PART III
CULTURE, EDUCATION, AND SOCIAL CHANGE
21 Ethical and Social Influences of Confucianism

by Lee-Jay Cho

This study treats the subject of economic development in a somewhat unorthodox way, based on the premise that an understanding of development policies requires an examination of many factors outside the discipline of pure economics. Government economists do not simply sit together, discuss their facts and research findings, and make policy decisions. Their formulation of policies is a far more complex, political process, and a fundamental understanding of this process must give due consideration to the society in which it operates. This chapter has been included to give the reader a sense of how Koreans behave, what they value, and how they relate among themselves and to their leaders. Rigorous analysis is not applied here to topics such as the role of culture and values in development, national sensitivities and priorities, and the ways in which Korean leaders manage the government and the public. Yet, after accounting for the quantifiable variables, these factors have undeniably influenced the direction of Korean economic development discussed earlier in this volume. It is hoped that a simplistic overview and the brief anecdotes and illustrations cited will give the reader a better perspective on the cultural dimensions of modernization and will perhaps stimulate further research in this area.

A principal reason for the increasing interest in the relationship between Confucianism and the economy is the rapid development achieved during the past three decades by the countries that have been strongly influenced by Confucianism and other East Asian cultural influences. How do we account for the rapid economic development in Japan, Korea, Taiwan, Hong Kong, and Singapore, all of which are poorly endowed with natural resources for economic growth? Human capital formation has undeniably been a major contributing factor, and in this regard exploring the influence of Confucian ethics and values on contemporary approaches to problem solving is an intriguing exercise.

The literature on Korea contains numerous references to Confucianism as an impediment to reforms and development. The ways in which Confucianism has been interpreted and applied by governments and societies have

1. The term Confucianism is used here to refer to the popular value system of China, Korea, and Japan, which is derived from the synthesis of the traditional cultural values espoused by Confucius and his followers and subsequently influenced by elements of Taoism, Legalism, Mohism, and even Buddhism, and in the case of Korea and Japan, by Shamanism.
probably been inhibiting factors for development under certain circumstances. It would be wrong, however, to depict Confucianism only as a barrier to development, just as it would be wrong to claim that it is solely responsible for recent economic achievements in East Asia. Our purpose is to examine not the elements that inhibit but those that promote human capital formation, thereby exerting a positive influence on rapid economic development. This is not an exhaustive study of Confucianism in economic development but an examination of some positive elements of Confucian ethical values based on “humanity, righteousness, and frugality” that have clearly contributed to economic growth in Korea and neighboring countries.

CONFUCIAN VALUES AND ETHICS
Throughout history Korea has been dominated by Chinese culture, which has predominated among the nations of East Asia. For several millenia China was a feudal state, in which Confucian values and ethics, mixed with Taoism and later with Buddhism, played the paramount role in shaping not only the form of government but also the ways in which people relate to their leaders, peers, and families.

Up to about the sixth century, the predominant influences in Korean society were Confucianism and Taoism (Rutt 1972). Beginning in the sixth century, Buddhism also exerted a significant influence over Korean cultural values. The Buddhist doctrines of benevolence and samsam (the cycle of rebirths), intermingled with the traditional values of Confucianism, provided the core of Korea’s cultural values for a period of about a thousand years, from the era of the Three Kingdoms (A.D. 57-668) and the united Silla dynasty to the end of the Koryo dynasty in the late fourteenth century. At the beginning of the Yi dynasty (1392-1910), however, Confucianism became the predominant state ideology of Korea, and Buddhist influence receded. During the succeeding five centuries, Confucianism played the predominant role in social, political, and all other spheres of Korean society. The traditional cultural values that have exerted the longest and most lasting influence on the Korean pattern of modernization are therefore deep-rooted in Confucianism.

Traditional Chinese philosophy is based on Confucianism, which is not a religion but the prevailing ethics and values that evolved over thousands of years. Confucius, who lived in the late sixth century B.C., summarized and synthesized these ethics and values, giving them a form that became known as Confucianism. The teachings of Confucius were expanded upon

2. Palais (1975:22), for example, cites “Confucian dogma” as one of three features of the old political order contributing to the failure of reforms in Korea more than a hundred years ago. The same author (1975:19) notes, however, the ambivalence of Korean leaders in sometimes upholding and sometimes ignoring Confucian doctrine, to suit their own purposes or convenience.
further by Mencius (380–289 B.C.), a Chinese philosopher whose influence in defining orthodox Confucianism was second only to Confucius.

The main axis of Confucian political philosophy is formed by the concepts of chung (harmony between the leadership and the masses) and hsiao (filial piety). The principal relationships upon which emphasis is placed are those between the ultimate ruler and his people, between parents and their children, and between peers. The latter, horizontal relationships are maintained through trust and friendship. With respect to the first two, however, harmony is maintained by stipulating that the relationship between the masses and the ruler is like that between children and their parents. Hence, filial piety is the basis for harmony within the family as well as the state. The emphasis on family and communal relationships and collectivism contrasts with the Western emphasis on individualism. Filial piety is the “generalizing principle” in defining relationships within the group.

The energizing force in working out and implementing these relationships is the emphasis placed on harmony, learning, and diligence. A constant learning process is the ideal, where unceasing efforts are made to achieve perfection. From the earliest times, the Chinese classics placed emphasis on being prepared for hard times and hard work, but also on being prepared to take advantage of opportunities. This is already evident in the earliest Chinese poetry, as illustrated in the following passage quoted from writings dating from about B.C. 1100–1200 (Legge 1959):

It is said in the Book of Poetry,

"Before the heavens were dark with rain,
I gathered the bark from the roots of the mulberry trees,
And wove it closely to form the window and door of my nest."

People of Tse have a saying,

"A man may have wisdom and discernment,
but that is not like embracing the favorable opportunity.
A man may have fine farm implements,
but what use are they if the planting season has passed?"

The notions of preparedness, illustrated by the parable of the bird that must prepare itself for the coming storm, existed long before and were reinforced by the codification of such ethics by Confucius. The emphasis on preparedness is redoubled in the second quotation, in which the farmer not only must prepare for physical work (with his tools) but must also be ready to seize his opportunities (the farming season). Preparedness is a quality that has been cherished by the Chinese for thousands of years.

3. As Max Weber distinguished, “whereas Puritan rationalism has sought to exercise rational control over the world, Confucian rationalism is an attempt to accommodate oneself to the world in a rational manner” (Morishima 1982:2).
The Confucian classics also stress diligence as an important quality, typified by the admonition in the *Zhong Yong* (Lyall and King 1927) on striving constantly to attain the golden mean—a center course of moderation that avoids all extremes. The diligent scholar is encouraged to engage in a constant process of reexamination and to seek the truth through facts. Emphasis is also placed on learning for the purpose of application. This in turn encourages adaptability, flexibility, and pragmatism.

Confucius is said to represent the “complete concert” of the three ideal types of sages that are described in the writings of Mencius (Legge 1959:812-17). One type of sage is an incorruptible purist, another undertakes even the most difficult public-service task in pursuit of the common good, and the third is the sage of “harmony,” who accepts even the most humble position and responsibilities. According to Mencius, the second type of sage took upon himself the heavy charge of empire, regarding the people’s sorrows and burdens as his own. These qualities, if properly inculcated in modern leaders, are well suited to economic leaders and to others who have to deal with the problems of government and society.

