. This agreement, while controversial in South Korea, paved the way for Japanese investment and technology transfer, which would play a crucial role in South Korea's subsequent industrialization efforts.

The economic relationship that emerged during this period was characterized by a clear core-periphery dynamic, with Japan assuming the role of a more advanced, capital-exporting economy and South Korea positioning itself as a recipient of Japanese technology and investment. This relationship portrayed the nature of the world system at the time, whereby Japan was steadily occupying a more significant position within the group of the advanced and the thriving industrialized countries, while South Korea was occupying a less important position in the same group, although its desire for development was significant.

As a result, configurations of trade during this period also embody this core-periphery relationship. In the case of Japan the major categories of exports were machinery and equipment, high value added manufactured goods to South Korea while importing mainly raw materials and low value added goods. This unequal exchange typical of the core and periphery structure of the world in World System Theory have provided the basis for South Korea to apply export led industrialization strategy which only attracted vigor in the following decades (Wallerstein, 1974).

The United States played the part of the world's system leader during this period by being the dominant nation within the world system. The US major strategy in east Asia was a cold war against communism thus provided both economic and military aid to Japan and South Korea. This support was instrumental in the formation of the economic institutions of

each country and in their development of economic relations in spite of the historical enmity (Yoshizawa, 1969). However, at the end of this period new changes in the Japan – South Korea economic relation were already visible. South Korea's export-promoting industrialization model which was initiated, learning somewhat from Japan's experience, was gradually showing results. Thus, the prerequisites were being set for South Korea's rise from the status of a peripheral state to a semi-peripheral one in the world system, and, therefore, its path towards changing the pattern of economic relations with Japan in the following decades.

#### **4.2 1973-1990: Economic Growth and Changing Dynamics**

The period from 1973 to 1990 witnessed significant shifts in the economic relationship between Japan and South Korea, characterized by rapid growth, intensifying competition, and evolving positions within the world system. It was characterized by such important factors for economic relations between the countries as oil crises in the 70s and the shift of new industrial world centers.

Having acted as a core economy in the world system, Japan underwent what is described as the “economic miracle.” The rate of increase in the country's GDP started to grow at an incredibly fast pace, and Japanese companies began dominating global markets in electronics and automobiles, among other products. According to Nakamura (1995), this period evidences how Japan emerged to compete with the US in both exports of manufactured goods and in technology intensive manufactured goods particularly during this period of our discussion. The Plaza Accord which was agreed in September 1985, to order an appreciation of the yen sharpened Japan's FDI in East Asia, including South Korea.

South Korea at the same time was developing quickly from a peripheral state of the world system to a semi-peripheral one. The outlook of promoting export-oriented industrialization strategy, which has been launched in the previous period, began to demonstrate spectacular outcomes in the current period. Subsequent to the Kim Young-sam

administration, the Roh Tae-woo administration, and the succeeding Kim Dae-jung administration, the heavy and chemical industrialization process was the result of the South Korean government's policies of the past, which is actually following the Japanese Growth model later on (Amsden, 1989). This period saw the emergence of South Korean chaebols which includes Hyundai company, Samsung, and LG as competitors to the Japanese firms in the global market.

The changing dynamics of the Japan-South Korea economic relationship during this period can be analysed through several key aspects:

1. Trade Patterns: While Japan remained a significant source of capital goods and high-technology components for South Korea's industrialization, the trade relationship became more balanced. South Korean exports to Japan diversified and increased in value, reflecting the country's industrial upgrading. Zang and Baimbridge (2012) highlight the growing importance of exports for both economies during this period, indicative of their export-led growth strategies.
2. Technology Transfer: Japanese technology continued to play a crucial role in South Korea's industrial development. However, the nature of this technology transfer evolved from simple imitation to more sophisticated forms of learning and adaptation. South Korean firms began to develop their own technological capabilities, gradually reducing their dependence on Japanese technology (Kim, 1997).
3. Investment Flows: Japanese FDI in South Korea increased significantly, particularly in the latter part of this period. The appreciation of the yen following the Plaza Accord made overseas investment more attractive for Japanese firms. This investment played a dual role, both supporting South Korea's industrial development and helping Japanese companies maintain competitiveness through lower production costs.

4. Competition in Global Markets: As South Korean firms became more sophisticated, they began to compete directly with Japanese companies in international markets, particularly in industries such as electronics, shipbuilding, and later, automobiles. This growing competition added a new dimension to the bilateral economic relationship, moving it beyond the simple core-periphery dynamic of the earlier period.

The evolving economic relationship between Japan and South Korea during this period reflects broader changes in the structure of the world system. Japan mostly solidified as one of the main strategic economies with its role in funding and providing technology to the remainder of East Asia. On the other hand, South Korea was quickly moving up the hierarchy of the world system from the periphery to the semi-periphery, if not the core in certain industries.

