



STATE AND SOCIAL-CENTERED APPROACHES TO THE POLITICAL ECONOMY OF SOUTH KOREA

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Abstrak

Tulisan ini bertujuan untuk menganalisa upaya pembangunan Korea Selatan dengan melihat berdasarkan dua perbedaan dari pendekatan state-centered dan social-centered. Keduanya memiliki pandangan yang berbeda satu sama lain, namun hal ini yang coba penulis gunakan untuk menggambarkan proses pembangunan ekonomi Korea Selatan pada masa pemerintahan Park Sung-Hee ditengah intervensi kelompok kapitalis. Pembangunan terbagi dalam tiga fase penting; prekonstruksi, stabilisasi dan pembangunan cepat dengan strategi pembangunan dalam kurun waktu tertentu. Dalam prosesnya Korea Selatan menekankan pada peran pemerintah dan stake holder lainnya yang memiliki peran besar dalam pembangunan ekonomi negara, meskipun ditengah pembangunannya terdapat kendala internal yang dialami Korea Selatan, namun Korea Selatan justru memperlihatkan keberhasilan ekonominya hari ini.

Kata Kunci: *industrialisasi, kapitalisme, pembangunan, state-centered, social centered*

Abstract

This paper aims to analyze South Korea's development efforts by looking at the two differences between the state-centered and social-centered approaches. Both have different views from each other, but this is what the author tries to use to describe the process of South Korea's economic development during the Park Sung-Hee administration amidst the intervention of capitalist groups. Development is divided into three important phases; preconstruction, stabilization, and rapid development with a development strategy within a certain period of time and industrialization in many sectors. In the process, South Korea emphasizes the role of the government and other stakeholders who have a major role in the country's economic development, although in the midst of its development, there are internal obstacles experienced by South Korea, South Korea actually shows its economic success today.

Keywords: *capitalism, development, industrialization, social-centered, state-centered*

Introduction

Capitalism today as the current world economic system, raises many questions about its effectiveness in the development of a country (Igiebor, 2014). The criticism that arises from the capitalist system is accompanied by the fact that it is shown that development is not only based on the economy, however, but development should also make welfare evenly distributed not only in one group that dominates other groups (Rangazas, 2015). Because as we know, many countries at this time that believe in the capitalist system are then eroded by actors who have more capital. This happens to developing countries that do not have much choice in determining the direction of their own country's development. The neoliberal ideology with the capitalist system has an impact on developing countries to follow the interests of developed countries only (Murillo & Sung, 2013). In other words, developing countries are only a market in the world of developed countries economies. They are not able to be actors in shaping their market to support development in their own country.

The system of capitalism in this neoliberal ideology does not only erode development that occurs in developing countries, however, this system also provides a shift in development which so far has only been accepted as economic development (Hyeong-Joon, 2013). The notion of development has been explained by many experts, According to Nitisastro, development is a process according to time, the transformation from an economic state that has stopped to a state of continuous growth, meanwhile, Sen described in the book *Ethics of Development*, Winarno explained that development does not only focus on economic development, but development should also be based on psychological and physical well-being that must be met. If these factors are not met, the development will be considered a failure (Winarno, 2013). Then the emergence of a capitalist system that is driven by the phenomenon of globalization changes the notion of what development should be. In this case, the definition of development and stakeholders regarding development has shifted from state-led development to market-driven development. This is due to the emergence of non-state actors which then resulted in the reduced role of the state (Winarno, 2014).

Homogeneity and globalization reduce state control over the market and strengthen MNC actors in controlling markets that can only benefit certain parties (Jaffe, 2006). Thus, this will result in development that is not by the actual purpose.

Welfare inequality will continue to occur in various regions of the world. The capitalist system in this neoliberal era which was then driven by the phenomenon of globalization has an impact on development inequality, especially in developing countries. The shift of actors to market-driven development is also one of the impacts of the neoliberal capitalism system. Market-driven development provides opportunities for a small group of people to control and exploit existing natural resources. This then puts pressure on the role of the state which is getting smaller because the role of certain groups is not limited. So that control over the development of a country becomes uncertain. This explains the failure of market-driven development to control the market and carry out development. Because the impact that will arise can be seen in the lower groups who are not able to compete against the power possessed by these transnational companies. This development model then becomes an obstacle for developing countries in carrying out their development (Hettne, 2001).

