

South Korea's Experience of Economic Development

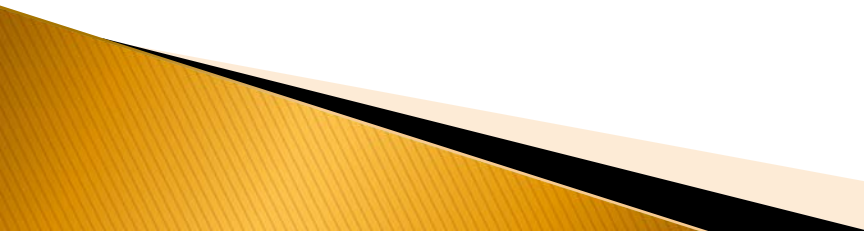
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Korea


- ▶ Located in Northeast Asia
- ▶ Neighbors: China, Japan, and Russia




Japanese Colonial Rule

- ▶ Japan exploited Korea's agricultural and mineral resources. Koreans were plagued by poverty.
 - ▶ During WWII, Japan extracted resources and labor force from Korea.
 - ▶ Japanese colonial rule pauperized Korea.
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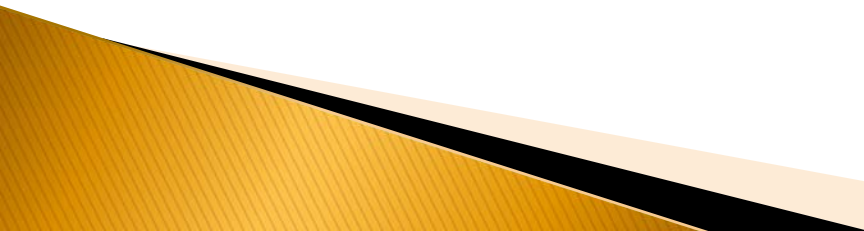
The Korean War

- ▶ Liberated in 1945, but soon divided
 - ▶ Most resources and factories lay in North Korea. South Korea possessed nothing.
 - ▶ The Korean War paralyzed the South Korean economy.
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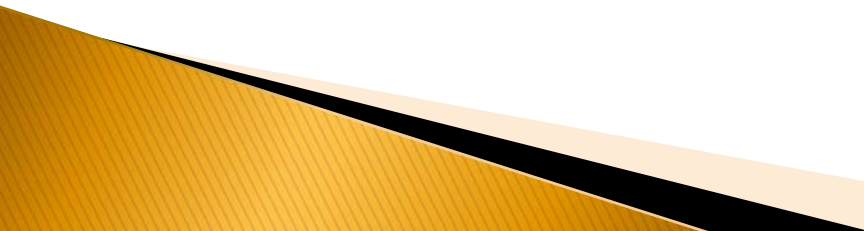
1950s and 1960s

- ▶ Poverty was rampant.
 - ▶ Rely heavily on agriculture
 - ▶ Recipient of foreign aid
 - ▶ GDP per capita: \$100–200
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Rapid Economic Growth

- ▶ State spearheaded efforts to achieve economic development.
 - ▶ Export-oriented policy
 - ▶ Protect & nurture local industries
 - ▶ Impose some restriction on foreign investment.
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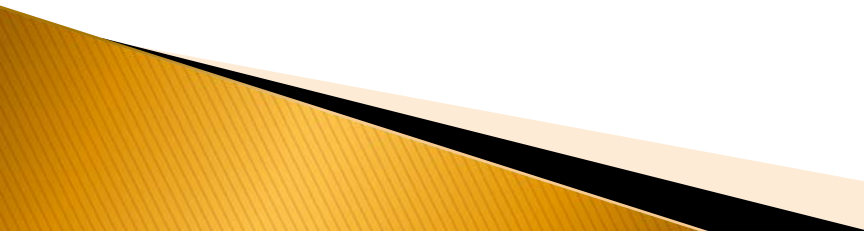
Rapid Economic Growth

- ▶ Vitalize the manufacturing industry.
 - ▶ Light industry → Heavy industry
 - ▶ Build infrastructure
 - ▶ Revolve around big companies (Hyundai, Samsung, LG, SK, etc)
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Rapid Economic Growth

- ▶ Agricultural revolution: Saemaeul Movement (New Village Movement)
 - ▶ Leaders' dedication to economic growth
 - ▶ Invest in human capital
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Rapid Economic Growth

- ▶ 6–13% growth rate
 - ▶ GDP per capita: \$2,184 (1980) → \$10,907 (1994) → \$21,226 (2004) → \$39,434 (2017)
 - ▶ Joined OECD in 1996
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Challenges

- ▶ Reduce the role of government
 - ▶ Government-oriented → Market-oriented development
 - ▶ New competitors emerge.
 - ▶ Liberal economic order
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Current situations

- ▶ The importance of the manufacturing industry endures.
 - ▶ Seek technological development.
 - ▶ IT or high tech industry is growing.
 - ▶ Promote service industry.
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