This shift in the relationship of the two countries in terms of technology transfer is easily seen in the following way. According to Kojima (2000), the proliferation of “flying geese” in East Asia where Japan is the leader and followed by countries like South Korea changed from a simple model, where a leader country builds up industries and as their industries become competitive, they start to lead others; into a very complex environment. This time, the South Korean firms were no more satisfied with being imitators of Japan in technology, but they started to create and challenge in new technologies.

Thus, the general economic environment was also instrumental in determining these dynamics. The oil shocks of the seventies may, therefore have been in the long run beneficial to both Japan and South Korea as they endeavoured to lessen their dependency on the export of energy by steering industrial progression. The change of economic ideologies in the western world inclusive of the reconstruction of America under Reaganism also affected the

economical profile and strategies for the economic liberalization and globalization of both nations.

Therefore, by the end of this period, the economic relation between Japan and South Korea had taken a different dimension since the post-war. It appears, however, that this relationship has become less clear cut and more polyacetal; while the polarisation of the core-periphery relationship persisted in some sectors, the technological one was characterised by a variety of features which cannot be reduced to this binary opposition. The shift in alliance and politics, economic liberalization and industrial growth of South Korea had made the distribution of structural p Tyler's economic power ratio: Thus, the political dynamics in the post Cold War generated a new phase of bilateral economic relations between the US and South Korea.

#### **4.3 1991-2008: Globalization and Regional Integration**

The period from 1991 to 2008 marked a new era in Japan-South Korea economic relations, characterized by intensified globalization, regional integration efforts, and significant shifts in the global economic landscape. This phase was significantly characterized by the changes which occurred in the world such as the Cold War, Economic emergence of China and globalization. These structural shifts also influenced Japan's and South Korea's structural standing in the world system and therefore their bilateral trade relation.

Japan began this phase as a well-founded central economy, but was quickly put into a difficult position. The collapse of the asset price bubble in early 1990 marked the beginning what is now referred to as the 'Lost decade, a period of slow growth and deflationary environment (Koo, 2008). However, these domestic economical problems, Japan continued to be one of the most important actors in the world and Asia, especially as a source of funds and technology. In this period, the strategies of the country in terms of economics foresighted on

sustaining the competitiveness especially in high tech industries, and getting more economic power through FDI and REI. South Korea, building on its rapid industrialization of the previous decades, continued its ascent within the world system hierarchy. The country successfully weathered the Asian Financial Crisis of 1997-1998, emerging with a more resilient and liberalized economy (Shin & Chang, 2003). By the end of this period, South Korea had firmly established itself as a newly industrialized economy, with some sectors, particularly in information technology and consumer electronics, challenging the core economies on the global stage. This period also saw South Korea's transition to a more democratic political system, which had implications for its economic policies and international economic relations.

The changing nature of Japan-South Korea economic relations during this period reflects broader shifts in the structure of the world system. While Japan remained firmly entrenched in the core, its relative economic power declined somewhat due to its domestic economic challenges and the rise of other Asian economies. South Korea, on the other hand, continued its trajectory from the semi-periphery towards the core, with some of its industries achieving core status in the global economy.

This evolution can be explained with Wallerstein's (1974) idea of the mobility of countries between the zones as they advance in their developmental stage and according to the conditions on the world market. Transformations in the structures of Japan and South Korea's economic relations during this period show a shift from economic dominance by the former over the latter to a more coequal and intricate relationship.

An interesting fact is that, globalization caused significant shifts in this bilateral relationship. Referring to Dicken (2015), he explains that growth of production networks and global financial systems generated new patterns of mutual dependencies at the international level. Japan and South Korea integrated into these GNPNS as strategic nodes for these

networks and thus often assumed different roles within them. They affected their economic policies and also their attitude towards bi-lateral economic relation at the world level.

There was also growing attempts of regional economic cooperation in East Asia partly due to similar processes in Europe and North America. Efforts of ASEAN+3 (Association of Southeast Asian Nations plus China, Japan, and South Korea) and talks about the formation of the East Asian Community were also the indication of awareness about the regional cooperation. These programmes were mainly initiated by Japan and South Korea as two leading countries in East Asia, despite the acerbation of historical animosity and discrepancies in visions of the respective regional leadership in the process (Pempel, 2005).

Over time, the two nations' commerce evolved from being a simple buyer/seller relationship to a competing collaborative commercial partnership by 2008. Although certain aspects of the core-semi-periphery can be coern traced, the roles have become equilibrated and interdependent, Thus, Germany became not only a country supplying semi-peripheral products, but also a country with semi-peripheral problems. Both countries had to deal with the problems of keeping their countries as the economic powers in the world which globalization processes along with the appearance of the new economic giants such as China were changing the world economy.