Confucianism teaches that human relationships are increasingly refined through the process of learning and acquiring knowledge. Education also served as the primary vehicle for advancement in imperial China. For these reasons, the Chinese emphasis on education—which is also an emphasis on diligence—has been handed down over the centuries, serving to enhance traditional respect for intellectual achievement and public service and the modern emphasis on higher education.

According to Max Weber, the Protestant ethic contributed to Western industrial development as the driving force for capital formation through hard work, frugality, and saving. The accumulation of wealth was considered a measure of success and an indication of “good” behavior. An interesting parallel can be drawn with the Chinese ethic of diligence, hard work, and thrift. The Chinese measures of success were attaining high government office and accumulating wealth, but it was also important for the successful individual’s ancestors to “see” his achievements. Ancestor worship, which Koreans shared in common with the Chinese, was based on the belief in the continuing existence of a person’s spirit after death. When someone gained an honorable title or achieved some other success, it was customary to visit the family tombs and “report” to the ancestors in the presence of other relatives and friends. Although the beliefs and rituals differ fundamentally, the actual driving forces of the Protestant ethic and the Confucian ethic are similar.

Neo-Confucianism, which was articulated by Sung dynasty (906-1279) scholars led by Zhou Dwan Yi and Zhu Xi, was a reaction against and attack on the then-prevailing Buddhism. Although it incorporated some Buddhist elements, it emphasized the revival of the original Confucian values (Fu 1985: vol. 2). The basic concept was respect for “heavenly
order” and the “oneness” of the universe and of human existence. Accordingly, human nature is the same as the nature of the universe. This movement’s notion of violating heavenly order is illustrated in a statement—attributed to the two Cheng scholar-brothers and based on the “abstract” Confucian tenet of “internal self-respect, external righteousness”—that starvation is a minor matter when compared to a loss of propriety, which is a serious human event. Neo-Confucianism as practiced during the Sung dynasty was a conservative philosophy that defended feudalism and served as a weapon against the “New Policies” proposed by Wang An-Shih (1021-1086), a writer and statesman whose proposed administrative and economic reforms were designed to break up powerful groups and the landlords.

Neo-Confucianism was imported to Korea over a period of several centuries, beginning in the late Koryo dynasty (fourteenth century) and extending into the early Yi dynasty (established in 1392). Unlike in China, Neo-Confucianism in Korea provided the early Yi dynasty with a basis for major reforms, and it served as a powerful weapon against the rich and powerful, the landlords, and the corruption that prevailed under the later Koryo dynasty when Buddhism was the predominant religion.

The Korean version of Neo-Confucianism was codified principally by Yi T'oegeye (also known as Yi Huang) and Yi Yulgok, who also elaborated on the elements of pragmatism implicit in the Confucian tradition. Yi T'oegeye called for reforms in government and for more efficient agricultural production through better irrigation and improved technology. He also wanted to expand the private school network and was an advocate of higher education for the Korean population (Tsukuba University 1986).

Korean Confucianism during the centuries after Yi T'oegeye's life evolved into a more orthodox, conservative school that emphasized propriety and rituals, thereby preserving the class structure and reflecting the deteriorating distribution of wealth and power. It became so orthodox that, at certain times during the Yi dynasty, the Korean royal family and government officials became perhaps more “abstract” Confucian than their Chinese counterparts. This trend is reflected in the respect paid by the Korean government to the Chinese emperor as the Son of Heaven and to China as the center of the world, and in the fact that Korea was depicted, in communications to China, as “a small, distant country.” Over the centuries, official Korean Confucianism became increasingly ritualistic and impractical and served to defend the existing order favoring the rich and powerful.

In the seventeenth and eighteenth centuries, Korean scholars on a mission to Beijing came into contact with and were impressed by Catholic missionaries who were trying to gain influence among potential converts by introducing Western science, mathematics, and astronomy. They also were influenced by adherents of the pragmatic school of political economy that had been established in the eleventh century by a small group of
Confucian scholars including Xue Ji Xuan. In China, however, this pragmatic school had never had significant influence (Fu 1985: vol. 2).

In the eighteenth century, some of Yi Yulgok’s followers started the “practical” school (Shilhak) in Korea. The practical school (which called itself the Political Economy School) advocated a minimum of ritual and formalities and concentrated instead on the practical elements of Confucianism in combination with Western science, focusing on agriculture, industry, commerce, and empiricism (Historical Association of Korea 1973; H. H. Kim 1979). During the first half of the eighteenth century, the principal goals of the school were agrarian land reform and organizational reform in government and other institutions. The adherents of the practical school were labelled as “heretics” because they deviated from orthodoxy, and they were also accused of importing undesirable Western influences from the Catholic missionaries in China.

During the second half of the century, the emphasis of the practical school (under the new name of Utilitarian Economy School) shifted to commerce, industry, trade, science, technology, skills, and strong national defense. In the first half of the nineteenth century, when the school was facing conservative government control and oppression, it turned to more scholastic pursuits. Renamed the “school for seeking truth through facts,” it focused its attention on the validation of the Confucian classics through facts and empirical data.

Orthodox Confucianism prevailed until the end of the Yi dynasty, and the practical school never succeeded in gaining official acceptance. The philosophy underlying subsequent modernization movements, however, is based on some of the practical school’s more important ideas, which include agrarian reform, social harmony, equitable distribution of wealth, and the promotion of industry, trade, science, and technology. The leaders of the modernization movement who promoted efforts to open the country at the turn of the present century had either received a Japanese education or were Japanese influenced. Despite their efforts at modernization, however, this movement was cut short by Japan’s expansion into the peninsula, which ended with Korea becoming a colony of Japan. Only during the second half of the twentieth century were leaders such as President Park Chung Hee able to put into practice on a massive scale some of these practical values inherent in Confucian ethics.

4. Chung Nak Yong is considered a representative scholar who synthesized the philosophy of the practical school. Some other scholars worthy of mention are Yu Hyung Won, Yi Yik; and Park Ji Won.

5. In this regard, Dr. Ki-Jun Rhee, former chairman of the Korea Development Institute, argues that yang ming shue, which emphasizes the unity of knowledge and practice, was introduced to Japan and made an important contribution to the Meiji revolution, whereas this idea was not adopted in Korea (personal communication from Dr. Rhee).
CONFUCIAN SOCIAL ORDER
AND AUTHORITARIANISM

Ascriptive society holds that kings will be kings, scholars will be scholars, and peasants will be peasants. The basic bifurcation of society into the people who are trained to govern and those who are governed is implicit in the writings of Mencius, who observed that “those who work their minds rule the people, and those who perform physical labor are governed by the former” (Legge 1959). The idea of virtuous government as prescribed by Confucianism is so widely accepted by the majority of the populace in China, Japan, and Korea that the positive role of government has been taken for granted. An important characteristic of the policymaking process common to China, Japan, and Korea is the acceptance by the masses, both historically and today, of the role of intellectuals in policymaking. For a long time to come, the general public in all three countries will continue to accept leadership by intellectuals, and indeed the public expects intellectuals to play such a role. In contrast to Western-style public opinion, the public perspective with Confucian influence is based on the traditional respect shown to persons with superior intellectual ability. In this regard, Chinese, Japanese, and Koreans differ in a fundamental way from Westerners because they expect the government to play an important role in society and in industry. The public freely accepts the Japanese government’s use of “administrative guidance” (gyosei shido) and the Korean government’s “government instructions” (chungboo chishi) when intervening directly in industrial affairs. The Japanese and Korean public accept this terminology itself in a way that Westerners find difficult to comprehend. Government-business relations in Korea have been characterized by strong leadership from a government that did not hesitate to intervene directly with markets by means of commands and discretionary measures. The government assumed the role of senior partner in partnership with business. The acceptance of the role of junior partner on the part of large private enterprises was in part by necessity and in part cultural.