It not only creates inequality, but also has an impact on development bottlenecks that occur in developing countries as well as a shift in actors controlling development. However, in this case, we can look at the case of South Korea, which is one of the countries with an economy that should be considered at this time (Jwa, 2017). This shows that the position of developing countries that have entered the neoliberal era does not mean that they will continue to be oppressed by developed countries and capital owners. The progress of South Korea is one example that developing countries can get out of development problems in the capitalist system (Ko, 2007). This is what the author wants to explain about the role of the South Korean government in carrying out development in his country. This then raises the question that is asked is why the development that is taking place in South Korea can be successful.

This paper, specifically discusses the development of South Korea carried out by the state and social contributions. The analysis conducted in this paper begins by looking at several policies implemented by President Park in accelerating the development of South Korea during the early days of economic liberalization. With this policy, there are several social movements by the people of South Korea, especially in rural areas, to balance development in South Korea's industrial areas. Thus, the state-centered approach will assist in measuring state intervention in South Korea's development and Social-centered serves to measure community movements in assisting

South Korea's economic development. An overview of this method will produce an overview regarding the comparison between the role of the state and social roles in its contribution to accelerating development in South Korea.

Several research before focused on the development only of state contribution and other focused on social movements, therefore this paper tries to compare both and explain the contributions to economic development from these two categories. The initial findings from this research that state and social roles in South Korea had a balance in increasing South Korea's economic development. The state plays a role in South Korea's export-oriented while social movements play a role in increasing development in South Korea's non-industrial areas.

Conceptual Framework

State and Social-Centered Approach

The state-centered approach argues for two different assumptions from the social-centered approach (Juan & Wegner, 2019). The social-centered approach, argues that the impact of government instruments in improving people's welfare will have a negative impact. According to this approach, government instruments will only limit and hinder people's progress on trade issues and will plunge human resources into less profitable corporate jobs. Meanwhile, the state-centered approach argues that in certain situations government instruments are needed and can improve social welfare. Then, the second assumption is that the social-centered approach says that policymakers will not be able to escape the intervention of interest groups outside the government. In other words, the policies formed are a reflection of the intervention of interest groups outside the government to maintain a balance of power among competing interest groups. However, this is refuted by the state-centered approach which says that in certain circumstances the government can work alone in forming a policy without any intervention or demands from other interest groups. When the government can work alone, the resulting policy is more to realize the objectives of making the policy rather than the demands that come from these interest groups (Oatley, 2011).

In the case of the protection of small industries, the state-centered approach argues that government instruments can improve social welfare (Collins, 1993). In contrast to the social-centered approach which states that government instruments will only hinder

prosperity in the economic field. In the standard trade model, every factor of production including human resources will move from a less profitable company to a profitable company. The shift in the factors of production is commonplace because it is more profitable. The move takes time and depends on the arrangement of funds required. The state-centered approach says that the government can assist in regulating the funding needed for these shifting factors. But it is different from the social-centered approach which says that government instruments will hinder the movement of these factors of production.

The protection of small industries by using government instruments, provides a justification where the small industry at first will not be very efficient. However, when the industry has reached its efficiency, government instruments can be released and the industry can compete in international trade. The benefits obtained by small industries when getting efficiency will be greater than the losses experienced when still using government instruments. Every newly formed small industry takes time to mature.

In other factors, the determination of the time until when small industries use government instruments when the industry has achieved economies of *scale and economies experience*. Economies of scale are conditions where production costs are low and units of production are increased. When this is achieved, the small industry does not just stop there. When the industry starts to export the goods. When they start exporting, the industry has to deal with industries that have achieved economies of scale first. In this case, small industries will find it difficult to find their market at a higher price than the existing industry. The application of government instruments such as tariffs, it will be able to help small industries to form their markets starting with the domestic market so that they can achieve economies of scale. After the industry reaches its economies of scale, the government instrument will be revoked and give small industries time to compete in the international market.