This transformation of the Japan-South Korea economic relationship over the six decades from 1948 to 2008 provides a compelling case study of how bilateral economic ties evolve within the changing structure of the world system. It demonstrates the dynamic nature of core-periphery relations and the potential for countries to reshape their positions within the global economic hierarchy through strategic economic policies and adaptation to changing global conditions.

## Conclusion

The evolution of the economic relationship between Japan and South Korea from 1948 to 2008, viewed through the lens of World System Theory, offers profound insights into the dynamics of global economic structures and the potential for countries to transform their positions within these structures. This research has sought to map out this specific relationship along three broad phases of the global economy and position of Japan and South Korea in this structure. The first phase or period could be characterized by a very distinct core-periphery structure where Japan is on the progression towards the status of a core nation while the case of South Korea would be more appropriately categorized in the periphery. This relationship depicted dependency on the part of South Korea and domination by Japan in the form of a technology and capital transfers. However, even during this period, the emergence of change was observed in the beginning of the South-Korean strategies for export orientated industrialization, which would eventually be the basis of its post-economy growth. The second period which includes 1973-1990 witnessed a further change in the type of relationship that existed between SIGs and the government. While establishing itself as one of the core capitalist economies, Japan witnessed South Korea's dynamic growth as an industrially developing country and the shift from the periphery to the semi-periphery position. This era was marked with growing competition of Japanese and South Korean firms in international markets although, business relations between both nations was improving through trade and investments. The last phase (1991-2008) also saw changes in Japan-South Korea relation in the framework of evolving globalization and regional integration processes. There were certain economic difficulties in Japan, yet it continued to be one of the main members of the group of core economies and one of the sources of high technologies and investments. At the same time, South Korea went on to further up the hierarchy some of its industries were classified as core in the international economy. During



this period, the actors operated in a condition of mutual dependence, though the interaction was more often based on the principles of rivalry, but also cooperation.

Several key findings emerge from this analysis:

1. **Dynamic Nature of World System Positions:** The case of Japan and South Korea demonstrates the potential for countries to change their positions within the world system hierarchy. This aligns with Wallerstein's (1974) assertion that while the structure of the world system is relatively stable, the positions of individual countries within this structure can change over time.
2. **Importance of State-led Development Strategies:** Both Japan and South Korea's economic trajectories were significantly influenced by strategic state interventions in the economy. This suggests that while the world system imposes certain constraints, there is room for national policies to shape a country's economic development and position within the system.
3. **Role of Technology and Innovation:** The changing nature of technological exchange between Japan and South Korea played a crucial role in their evolving economic relationship. The transition from unidirectional technology transfer to bidirectional exchange and competition in high-technology sectors illustrates how countries can use technological development to alter their position within the world system.
4. **Impact of Global Economic Shifts:** The evolution of Japan-South Korea economic relations was profoundly influenced by broader changes in the global economy, including the end of the Cold War, the rise of China, and intensified globalization. This underscores the importance of considering systemic factors in analyzing bilateral economic relationships.

5. Complexity of Core-Periphery Relations: The Japan-South Korea case demonstrates that core-periphery relations are not static or simple. As South Korea developed, the relationship became increasingly complex, characterized by both hierarchical elements and more balanced, interdependent interactions.

As such, the economic development implication of these findings contributes to the discourse of the growth and function of the world system. For the practitioners, they state that though the structure of the world system hallows certain restrictions on the countries, it is not totally disadvantageous as there are aspects where the countries can move up in the structure through proper economic policies, technology and conditions of the world system.

However, there are limitations of this research that have to be considered I state here. Thus, the emphasis put on a single bilateral relationship while making it possible to obtain a detailed picture of the processes taking place may pose a threat to the external validity of the findings. Similar analysis could be carried out for other bilateral pairs or region's economy to check the generalizability of these insights.

Furthermore, as this study has only dealt chiefly with the economic relations between Japan and South Korea, ideal future directions could expand into the political and cultural analysis and how both political and cultural aspects influence the economic relations. For instance, the historical relations between the two countries have been characterized by conflict most of the time and this has culminated in influencing the relationships between the two economies in as much as integration is concerned.

In conclusion, the historical analysis of the objective and subjective structures of the evolution of Japan-South Korean relations through the bilateral economic interaction between 1948 and 2008 can be occasions through which the economic relations between the two countries experienced viable qualitative changes within the structure of the world system.

Here, it is illustrated how core-periphery relations are not static but may change as countries inexorably alter their status in the global economy. In light of these conflicting tendencies that are shaping the global economy, leaving aside the fact that new poles of power are gradually being formed while old ones are gradually weakening, the knowledge obtained from this analysis may be helpful in forecasting future economic relations in East Asia and other regions.

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