The Chinese, Japanese, and Koreans still place great value on entering the civil service and thereby participating in decision-making processes. In China the competitive scholarly examination system for entry into the civil service was introduced during the Han dynasty in the second century B.C. Similar systems evolved in Korea (in the tenth century A.D.) and Japan (during the past century) that were instrumental in institutionalizing the hierarchical arrangement of personnel in formal organizations. The concept of hierarchy has been firmly entrenched in Chinese social philosophy for so many centuries that it is difficult to conceive how the concept of egalitarianism might take root in this society. This constraint is likewise felt in Korea and Japan.

The corollary of this hierarchical perspective is the formation of a uniform personality trait that inclines toward authoritarianism. The mitigating
factor for the individual in China and Korea was the tradition of allowing appeals against government officials whenever an injustice was committed. From a wider historical perspective, however, the lack of any sufficient countervailing force among the Chinese has occasionally brought about political situations in which the existing political forces were eclipsed, making way for entirely new successors. Under such situations where total collapse was deemed essential (notably changes in dynasties), it would have been difficult to accommodate powerful countervailing forces. This is manifested in human behavior observed in the Chinese cultural setting, with its holistic or once-and-for-all predisposition, typified by the old saying: "Mow down everything uniformly with a single, trenchant sweep of the sword blade."

To appreciate the extent to which the values of uniformity and harmony have influenced human behavior—and hence political behavior and policies—it is essential to grasp the underlying propulsion towards uniformity. One important implication emerging from these considerations is that, even if a policy is not itself exceptionally good, people will nonetheless follow it through, all acting together. Ultimately, the results of their efforts in terms of overall development may not be bad. It is also true, however, that such national authoritarian personality traits and the lack of countervailing forces can bring about a disastrous outcome.

Ever conscious of this tradition, Chinese leaders have strived to achieve harmony and consensus by means of absolute statements and prescriptions. It helps to explain why an absolute majority of Mao Zedong's followers agreed with whatever he preached about economic reform in the 1950s and why an absolute majority likewise agreed with whatever Deng Xiaoping preached about economic reform in the early 1980s. Fairbank (1986:298) succinctly depicts its impact on China's efforts at postwar development:

Underlying this situation was another inherited factor, the docility of the Chinese peasantry, who were remarkably inured to following the dictates of authority because it represented the peace and order on which their livelihood depended. The vision of the leadership could be imparted to the populace because in the early 1950s the CCP [Chinese Communist Party] and the Chinese people generally still felt united in a common cause of building up China. The people trusted Chairman Mao. This at once opened the door to utopianism and illusion because the party cadres, drawn increasingly from the upper ranks of the peasantry, were fervently ready to go along, follow the leader, and bring the masses with them. Thus the local obedience to the state and party authority, plus the personal charisma of Mao Tse-tung, could create situations of mass hysteria where people worked around the clock and abandoned established ways, almost like anarchists seeking freedom from all constraints.
One example is the period of the Great Leap Forward, when everyone in China was following the commands of a single leader and moving together harmoniously and cohesively—but toward economic disaster. The same follow-the-leader behavioral patterns help to account for Japanese conduct during World War II. Such cultural traits are stronger than ideology, and the Chinese have struggled in vain to overcome them. Similar tendencies are observable in Korea also.

The Confucian ethic was modified in Japan through the process of dissemination, the political realities in that country, and the introduction of Western rationalism during the Meiji era. The Japanese placed more emphasis than the Chinese on loyalty (to one's immediate superior and, through the hierarchy of society, especially to the ultimate ruler). For most of Japanese history, the military has played the greater role in government, leaving only the imperial court itself with a tradition of civilian administration. In Sung-dynasty China, by contrast, the civilian bureaucracy was elevated above the military under the slogan zhong wen ching wu ("emphasis on the civilian side, de-emphasis on the military"). Korea, too, was controlled primarily by a civilian bureaucracy during the Yi dynasty.

The Confucianism practiced in China, Korea, and Japan (as outlined by Morishima 1982:4-9) emphasized in varying degrees the qualities of loyalty, filial piety, benevolence, faith, and bravery. The significant differences are that the Koreans shared their emphasis on the latter three qualities with China, whereas Japan (which gave no special place to benevolence) shared only the qualities of faith and bravery with its neighbors. These differences in emphasis highlight a distinct difference in philosophy. From very early in their history, the Japanese placed the strongest emphasis on loyalty, subordinating even filial piety to loyalty to the state and, moreover, giving no special consideration to benevolence (ren, which was a central concept in Chinese Confucianism) and moral obligations and concern for family, relatives, and friends. Hence Morishima concludes that, whereas the Confucianism of the Chinese and Koreans "is one in which benevolence is of central importance, Japanese Confucianism is loyalty-centered Confucianism" (Morishima 1982:8-9). Loyalty is given a preeminent place by the Japanese because social hierarchy is far more intensive in Japanese society. In Japan, loyalty to the ultimate ruler took precedence even over filial piety.

According to Dr. Ki-Jun Rhee, who translated Michio Morishima's book Why Has Japan 'Succeeded'? into Korean, the Chinese interpreted the term chung as a form of loyalty in which the subject serves his ruler with the greatest sincerity based on his conscience, whereas the Japanese interpreted it as loyalty that is absolute, to the extent that the subject may even have to sacrifice his own life for the ruler. For this reason, whenever a conflict arose in Japan between chung (loyalty to the ruler) and hsiao (filial piety), the Japanese had to opt for chung.
In Korea and China, on the other hand, there was greater emphasis on ren (benevolence), which Confucius regarded as the foundation of social morality, deriving from the natural affinities that exist among members of a family.

Confucian philosophy places particular emphasis on family and extended-family harmony. If one's parents have committed some wrong act, it is the filial duty of the child neither to accuse them nor to report them to the authorities, but to persuade them not to repeat the act. This is illustrated in the following quotation (Legge 1959) from the Analects of Confucius:

The Duke of Sheh informed Confucius, saying "Among us here are those who may be styled upright in their conduct. If the father have stolen a sheep, they will bear witness to the act."

Confucius said, "Among us, in our part of the country, those who are upright are different from this. The father conceals the misconduct of the son, and the son conceals the misconduct of the father. Uprightness is to be found in this."

The latter attitude still prevails in China and Korea. The Japanese emphasis upon loyalty (to higher authority) and the Western concept of the social-contract society both run counter to it.

In terms of extended family relationships, the fact that it is your duty to "look after your relatives" has rendered it extremely difficult for China and Korea, in particular, to introduce rational, fair, and objective planning and to implement state policies. The Chinese, despite the introduction of socialist principles and communism, supposedly based on scientific arguments, have never managed to suppress the cultural values that foster nepotism. This is a barrier that the Koreans likewise have not entirely overcome. Since it may derive from certain national personality traits, it will be useful to look specifically at the evolution of authoritarian tendencies in society in this context.

One aspect of authoritarian behavior derives from the Confucian concept of the family. The values, obligations, and loyalty prescribed within the family system extend to all types of social groups—political organizations, government, schools, and factories. The head of the household not only provides moral leadership and the family's livelihood, but also provides leadership in all other respects. He is not, however, omniscient. He does make mistakes, and as a result, many families suffer. Although good ideas may be available among the lower echelons of the family, they are effectively silenced under authoritarianism.