Then, *economic experience* is when an industry or company has qualified skills in producing the goods produced. The skills needed can help lower the production cost of each unit of production, and when you don't have skills, the impact can increase production costs and also take a long time to produce one unit. State-centered approach come up with market protection for the domestic industry company will be able to achieve its economies of experience (Oatley, 2011). Some criticism about the use of

tariffs and protection in improving people's welfare. In this case, economists argue that the protection and tariffs only help small industries but not with social welfare. Regarding to economic skills or experience, when a person has been able to achieve his skills in the industry, and moves to a more profitable industry it will be a loss for the industry and no one can guarantee that (Oatley, 2011).

On the other hand, Paul R. Krugman said that tariffs are a very old government instrument, this instrument is widely used by developed countries which can affect the average international market price. The book says that tariffs in improving the welfare of small or developing countries are not able to set international market prices. In addition, setting tariffs will increase the price of imported goods but lower the price of exported goods (Krugman & Obstfeld, 2003). Besides, in the *Strategic Trade Theory* which looks more at the role of the government in encouraging local industry to achieve scale and economic experience. The strategic trade theory views that most industries with high technology have an oligopolistic character. An oligopoly is an industry dominated by only a few firms. In this case, the role of the government is very large in helping small industries to be able to compete with industries that have existed before. In this oligopoly, it provides an advantage that participating in this competition. This is because only a few countries can produce the same goods, so the market share is also not too much (Oatley, 2011).

In the study on South Korea, the Park Chung Hee government issued several policies aimed at encouraging its local industry to develop and be able to compete in the international market competition. This policy is also based on the desire of the South Korean government to shift its focus to export-oriented. So, Park Chung Hee government must encourage its domestic industry so as not to lose in competing in the international market. Several policies regarding the privileges of these industrial groups then produced results where South Korea became one of the countries with the current profitable export of technological materials.

Park Chung Hee policy is one way to shift local small industries that were previously less profitable into profitable ones. This is done by providing some additional funds or commonly known as subsidies to accelerate the shift from a less profitable industry to a profitable one. One of the policies given by President Park Chung Hee is to provide tax incentives or subsidies to technology exporting companies

to spur the development of the local technology industry (Yoo, 2008). The selection in the technology industry sector is an election that is considered appropriate in the trade theory strategy because it provides more benefits than agriculture and other industries. However, this does not mean having to leave the agricultural industry because the industry will have an indirect impact on development in South Korea itself.

South Korean Economic Development

After the Korean war in 1953, South Korea experienced very bad conditions. South Korea then began the development of the country to repair the conditions of the country damaged by the war. The development began with the improvement of the South Korean economy. There were three phases of development in South Korea, namely, 1954-1957 the reconstruction phase, 1958-1961 the stabilization phase, and in 1962-present the rapid development phase. In the first and second phases, the condition of South Korea is still classified as very poor and poor condition because it is still carrying out reconstruction and stabilization within the country. Then, with the entry of the third phase, with the Park Chung Hee government, South Korea began the country's development with the motto "take-off" (Rhee J.-C. , 1994).

Quoting from the explanation of Yoon on the Korean Political Shortcourse that in 1961 the beginning of Park Chung Hee presidency, South Korea's per capita income was only 82 thousand dollars. This amount is very far when compared to North Korea's per capita income of 195 dollars. However, this turned around in the last year of President Park Chung Hee's administration, when South Korea's per capita income reached \$1,640 and North Korea's per capita income was \$1,114. This development and development in South Korea cannot be separated from the role of the government in carrying out development in its country. South Korea's focus shifted from import orientation during the first and second phases, then turned into export orientation during Park Chung Hee's administration. The South Korean government implemented what is commonly known as the "*First Five-Year Plan (1962-1966)*" to direct and control the private sector in South Korea (Yoo, 2008).

Park Chung Hee regime took several policies to support South Korea's economic development. This policy prioritizes exporting for companies that have greater profits. This is due to Park Chung Hee government's desire to start the development of the

South Korean economy by not relying on imported goods alone. In this case, post-Korean war South Korea still relies on several products that cannot be produced on their own, such as agricultural materials and technology. Therefore, Park Chung Hee government began implementing policies to support domestic companies or individuals to be able to produce goods that could provide export value (Rebelo, 1995).

During the export orientation Park Chung Hee's administration implemented several policies to promote South Korean export companies, as exporting companies were allowed to retain foreign exchange earnings for purchasing imports, exporting companies were exempted from import and tariff controls, and state-controlled banks provided financial support to exporting companies at interest rates. special interest, tax incentives, or subsidies are given to exporting companies, fiscal policy is focused on generating a surplus that can be channeled by major industrial companies, the government implements export targets that are influenced by company behavior, and companies that succeed in achieving export targets will receive awards from the president (Yoo, 2008).

In the 1960s, South Korea was still experiencing some bad conditions such as food shortages, lack of capital accumulation, and very high unemployment. This then forced President Park Chung Hee to have to implement some of the policies previously described. In this case, Park Chung Hee government has chosen to focus its economy on export-oriented. In developing this, several steps are needed to be able to carry out this. First, it is necessary to import goods and technology. Second, a large investment is required in encouraging economies of scale in a technology industry. This later resulted in several South Korean businessmen and industries commonly known as Chaebol (Hattori, 1999), this then explained that President Park Chung Hee had to transform imported technology so that it could be applied by human resources working in South Korean local industries. This strategy is a strategy carried out by several developing countries as well as developed countries in improving their local industries to achieve economies of scale and economic experience.

In the implementation of the Five Years Plan policy, there are two stages of policy implementation by the South Korean government. The first Five Years Plan policy still had to rely on the luck of cooperation between the United States and Japan. In this case, the cooperation between South Korea and Japan provides benefits for South Korea,

which receives assistance and loans from Japan in carrying out domestic improvements. The total loan funds provided amounted to 800 million dollars. with details, 300 million dollars are grant funds, 200 million dollars are government loans, and 300 million dollars are private commercial additional funds. Then the level of American military spending in Vietnam provides an opportunity for South Korea to be able to supply food, cement, truck tires, and several other materials in large quantities (Rhee J.-C. , 1994).

From this, we can see that the South Korean economy during the rapid development phase was not very stable. However, this continues to be done to continue to pursue the targets set in the Five Years Plan. In the early days of this policy, South Korea could still be said to be dependent on its allied countries such as Japan and the United States. With the assistance and conditions experienced, South Korea continues to make improvements in terms of development of the domestic economy. Policies regarding the development of local industries have also not yielded significant results in influencing South Korea's economic growth. This is due to several conditions and the situation of South Korea, which is one of the developing countries that are just about to develop and develop its economy.

In the neoliberal world system, developing countries will not be able to carry out direct development. Rather, they need time to transform from import-oriented to export-oriented. In addition, the development of a developing country also requires time to transform technology, information, and also the quality of human resources that can support a country's development. In other words, implementing an export-oriented policy takes time to produce favorable results. Even though using government instruments, it still takes time to shift. Coupled with the market conditions that have been dominated in advance by developed countries and companies that have a large capital.

The Second Five Years Plan (1967-1971) was a policy that was implemented after completing the previous First Years Plan policy. In this case, the South Korean government plans several actions such as modernization, raising domestic investment funds, and fulfilling employment opportunities. It focuses on several areas such as self-feeding, reforestation, and development of the fishing industry, establishment of chemical, steel, iron, and machinery industries to ensure a higher level of the industry, achieving export levels of up to 700 million dollars, actions to address environmental

issues and pollution, as well as increasing the income of farmers especially by using modernization and diversification in the agricultural sector (Rhee J.-C. , 1994). In this second policy, South Korea experienced a very drastic increase in the manufacturing sector but not in the agricultural sector. This is because the government's focus is more focused on the development of industries engaged in technology only so that the agricultural sector is forgotten. Thus, the percentage of the agricultural industry sector is at the lowest level among several developed industries.

In the third phase, this policy then intends to increase exports and quality in the manufacturing sector. However, on the other hand, the South Korean government also wants to harmonize the development of the two sectors, namely agriculture and manufacturing so that they can experience the same development. Because these two things then became a gap in South Korea's development that was carried out. The resulting gap, among others, is the problem of the income of workers in the technology industry sector being higher than those working in the agricultural sector. This then results in an imbalance between the lives of rural and urban communities. So, development, population, and welfare in South Korean society are also uneven (Rhee J.-C. , 1994).