A hierarchical system contributes to better efficiency in communications. Such a system can be characterized, within a given group of people, by lines of communication radiating out from the leader to his numerous subordinates. Each individual is thus linked into the system strictly through his leader (see Leavitt 1958). In Korea and Japan, such hierarchical systems have
considerable merit in terms of management and production efficiency. Under such a system, people are willing to perform in a collective setting without questioning their leader, whom they regard as better educated and more experienced than themselves.

The democratic counterpart stands out in sharp contrast. Under the democratic system, the lines of communication are more complex, forming a network not only between leader and subordinate but also among the subordinates. Everyone supposedly provides input into decision making. The amount of communication in the democratic effort is greater, hence there is greater satisfaction for the individuals. But this type of system is the less efficient of the two models in terms of time and energy required to reach a decision, since much time and energy have to be expended on arriving at a consensus.

The arguments put forward by Mancur Olson (1982) are especially relevant in this regard. Rigidities and barriers established by labor unions in some countries have inhibited technology transfer, efficiency in allocating manpower, and development of the organizational structure necessary for increasing productivity. Fewer social rigidities may make faster economic growth possible (as in Texas or postwar Japan), whereas greater rigidities resulting from the necessity to generate sufficient consensus in a democratic system (as in the northeastern United States with its long-established labor unions) may slow growth. That is, being too democratic may dampen economic growth.

Korean businesses were almost totally free of labor unions during the initial stage of rapid economic development. There were, of course, many genuine grievances and accusations of "exploitation." The lack of labor organizations also meant that there was no institutionalized forum for expressing workers' interests. Korean corporations nonetheless had the advantage of greater flexibility in organizing and utilizing their manpower.

Each of the models has its relativ. advantages. Production teams in Japan have a certain democratic aspect in the sense that the supervisor shares with the members of his work unit the information on objectives and scope of the work assigned to them. He does so in the same way that an elder brother tells his younger brothers or a head-of-household tells family members why, for the common good, a certain task must be performed. The hierarchical system prevails among Koreans and Japanese, because of their attachment to hierarchy and harmony. They tend to prefer the hierarchical model, in spite of its disadvantage in providing less satisfaction to the individual, because they prefer to listen to an older or better-educated person.

The tendency to follow and learn from the "wise" leader has supplied the Japanese with a valuable productivity edge, which is enhanced by the readiness of Japanese to subordinate themselves in a collective activity for the common good, each working in harmony with the others toward a common goal. Koreans have retained something of this spirit. Although in
certain situations one could persuade Westerners to pull together and work in the same fashion, the concept is not deeply ingrained in their character and philosophy. Westerners will not almost instinctively subordinate themselves within a hierarchy to deal with each and every collective activity. In *The Zero-Sum Solution* Thurow (1985) suggests that Americans can benefit by emulating useful East Asian traits. But his views are not realistic, because it would be difficult if not impossible for Westerners to duplicate the learning process that helps to shape such culture-laden behavior.

In Japan, the selection of the leader (and equally important the changing of leadership) is founded on the premise that most individuals will be satisfied with the person chosen. Japan has a longer history of formalization of industrial organization than Korea, and therefore the selection of leaders has been institutionalized in Japan under the influence of the Confucian ideal of sharing together as a group both the benefits and the burdens of any undertaking. This idea is illustrated by Mencius (Legge 1959:479):

> When a ruler rejoices in the joy of his people, they also rejoice in his joy. When he grieves at the sorrow of his people, they also grieve at his sorrow. A sympathy of joy will pervade the empire. A sympathy of sorrow will do the same. In such a state of things, it cannot be but that the ruler attain to the imperial dignity.

Within the context of a work unit, the Japanese pay close attention to their criteria for promotion; universal observance of the accepted rules makes it difficult for someone to be promoted haphazardly. In Korea, this selection process has not been entirely institutionalized, in that the peer group evaluation process has not yet taken root. The founder-owner of a business is able without much consultation to appoint or replace leaders at any level. In this context, the feudal values of looking after one’s extended family and friends and complying with the favors requested by powerful government officials have been more extensive in Korea than in Japan. In the absence of strong labor unions in Korea (up until 1987), the erosion of the rational recruitment process in the selection of leaders was more pervasive than in Japan. Conflict arises when a leader does not turn out to be entirely capable and fails to make wise decisions, while still expecting the respect and obedience of others. If the leader of a production unit, for example, makes many mistakes, the output of his unit will suffer; its productivity will probably be lower than its democratic-model counterpart. The lack of institutionalizing the selection of leaders therefore puts Koreans at risk of being saddled with two negative features—both the lack of satisfaction inherent in the hierarchical model and the inefficiency inherent in the too-democratic one.

Authoritarian behavior is most prevalent in Korean business enterprises, including the medium- and large-scale conglomerates. The owner-head of
a thriving Korean company, by virtue of his successful past endeavors, establishes himself in an authoritarian position comparable to that of a head of household. At the same time, the executives (in the case of a large corporation) consciously build up their leader beyond life size, partly with the rationale that his contacts among equally high elites in government and business will ultimately help the corporation to prosper. The chief himself encourages the construction of this facade, not only for the personal satisfaction of being depicted as a hero but also for leading the corporation (a surrogate big family) toward further economic success.

The management system in the corporate world, in contrast to that in politics and government, is far more authoritarian when an owner-founder heads the company. Once the corporate hero has been created and is perceived as such, the forum for the discussion of independent ideas ceases to exist. In the process, it becomes increasingly rare for subordinates to make critical evaluations of projects and policy decisions. Subordinates will not offer objections or even raise questions that might displease the hero. The hero, in turn, does not want to hear anything that might call his wisdom and abilities into question or that might detract from the aura of his past accomplishments. Eventually, rational evaluation of the owner-head's performance becomes almost impossible.

By never disagreeing with the leader or proposing alternatives, the executives cannot then play their proper role. In the Korean corporation, decisions thus become strictly personal ones, revolving around a single personality. This can be dangerous, especially when a single, overconfident chief makes a decision solely on a whim, while his executives hesitate to confront him with any rational analysis. Even in an efficient business organization, therefore, at some stage of development the undesirable facets of the authoritarian family system come into play. Later efforts to perpetuate earlier successes draw the corporation into rivalry with competitors and into risky ventures that may be economically unsound (such as acquiring nuclear electric power reactors for reasons of prestige). If a competitor has launched a new enterprise, the chief may want to follow suit immediately, to maintain at least parity with the competitor. The executives acquiesce, because they want to preserve the image of their corporation, even though it has been inflated beyond life size and beyond their resources to uphold. The economic consequences will not be discussed in advance and will probably be covered up once they become manifest, likewise to maintain the image.

Another negative aspect of the family authoritarian system is that heads of corporations want to bequeath not only ownership but also leadership to their sons, brothers, cousins, and relatives by marriage, who may not be equally dynamic or even fully qualified. The consequences may not be so serious in the case of small and medium-size businesses. But can such a procedure be justified by a conglomerate? Especially if the corporation's
debt to the government is a large percentage of the entire business? One positive advantage is that a succession of brilliant leaders can stimulate the greatest possible advances for the corporation, particularly because personal trust and loyalty are highly valued within the corporation, as they are within the family. But objective, rational management is difficult to introduce when there are less capable heirs expecting to assume not only the chief’s powers but also his undisputed authoritarian role.