From this development imbalance, it can be seen that the South Korean government's policy with the Five Years Plan is more focused on the manufacturing industry sector. This is due to South Korea's desire to carry out rapid development, so when it comes to choosing a profitable sector, it is the right choice for South Korea. This shift to a profitable industry is a government policy in seeing greater profits to shorten the time in carrying out economic development. The shift in the focus of the industry can be seen in the following table which will explain how South Korea's condition regarding imported and exported goods was from 1965-1982 (Kuznets, 1985):

Table 1. The Transition Exports and Import

<i>SITC Code</i>	<i>Units:</i> <i>US\$ millions</i>			
	<i>Exports</i>		<i>Imports</i>	
	<i>1965</i>	<i>1982</i>	<i>1965</i>	<i>1982</i>
0,1 Food, Beverages, Tobacco	29.1	1,208	63.7	1,571
2 Crude Materials	37.0	275	110.0	3,370
3,4 Fuels, Oils, Fats	1.9	294	35.1	7,730
5 Chemicals	0.4	740	103.4	2,084
6 Manufactures classified by Materials	66.4	6,631	71.2	2,610
(65) (Textiles)	(26.3)	(2,238)	(26.9)	(498)
7 Machinery, Transport Equipment	5.5	6,042	73.1	6,009
(71) (Non-Electric Machinery)	(2.5)	(515)	(35.7)	(2,489)
8 Miscellaneous	34.5	6,616	6.8	784
(84) (Apparel)	(20.7)	(3,774)	(0.5)	(8)
Total*	174.8	21,853	463.3	24,251

Source: Paul W. Kuznets, Government and Economic Strategy in Contemporary South Korea Pacific Affairs Vol 58 No. 1, 1985, p. 59.

The table above explains that in 1965 South Korean exports were dominated by foodstuffs, raw materials, and textiles. Then in 1982, this changed the largest export goods made by South Korea were in the manufacturing sector, textiles, and transportation equipment. From this, we can see where South Korea's strategy shifts from agriculture to technology and manufacturing sectors. This is considered more profitable because specialization in the technology sector is less common in other countries. Therefore, this shifting strategy allows South Korea's development to develop, especially in the technology sector (Kuznets, 1985).

Based on this explanation, if implemented in the South Korean case study, it can be seen that the government's role is very important in controlling economic growth and the actors involved in it. The South Korean government has issued several policies to encourage the manufacturing industry commonly known today as Chaebol. This shift can be seen where the Chaebol industrial company has now been able to become a profitable manufacturing industry for South Korea. At the beginning of the import-oriented period, the South Korean government used this period as a period of technological transformation from the outside which was then studied by South Korean human resources in forming their local products. Then, the subsidies provided by the South Korean government are also useful in reducing the funds or costs required by the manufacturing industry to achieve its economic experience.

During the third Five Years Plan policy, the South Korean manufacturing industry was then able to become one of the industries that were able to compete in the international market with a quality that was not inferior to the existing manufacturing industries from developed countries. This also illustrates that manufacturing companies

are more profitable as described in the Trade Theory Strategy. However, this is with a note where the government of a country must be precise in making policies in determining the industry that must be developed. Because when it is not by the wishes of the market, then different things will happen. Where the developed company will end up at a loss and the government instruments that are applied also cannot function properly. Therefore, the State-Centered approach says that under certain conditions the government will be able to improve social welfare through intervention in local industries that have promising benefits.

Chaebol Group

In the development of industry in South Korea, several companies commonly referred to as Chaebol take on the role of an industry that is developed in the local South Korean industry. A chaebol is a group of industries that are family owned and controlled by the family. However, these industries address several different industrial sectors. Thus, the scope of Chaebol is very broad in developing the industry in South Korea. In the 1960s, South Korea had begun to develop an automobile industry that was developed by relying on TNC's relations with other countries. At the beginning of its development, the South Korean car industry such as Hyundai and Kia Motor only made a few goods from the products of developed countries. Even so, this is then used as a phase in studying and designing to make models of goods that will be produced by themselves (Voegeli K. , 2005). In 1975, Hyundai and KIA succeeded in making their domestic products even though they were still for domestic consumption. With the nationalistic nature that exists in South Korea, the production of Hyundai and KIA can become a government instrument in reducing the market that was previously controlled by foreign products to share with local products.

Second, the electronics industry developed by South Korea, such as LG, has existed since 1958. However, at that time the economic developments and strategies that were implemented did not run smoothly. Then in the 1970s, this industry started to export. This is driven by modernization and technological developments that can become local players in competing in the international market. The development and improvement of color television electronics later became one of the factors that could be favored by the industry (Jong-Wha, 2016). This industry originated from Hyundai and

KIA Motor, which initially only used TNT in developing and transforming technology, so that they were able to produce their goods and shape their international market (Voegeli K. , 2005).

Then in the development of the semiconductor industry, Samsung was one of the first Chaebol companies to enter the semiconductor sector. Then followed by Hyundai, KIA, and LG. In its achievements, Samsung can match the quality of the semiconductor industry produced by Japan. This result is then a very significant improvement. However, it is different from Hyundai and KIA which have not experienced significant development in these semiconductors (Voegeli K. , 2005). This is because, in 1997, South Korea experienced the impact of the crisis that occurred in Asia. The crisis caused several industrial companies in South Korea to go bankrupt and suffer losses, especially in the technology sector, with the crisis, South Korea also had to be forced to borrow loans from the IMF and world banks. In addition, there are loan funds also from alliance countries such as the United States and Japan. The total loan funds used by South Korea is about 58 billion dollars. The loan is then used to stabilize the domestic economy. However, this did not last long and South Korea was able to repay the loan funds in a short period.

This is because South Korea's industrial system and domestic investment have been strong as also the accumulation of technology in South Korean industry. So that when experiencing a crisis, South Korea evaluates and reforms the industry in running the economic system in South Korea. This very significant development in the Chaebol industry then gave a place for Chaebol groups in government. This is because most of the South Korean economic system is run by the Chaebol group (Hattori, 1999). However, in this case, economic actions and policies are still controlled by the state with the existence of small industries and groups of workers who are the basis of the Chaebol group of companies. Later, the economy was not immediately released as too liberal to dispel some of the domination of corporate groups that tried to dominate policies in the South Korean government.

The success of this Chaebol group cannot be separated from the four factors that support South Korea's economic development and the development of Chaebol. First, a group of companies and the South Korean government took over a Japanese-owned company located in South Korea. Second, South Korea began the production process on

three materials or the so-called “*Three Whites*” (Cotton, Flour, and Cement). Third, take the opportunity to export during the Vietnam war in terms of supply of goods. Fourth, follow the steps and actions and industrialization policies of the Park Chung Hee government. Therefore, the development experienced by the Chaebol group cannot be separated from the government's role as State-led Development. Chaebol groups and government policies are two things that cannot be separated and are interrelated with each other (Lee, 2009).

South Korea Domestic Policies

The development and economic development in Korea during the Park Chung Hee administration can be said to be very fast development. This can be proven where in the year after the end of the Park Chung Hee government, the economy in South Korea is growing very rapidly. In this case, the role of the Park Chung Hee government, which is somewhat authoritarian, is one of the factors that made the economic development in South Korea able to take place quickly. When the government of a country is authoritarian, the loyalty of the people in it will be more easily regulated, So, when the Park Chung Hee government has some steps and actions it wants it will be easy to implement in the community. However, this does not guarantee overall success. Because when the actions and policies taken by the authoritarian government are wrong, it will result in failure in carrying out the development. In other words, a somewhat authoritarian government will result in development with the right actions being successful and with the wrong actions ending in failure (Kuznets, 1985).

During the Park Chung Hee administration and the implementation of development policies, there were several criticisms that explained that the development policies were unbalanced policies. Because there are several sectors that are then considered untouched by the policy. The policies implemented are too discriminatory towards small and medium industries. The policy only grants privileges to industrial companies based on technology and manufacturing that obtain loans from state banks in large amounts. Meanwhile, small and medium industries get smaller loan funds. From this, we can see that the provision of government instruments given by the Park Chung

Hee government is uneven and does not help small industries that are involved in the agricultural sector.