One positive outcome is risk-taking and the willingness to use venture capital. The confidence built up in the hero will induce him to take greater risks. (One example of this is the highway project between Seoul and Pusan, undertaken by Hyundai and other major Korean construction companies despite the opposition from the World Bank and other consultants.) This tendency has had many positive effects, and Koreans are fortunate that their ventures have proved successful so frequently in the past.

This tendency is also partly a reflection of the division of the country into north and south. The constant awareness that Koreans must be forever alert vis-à-vis belligerent North Korea and prepared to defend themselves—harking back to Confucian admonitions concerning preparedness—has prompted business to be more alert and to take greater risks. South Koreans are motivated to surpass the North, even if this means taking greater risks in order to widen the development gap between North and South. This motive apparently surmounts the uncertainty from the danger of renewed war. Although the perspective is a short-term one, taking greater risks to achieve the desired development gap within a short span of time, it is reinforced by the conviction that, if the economy is strengthened as a result, the South Koreans will be even more capable of defending themselves.

Koreans have not yet developed rational, regularized procedures for making decisions in either public or private institutions. Koreans need to rationalize their family authoritarian notions—which promote diligence and hard work—extending collective harmony, loyalty, respect with proper incentives to industrial and government organizations and institutionalizing them more fully, so that major institutions will become genuinely surrogate families drawing upon all these strengths.

In contrast, the Japanese have achieved greater success in rationalizing and adjusting their authoritarian tendencies—a process that was hastened during the postwar years under the American military government in Japan. To understand the broad linkages as well as differences in the modern Japanese and Korean experiences, it will be useful to examine, in the following chapter, some of the salient features of the educational systems, both traditional and modern, that have evolved in the two countries.
The modern educational system in Korea is a new creation built gradually by a nationwide effort since the time of liberation in 1945 and based partly on infrastructure developed during the Japanese colonial period.¹ The national policy to make primary education universally available at the public expense was enacted into law in the late 1940s. Subsequently, however, much of the educational infrastructure was destroyed in the Korean War, and not until the mid-1950s was the government able to implement its basic plan for education.

Resources were concentrated most heavily at first on making free primary education available. It was premature to debate the quality and direction of education until the basic goals of the late 1940s were met—that is, to make education available to all children eligible to enroll. In the case of primary schools (ages 6–11), the objective was to make six years of schooling universally available at public expense. For middle and high school enrollment (ages 12–14 and 15–17, respectively), eligibility was to be determined by examination, and the continuation of schooling at these levels was at the parents' expense.

The early post-liberation achievements are impressive, and primary education was rapidly made available to the vast majority of Korean children during the 1950s. An estimated 71 percent of eligible children in 1952 were attending primary schools—which managed to continue operations despite the ravages of war. At the same time, 19 percent of eligible children were continuing to middle school and 12 percent to high school (UNESCO 1954:32). The traditional value placed on education by even poor villagers in South Korea provided a strong impetus to support the government's ambitious program. A United Nations mission (UNESCO 1954:21) investigating education during the Korean War reported

... a burning desire on the part of parents for their children's education today, a condition which is rather difficult to match in other countries. The greater part of the expenses of construction and repair of school buildings and of teachers' salaries comes from the parents' pockets directly, and many go without food in order to see that their children go to school.

¹. The authors wish to express sincere appreciation to former minister of education, Professor Kyo Ho Rhee, and to Drs. Jae Souk Sohn and Sung-Yeal Koo for reviewing an earlier draft of this chapter and providing valuable insights and suggestions.
The implementation of the government's six-year plan for compulsory primary education was delayed until the war ended. It began in 1954 and was virtually completed in 1959, when 96 percent of school-age children entered elementary schools (Ministry of Education, ROK, 1986:26).

The expansion in the number of elementary teachers started from a large base—nearly 20,000 teachers in 1945, more than trebling within 15 years and doubling again within the next 20 years. Even more important, the average number of students per teacher has shown a progressive and substantial decline (Table 22.1).

The rapid increase in the number of primary school teachers was facilitated by the existing infrastructure. The graduates of teachers' colleges, high schools, and even middle schools were able to find employment as teachers in the lower levels of the school system. The most difficult task in the early years of the republic, however, was to provide adequate training for teachers at higher levels, particularly in the virtual absence of qualified professors at the tertiary level. Far more than a generation was needed for prospective teachers from each successive graduating cohort to find their niches in the school system, thereby gradually raising the quality of instruction to the desired standard.

The need for a new educational philosophy was already evident during the Korean War (UNESCO 1954:29). Yet the sheer size of the infrastructure required—especially the reconstruction of the educational physical plant lost in the war—took the largest share of available resources in the late 1950s.

Table 22.1. Numbers of students and teachers: Selected years, 1945–85

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary schools</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Students</td>
<td>1,366,024</td>
<td>3,622,685</td>
<td>5,749,301</td>
<td>5,658,002</td>
<td>4,856,752</td>
</tr>
<tr>
<td>Teachers</td>
<td>19,729</td>
<td>61,605</td>
<td>101,095</td>
<td>119,064</td>
<td>126,785</td>
</tr>
<tr>
<td>Ratioa</td>
<td>69.2</td>
<td>58.8</td>
<td>56.9</td>
<td>47.5</td>
<td>38.3</td>
</tr>
<tr>
<td>Middle schools</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Students</td>
<td>80,828</td>
<td>528,593</td>
<td>1,318,808</td>
<td>2,471,997</td>
<td>2,782,173</td>
</tr>
<tr>
<td>Teachers</td>
<td>1,186</td>
<td>13,053</td>
<td>31,207</td>
<td>54,858</td>
<td>69,553</td>
</tr>
<tr>
<td>Ratioa</td>
<td>68.2</td>
<td>40.5</td>
<td>42.3</td>
<td>45.1</td>
<td>40.0</td>
</tr>
<tr>
<td>High schools</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Students</td>
<td>40,217b</td>
<td>273,434</td>
<td>590,382</td>
<td>1,696,792</td>
<td>2,152,802</td>
</tr>
<tr>
<td>Teachers</td>
<td>1,720b</td>
<td>9,627</td>
<td>19,854</td>
<td>50,948</td>
<td>69,546</td>
</tr>
<tr>
<td>Ratioa</td>
<td>23.4</td>
<td>28.4</td>
<td>29.7</td>
<td>33.3</td>
<td>31.0</td>
</tr>
</tbody>
</table>

a. Average number of students per teacher.
b. Data for 1951.
Government policies in the 1960s and 1970s relied on existing human resources as a basic input in the push toward development, but it was difficult to overcome the constraints on the expansion of public secondary education, particularly lack of funding and trained teachers. By the end of the 1960s, however, the goals in primary education were realized. During the 1970s, educational opportunities at the secondary level were greatly expanded, although enrollment in middle and high schools continued to be voluntary and parents still had to pay the costs. Larger and larger proportions of primary graduates continued from primary into middle school and from middle school into high school (see Table 22.1). In the mid-1980s middle school enrollment was approaching 100 percent, and high school enrollment had surpassed 75 percent (UNESCO 1988:54). The fundamental goals pursued since liberation had long since been achieved, and universal, compulsory education even at the high-school level had become foreseeable. By this time the nation's think tanks were reassessing the hard-won accomplishments of the postwar period. The educational reforms to be undertaken during the coming years will determine to a large extent the quality of the Korean workforce that will lead the nation into the next century and meet the new challenges of high-technology industries and increased internationalization of trade and services.