To stem this criticism, the South Korean government made a policy that provides some assistance to small and medium-sized industries in helping develop their industries. In the small business sector (SMEs), the government provides several policies such as loan policies and subsidies to improve the quality of these small enterprises. In the agricultural sector, the government established the *National Agricultural Cooperative Federation* which functions to assist farmers in controlling the prices of agricultural materials sold in the market (Yoo, 2008). So that by giving this policy, the South Korean government wants the voices of groups who criticize the policy to be blocked by the government's policy of intervening in the agricultural industry.

However, this did not go smoothly because the number of groups who criticized the policy on the manufacturing industry was increasing. These groups include, among others, workers' groups who protest against uneven incomes. The subsidies given by the government are also not evenly distributed because according to them the companies that are given subsidies no longer need it. However, in reality these industries still receive large subsidies from the government (Rhee T. C., 1973). With this, the South Korean government and policies seem to be dominated by the influence of these manufacturing and technological industries in shaping a policy.

From this criticism, several community movements emerged which became an opposition movement in rejecting the authoritarian system of government in South Korea. One such movement is *The Korean Workers Welfare Council* (KWWC) which is a labor movement that unites several labor units in several industries. Then the other movement is the movement of the opposition party originating from the democratic party which aims to fight the authoritarian government in South Korea. Some of these movements are networks of student activist movements and foreign actors who are members of the Jaeyea group. This group is the result and response of the authoritative Park Chung Hee regime. So, the emergence of this group demands democratization in South Korea. Because according to them there are several groups who are discriminated against in policies regarding economic development and the dominance of the Chaebol group of companies in determining South Korean policies (Rhee T. C., 1973).

During the development period of South Korea, there was an imbalance between village life and the lives of people living in urban areas. The gap between these two groups of people occurs because of the difference in people's income received in the two different industrial sectors. The concentration of industry in urban communities gives a difference in lifestyle and development that looks uneven. Thus, it became one of the tasks of the South Korean government to evaluate the industrialization policies implemented. Industrial development of South Korea give inequality in city and rural population. With that, the South Korean government provides a policy with a community movement that is able to support the improvement of the lives of rural communities. So that there is no inequality in population and there is no inequality in development between cities and villages in South Korea (OECD, 2018).

This village development policy, it aims to modernize in accordance with the modernization carried out on industrial technology. The development of this village is commonly known as Samaeul Undong which was implemented in 1970. The development of this village is to improve the level and quality of the agricultural industry owned by South Korea. This new movement also aims to reform the traditional spirit into Samaeul Spirit which is to improve welfare through health, increase rural environmental productivity, and improve rural conditions in the South Korean region (Boyer, 1984). This movement later became one of the movements that are often promoted in Asian countries as a development system in improving the quality of rural areas in a country, this rural improvement in essence only aims for every element of society to play a role in carrying out the development of a country. Thus, there is no area that is not touched by the development implemented by a government.

In implementing this village development, the government issued a subsidy in the form of 335 sacks of cement. The cement is then given to each village and given knowledge about road construction, road construction, and infrastructure construction that facilitates development activities in the village. in 1972, the government awarded prizes to villages that were successful in self-improvement in developing their villages. The prizes were 500 bags of cement for free and one ton of steel. In the development of this village, South Korea divides three village characters, namely, Underdeveloped (basic), developing (Self-helping), and Developed (Self-Sufficient). This competitive

village strategy was then considered successful. In the 1970s, 34,000 villages in South Korea were not in the underdeveloped stage (Boyer, 1984).

In this movement, several participants were also involved in it such as businessmen, professors, scientists, and so on as actors in providing direction and training in rural leadership issues. This movement can be said to be a success because several villages and almost all rural areas in South Korea are now able to develop self-reliance in carrying out development in their regions. In addition, village leaders have also felt that the position played is an important position in developing their village. So, in this village development movement, it is also democratic in which the community in a village negotiates before the village leader takes a policy. Within a span of 10 years, this movement was then very effective in providing modernization and increased development in every village in South Korea. The government does not intervene directly in this movement but the government becomes a facilitator in carrying out development in every village in South Korea through the head of the leader of each village.