Although the chronological period covered by this book does not encompass new policy directions for schools and universities, the gradual change in availability and quality of education from World War II to the present has been vital to the successful implementation of many economic policy measures. The rapid economic growth of the nation during this period can thus be better appreciated through an understanding of the dynamics of change in education that are responsible for the quality of the modern workforce.

CONFUCIAN EDUCATION AND THE VALUE OF LEARNING

Despite the linguistic and ethnic homogeneity of the modern nation, the Korean language did not take its rightful place as the first language of scholarship until after liberation in 1945. By tradition, learning and scholarship were equated with the study of the Confucian classics. Only a small proportion of Korean men from wealthy families had the means and leisure time to learn the tens of thousands of Chinese characters necessary to read and understand ancient texts. Chinese was the language of scholarship, and the Chinese classics had a revered position (not unlike Latin in the West, which was still the first language in English schools as late as the eighteenth century). The examination texts for entrance into the Korean civil service were in Chinese. There were no social barriers to gaining an education in the Confucian classics, but the prerequisite of devoting years of
rigorous study to the task excluded virtually all but the sons of the well-to-do, and women had no place at all in this tradition.

State civil service examinations on the Confucian model were introduced to Korea during the Koryô dynasty (918-1392). The strengthening of this examination system, particularly under the Yi dynasty (1392-1910), nurtured the growth of Korean scholarship and educational institutions. A Confucian university, four official schools in the capital, and official schools in provincial capitals became the great centers of learning for Koreans. Private schools also played an important role in the development of scholarship, as did private tutoring provided by individual scholars across the land. The outstanding intellectual achievement of the early Yi period was the Korean script—a scientific phonetic system institutionalized in 1446 by the scholarly King Sejong.

In theory the civil service examinations were open to all men at all levels of Korean society. Stressing the Confucian values placed upon literature as well as upon creativity, these examinations required not only a deep understanding of classical literature but also the ability to compose poetry and to write to a high standard. In the past, even an illiterate peasant if he was not of the servant class would urge his children to study hard and obtain knowledge, in hopes of improving their situation in life through the examination system. As a result, traditional Korean culture placed great emphasis upon the education of children.

In actual practice, however, as Korean society became more stratified and as the delineation of class boundaries became rigid, the examinations tended to become increasingly exclusive and available only to the members of the upper class (yangban) who possessed the wealth and leisure requisite to high-quality education. The landed classes were able to generate sufficient resources to pay for the tuition necessary to prepare their children for the civil service examinations in the capital city. Rich upper-class families could support such an education for all their children. But among the typical rural gentry, only the eldest son was given the privilege—possibly as much as 20 years of instruction—and the opportunity to go to Kaesŏng (the Koryô capital) and later to Seoul (the Yi capital) for the examinations. Ordinary farmers, by contrast, found it virtually impossible to afford the cost of a tutor. Although the opportunity to enter the civil service was effectively restricted during much of this half-millenium of state Confucianism, the most lasting value contributed to Korean society by Confucian ethics was the emphasis on the value of learning.

TRADITIONAL EDUCATION IN THE KOREAN LANGUAGE

In parallel with the limited numbers of Confucian literati, an indigenous literary movement spread throughout the country from the fifteenth century onward. This movement was made possible by the invention of a pho-
netic writing system (called han'gul) in the mid-fifteenth century. The simple characters of the han'gul alphabet (24 in modern usage) were expressly designed by King Sejong and his court scholars to enable Koreans of even humble means to obtain for the first time a reading and writing knowledge of their own spoken language. Easily learned within a matter of weeks or less, han'gul was the vehicle for Korea's folk literature—read largely by women and children—which became widespread after the invention of moveable printing type in the fifteenth century. The spread of printed han'gul nurtured the tradition of literacy and an abiding enthusiasm for reading among women and children, unlike other Confucian countries, thus making education a goal of the highest importance for everyone, including poverty-ridden farmers (Oliver 1956:720). Han'gul never gained respectability, however, in the view of Korea's traditional scholars, who scorned the use of the vernacular and banned the use of han'gul in the schools as being too easy to learn and too commonplace for a serious scholar. For these reasons, up to the end of the monarchy in 1910, Korea had two exclusive types of education: one in Chinese for the privileged minority and the second in the vernacular available to the masses.

ORIGINS OF MODERN EDUCATION

Modern concepts of education based primarily on the use of the Korean language were first introduced into Korea during the 1880s by Protestant missionaries. Their schools, which used Korean-language texts written in the easy-to-learn han'gul script, initially attracted the interest of very few Koreans, and enrollment in substantial numbers did not take place until the 1920s (Fisher 1928:5–6). A series of government reforms were initiated in 1894 to create a primary school system, some high schools, and a normal college, but early in the twentieth century, as Japanese influence became predominant in Korea, education was still available only to the well-to-do (Adams 1956:19, 22). In the meantime, Korea's traditional suzerain (China) was eliminated as a rival for influence in Korea after the Sino-Japanese war of 1894, and Russia likewise was eliminated as a potential rival after the 1904–1905 Russo-Japanese war. In 1905 Korea became a protectorate of Japan, and during the next five years a dual system of education (Korean schools for Koreans, Japanese schools for Japanese residing in Korea) was instituted. This dual system was retained when Korea was annexed to Japan in 1910, and it remained in force until 1938 (Adams 1956:24). The concept of universal primary education was introduced to Korea during the period of Japanese rule from 1910 to 1945 (J. C. Chung 1985). The colonial government provided an increasing proportion of school-age children with minimal primary schooling, supplemented by a program of vocational education. The educational system was intended, however, to train a subservient workforce of subjects loyal to Japan and capable of filling the growing number of menial and low-paying jobs for the benefit of the
Table 22.2. Registered students in Korea by type of school: Selected years, 1910-37 (10^3 students)

<table>
<thead>
<tr>
<th>Type of school</th>
<th>1910</th>
<th>1919</th>
<th>1930</th>
<th>1937</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary schools (years 1-6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for Japanese</td>
<td>15.5</td>
<td>42.8</td>
<td>67.4</td>
<td>89.8</td>
</tr>
<tr>
<td>for Koreans</td>
<td>20.1</td>
<td>89.3</td>
<td>450.5</td>
<td>901.2</td>
</tr>
<tr>
<td>Middle schools (years 7-12)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for Japanese</td>
<td>0.2</td>
<td>2.0</td>
<td>5.8</td>
<td>7.8</td>
</tr>
<tr>
<td>for Koreans and Japanese</td>
<td>0.8</td>
<td>3.2</td>
<td>11.1</td>
<td>15.6</td>
</tr>
<tr>
<td>High schools for girls</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for Japanese</td>
<td>0.5</td>
<td>1.9</td>
<td>8.3</td>
<td>11.9</td>
</tr>
<tr>
<td>for Koreans</td>
<td>0.4</td>
<td>0.7</td>
<td>4.4</td>
<td>7.1</td>
</tr>
<tr>
<td>Teachers' seminaries</td>
<td>0.0</td>
<td>0.0</td>
<td>1.3</td>
<td>3.8</td>
</tr>
<tr>
<td>Industrial schools</td>
<td>1.1</td>
<td>4.5</td>
<td>15.3</td>
<td>26.6</td>
</tr>
<tr>
<td>Colleges</td>
<td>0.4</td>
<td>0.9</td>
<td>2.5</td>
<td>4.0</td>
</tr>
<tr>
<td>University preparatory schools</td>
<td>0.0</td>
<td>0.0</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>University</td>
<td>0.0</td>
<td>0.0</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Nonstandardized schools^a</td>
<td>71.8</td>
<td>39.2</td>
<td>47.5</td>
<td>142.6</td>
</tr>
<tr>
<td>Total^b</td>
<td>110.8</td>
<td>184.5</td>
<td>614.4</td>
<td>1,211.4</td>
</tr>
</tbody>
</table>


a. Includes short-course elementary schools.
b. Column totals are subject to rounding errors.

imperial economy. Numerous schools were built, and the enrollment of Korean children increased dramatically. The major accomplishment of this period was at the level of primary education (Table 22.2). Toward the end of Japanese rule, only about 5 percent of Korean children were able to continue to the secondary level (UNESCO 1954:23). For the handful of Koreans who gained entrance to universities, the choice of subjects was severely restricted—mainly law, classical literature, and medicine—and bereft of any content that might help to prepare a Korean for a leadership role.