Quoting from the explanation of Yoon, The Korean Political Shortcourse explained that there were several things that caused the development of South Korea and the Park Chung Hee government to be successful in carrying out development in South Korea. This has then become the foundation and basis for carrying out development in South Korea. First, the Park Chung Hee government allowed an opposition party to become a critique of the policies implemented by the government. In this case, as previously explained, the Jaeya group criticized several policies and government systems implemented in South Korea. This was aimed at strengthening the position of President Park Chung Hee's government at that time.

Second, the Park Chung Hee government at the stake of the Korean war had two focuses, namely increasing security and improving the economy. The economic improvement here is where President Park Chung Hee tries to make his domestic industry capable of exporting abroad. That way, the domestic industry will be able to support the country's economy and form a market in the international world. In addition, when developing countries are busy with criticism of the dependency system created by developed countries. South Korea dares to open up and carry out export activities in the

midst of the neoliberal system and the capitalist system that is destroying developing countries.

Third, President Park Chung Hee dared to incorporate his domestic community into the international community and implement a policy of state openness. This openness aims to attract foreign investors as capital in carrying out industrialization policies. In addition, the openness of this country is also used as a phase of technology and knowledge transformation in creating local products in their own country.

In addition, several other factors have played a role in the development of South Korea. The culture of the people and also the democratization system in South Korea later became the control over the actions and policies of the South Korean government regime. Corruption controlled by public movements critical of a policy that is inappropriate and illogical to implement can reduce the level of corruption in South Korea. So, with this, the government's role in shaping community movements and government intervention in the development of local industries is very important. The dominance of companies over the market can be avoided by compromising a country's government with these companies. So that the company's actions are not allowed to be too free to access and dominate the existing market.

Conclusion

The development of a developing country will not always be in the position of groups who are oppressed by developed countries and actors who dominate the market. The development model adopted by a government must be by what the local community wants. Development is not always based on the economy. However, this South Korean case study shows that in this neoliberal era we are unable to avoid market domination by companies and developed countries. Therefore, the South Korean government is trying to base its development by prioritizing its national economy first. Because with a strong economy in this neoliberal era, it is possible that developing countries are also able to carry out development according to what they want. In addition, the mental formation and characteristics of the community is also an important thing in carrying out development.

In the case of South Korea, the government has succeeded in building the spirit of independence in developing rural areas by providing assistance and subsidies as a form

of government intervention in achieving equitable development. A high sense of nationalism and the ability to see the vision and mission of the people of South Korea in the future is an added value that other developing countries do not have, we can also see that state intervention and government instruments in the economic system of a country are able to have a positive impact on the economic development of a country. The success of the Chaebol group as one of the companies that is currently an international economic actor is the result of the South Korean government's policy in improving its technology and manufacturing industries.

In addition, South Korea is one of the countries with strong resilience when affected by the impact of the crisis that occurred in Asia. As explained by Prof. Dr. Yang Seung Yoon, Ph. D. on the Korean Political Shortcourse that the South Korean people and government view the crisis as a phase where South Korea must evaluate and reform the policies implemented. Apart from that, the crisis is also seen as an opportunity for South Korea to innovate and reform the economic system and for a better development. Thus, when South Korea faces a crisis, it will not have a prolonged impact and will return to stabilization with a strong government control role.

The development problem that is still being discussed in the study of development ethics is the inequality of development in a country. South Korea carried out the equitable distribution of development by providing motivation and government instruments such as subsidies so that the rural community was able and willing to carry out developments in their respective villages. Although, in this case, the distribution of development is not completely evenly distributed, but at least there is not a very large disparity in income and welfare between rural and urban areas. Because one thing is difficult when it comes to equating the profits of the technology and manufacturing industries which are indeed high with the agricultural industry which tends to be lower. However, this is not an obstacle for the South Korean government to continue to modernize and develop areas that are the focus of the agricultural industry.

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