Despite the shortcomings of the system, Korea gained at least some basic educational infrastructure under Japanese rule. The increasing availability of education brought about improvements in skills and the quality of labor, thereby contributing to the development of the economy. As a proportion of the entire Korean population in 1939, there were places for 5.52 percent at the primary level, 0.13 percent at the secondary level, and 0.12 percent in vocational schools. At higher levels, virtually no places were available to Koreans. About 27 Koreans per 100,000 population were receiving education at the tertiary level (including teachers' colleges), whereas less than
The Educational System

One Korean per 100,000 population gained admission to a university (UNESCO 1954:24).

The state educational system was supplemented by an extensive network of Protestant mission schools, mostly at the primary level. In the mid-1920s these Christian schools were providing primary education to more than 37,000 pupils who attended the more than 750 mission schools that met government standards. A further 13,000 pupils got at least some minimal instruction from the more than 300 one-room mission schools (Fisher 1928:2). The missions also operated two Christian colleges for men, two theological seminaries, Ewha College for Women, and a medical college.

By 1935 about 128,000 Koreans were completing elementary-school education annually, and the high schools were producing an additional 11,000 graduates (Suh 1978:152). The decade and a half preceding the Pacific war brought dramatic changes in school enrollments at all levels. In 1925 only 12.3 percent of Korean children in the age range of 6-12 were enrolled in school; by 1940 this figure had reached 32.7 percent. During the same period, the percentage of children in the age range of 13-18 rose from 0.8 percent to 2.4 percent, and the percentage of Korean youths pursuing advanced education (those in the 19-24 age range) rose from 0.06 percent to 0.17 percent (Cho et al. 1971:563).

Higher education was confined, as before, to children from well-to-do families and families that worked for the Japanese administration. Conservative Koreans equated Japanese-style education not only with the foreign invaders of their land but also with unwanted Western influences. Japanese-style education in many ways did not fit the Korean national identity and cultural values. Many Koreans regarded this kind of education as unacceptable in the context of traditional Korean values and aspirations for national independence and thus wanted to avoid it. Yet, there was no alternative. The entire body of Korean literature and the use of the Korean language itself were officially banned from 1938 to 1945, even in the primary schools where they had previously been permitted. Hence the whole generation of young Koreans educated prior to liberation in 1945 were arbitrarily cut off from traditional Korean sources of knowledge. The people of this same generation, once educated, were also denied the full benefits of their learning, because scores of thousands of Japanese civil servants came to the peninsula to staff the expanding modern bureaucracy, thereby preempting potential Korean candidates.

Although Japanese-style education was a cultural shock for the Koreans and deemed undesirable in the short term, it did bring rapid, positive change to Korea. It provided even the ordinary people with some exposure to modern education. It was accompanied by much-needed modern foreign technology, which the isolationist Yi dynasty had adamantly denied itself. The people born during the first three decades of the twentieth century are the first generation of Koreans to have received a modern, albeit
Japanese, education. Significantly, they became the technocrats who contributed to economic and social development from the beginning of the Republic of Korea in 1948. President Park Chung Hee was a typical product of this type of education, having attended a Japanese-run primary school and a Japanese-run normal school in Korea, a Japanese military school in Manchuria, and ultimately a military academy in Japan.

**EDUCATION AFTER LIBERATION, 1945–50**

The development of education in modern, independent Korea was not a process of reconstructing and modernizing an existing philosophy or institution. At the time of liberation, Koreans had been isolated from their traditional educational system by three and a half decades of foreign rule. The task facing Korean educators was not one of rebuilding and modernizing an existing system but to create appropriate institutions from the ground upward. Scarce resources therefore had to be concentrated on creating a system that was appropriate to the nation’s level of economic and social development at that time, not looking back to the heritage of the past but forward to the needs of the country. Perhaps most important, for the first time Koreans were in a position to use education in the pursuit of their own political, social, and economic goals.

After the Japanese were repatriated at the end of World War II, virtually all remaining inhabitants regarded themselves as ethnically Korean. Their homogeneity precluded potentially divisive identification in linguistic, racial, ethnic, or other cultural terms. The postwar nation likewise did not inherit a culture-bound class system. (It can be argued, moreover, that Japanese tradition permitted less social mobility than Korean, because the Confucian examination system was not used in pre-Meiji Japan.) These factors helped to ensure greater mobility and have long-term implications in many areas of social, economic, and political activity.

The most serious shortage was teachers. Judging from 1938 data, the departing Japanese represented about 40 percent of all primary school teachers, 80 percent of all high school teachers, and 70 percent of college and university teachers (UNESCO 1954:24). The same data show that, on the eve of war, only about 300 Koreans were employed as teachers at the secondary level and higher in both the northern and southern regions of the country. At the war’s end, the shortage of teachers was acute, and no teachers’ training facilities existed. The only solution was to adopt a demand-first, quality-later policy by inducting thousands of persons with inadequate teaching qualifications into the system at all levels.

Even the qualified and experienced teachers, however, were not entirely suited for the task ahead of them, because almost all of them were products of the Japanese educational system. Under Japanese rule, the Japanese language was the sole medium of instruction at the secondary level and above, and the curriculum was the same as in Japan itself. The primary schools
for Korean children, on the other hand, used the Korean language and the han’gul script as the medium of instruction, and a little Korean history and cultural content were permitted until shortly before the world war. The goal laid down in the 1922 education law, however, was to increase proficiency in the “national” (i.e., Japanese) language by expanding instruction in Japanese at the primary level and eventually eliminating the use of the Korean language altogether. In 1938 all Korean aspects of the schools were suppressed, and the school system became uniformly Japanese. All uses of han’gul were banned, and students were forbidden to speak Korean either inside or outside the schools.

Unlike some postcolonial Asian nations that moved gradually to indigenize the educational systems they inherited, by phasing out the curricula and language of the colonial power, Koreans suddenly discarded the entire existing system because it was Japanese and began to build anew. Japanese textbooks were discarded because both the language and content were unsuitable for independent Korea. All textbooks at every level had to be written. The entire content of education had to be created from 1945 onward at every level from primary school to university. The buildings emerged from World War II undamaged, but the infrastructure had to be vastly expanded to make primary education universally available. In 1945 there were no Korean textbooks for any level of education, no facilities for writing or printing books in han’gul, and no precedents for a curriculum to meet the aspirations of an independent people.

Important tools for modern education had nonetheless been preserved throughout the war by members of the Han’gul Society, which was originally established to compile a complete Korean dictionary and which continued its work underground after 1938. The society’s text on standardized spelling published in 1933 was used as a basis for postwar Korean grammar books. A six-volume dictionary had almost been completed by 1945, although its publication was delayed for many years—first by the lack of paper and printing facilities, then by the Korean War (in which most copies of the first edition were destroyed), and later by a lack of funds to complete the printing and to prepare supplementary volumes of badly needed technical and scientific terminology (UNESCO 1954:121, 124).

THE KOREAN WAR AND POSTWAR ACHIEVEMENTS

Although much of the educational infrastructure was destroyed during the first year of the Korean War, an extraordinary effort was made to keep the educational system in operation. Many schools (such as those in Seoul) were temporarily moved to safer sites. By 1952 about 60 percent of classrooms had been destroyed or badly damaged, or were temporarily requisitioned for other uses, and more than 80 percent of equipment, books, and furniture were lost (UNESCO 1954:119). Yet schools continued to function—in tents or even in the open air when the weather permitted.
Education, like the economy, had to be almost entirely reconstructed when the war ended. The United Nations' aid mission for reconstruction was assisted in postwar educational planning by a team from the United Nations Educational, Scientific and Cultural Organization (UNESCO). Many of the UNESCO recommendations were not carried out, but this mission more than any other set the stage for the types and amounts of educational aid to Korea during the mid and late 1950s (Adams 1956:226).

As the nation approached the goal of universal, free primary education, the demand for further education at the middle- and high-school level was greater than the number of places available. Although substantial progress was made in expanding the number of higher level schools and universities, as well as in developing vocational education and educational research, the increase in student numbers was limited by selection through examination for entry into middle school. In 1969, after this barrier was removed, there was a sudden increase in middle-school enrollment. In terms of sheer numbers, this bold move succeeded within a decade in raising the proportion of primary-school graduates continuing into middle school from less than 60 percent in 1969 to more than 90 percent in 1979 (Jayasuriya 1980:59-60). By the mid-1980s middle-school education, although not compulsory or free, had become universally available.

From the educators' point of view, however, this sudden change adversely affected the quality of education. To cope with the serious shortage of classrooms, some schools operated two or three teaching shifts per day. For the first time, teachers in public secondary schools had to give instruction not just to the best students but also to those with lesser ability. The government's intention was to bring about a democratic reform by abolishing an elitist principle inherited from the distant past, but the quality of education inevitably suffered in the short term.

The ratio of students per teacher is one measure of quality in education. There has been a progressive improvement in the ratio at the primary level ever since liberation (Table 22.1). The ratio for high schools has fluctuated within a reasonable range since the 1960s. At the middle-school level, however, the ratio showed a substantial improvement up to the 1960s, worsened in the 1970s, and reverted to the 1960s levels only in the mid-1980s, reflecting a major change in middle-school enrollment that began at the end of the 1960s. The impact on the high schools, by contrast, was partly exacerbated through the expansion of vocational instruction at the secondary school level, and by 1979 about 40 percent of all new high school students were being channeled into vocational education (Jayasuriya 1980:61).

REFORMS FOR THE 1990s AND BEYOND

A presidential commission was established in 1985 to examine potential reforms in the national educational system and to formulate policy measures to ensure higher quality education. The need for a better educated work-
force to sustain the pace of national development to the end of the century and beyond is reflected in the broad composition of the commission, which included not only educators and other civil servants but also economists, industrial leaders, scientists, and professionals in social affairs. The initial recommendations of the Presidential Commission for Educational Reform were outlined in Strategies for Educational Reform, published by the commission in 1986. A complementary study carried out by the Korean Educational Development Institute (KEDI) underscored the lack of flexibility in the present system to meet the nation's changing educational needs (UNESCO 1988:49). The final report of the commission, containing its comprehensive reform proposals, was completed in 1988. It placed particular stress on improvement in the quality of education and emphasized that the maintenance and further development of Korea's international competitiveness in economic, technical, political, and other spheres can be achieved only through maximum development of human resources (Sohn 1988).

During the past few decades, a well-educated workforce has been regarded as an important asset for achieving rapid economic growth. The work of the presidential commission and KEDI indicate, however, that a major shift in educational philosophy is imperative and that the availability of higher quality education must itself be a goal of the development process. Although nearly all primary graduates were already continuing to middle school in the mid-1980s, education at this level was not compulsory and parents still had to pay for a portion of the costs. One researcher (K. K. Lee 1986:12), noting that there is no distinction between urban and rural or rich and poor in the desire for more educational opportunities, poignantly describes the continuing plight of poorer rural parents:

> Education is considered to be the main means for social mobility and the ladder for promotion in the workplace. In rural areas, parents sell their rice fields to pay for the education of their children. Yet when a child has finished college, he will not go back to the farm and his parents' house. Still, parents want to send all their children to college. When the economic conditions of the family are too poor to support them all, the eldest son is sent to college; the other sons complete middle school and the daughters complete primary school. This division of children's education reflects property division in the past.

The government has now announced that education at the middle-school level will be made compulsory on an incremental basis, concentrating first on the lesser-developed rural areas that are lagging behind in educational opportunities and afterward bringing the urban schools formally within the compulsory system. Meanwhile, the trend of enrollment at the high-school level (already more than 75 percent) is expected to exceed 86 percent by the turn of the century, thus laying the foundation for universal, free high-school education (UNESCO 1988:54-55).
The most important aspect of the presidential commission's recommendations is to improve the quality and scope of education at the primary and secondary levels to ensure that the workforce can maintain a competitive edge in the world marketplaces of the coming decades. In this context, the commission proposes to improve foreign language instruction and to add international affairs to the curriculum to create greater awareness and understanding of political, economic, and social issues that shape the world (Sohn 1988).

The KEDI study highlights the potential role of education as an agent for social change and an instrument through which the welfare of ordinary people can be improved. It also concludes that education should have a complementary relationship with the political process, economic and social affairs, and national culture, because problems in education derive from these and other aspects of life. Both studies acknowledge that, as the percentages of enrollment in all age brackets increase, the greatest problem facing educators will be to maintain and improve standards of education (UNESCO 1988:50, 56). In this regard, it is instructive to examine some of the problems associated with raising standards, which are in part a legacy of the pre- and postwar era.

LESSONS FROM THE MODERN EDUCATION EXPERIENCE

Cultural Identity Conflict

For Koreans, the cultural orientation of prewar curricula was the most distasteful aspect of the Japanese educational system. It was designed for Japanese children, fostered the Japanese national identity, and strove to instill Japanese nationalistic values in the students. Its enforcement in Korea produced a conflict in identity for Korean children, who had no alternative to schools in which they had to speak the Japanese language and act as though they were Japanese, while always conscious that they were not. Because of their cultural identity, Koreans resisted the attempt to press them into a Japanese mold of collective behavior. The Japanese, in their collective activities, placed great emphasis on adhering to norms. Koreans, in contrast, did not hesitate to deviate to a certain extent from expected norms. Even under Japanese tutelage, Koreans did not train themselves to act together cooperatively as the Japanese do. The fact that Koreans tended to cause more disruption than the Japanese reflects also the enforced loss of old Korean values (which in terms of harmony-seeking were actually similar to the Japanese). Ultimately, the Japanese-style educational system, imposed upon the entire first generation of Koreans to benefit from universal education, prevented the evolution of strong Korean traits based on Korea's own culture and national identity.
This experience with Japanese-style education made Koreans more individualistic than the Japanese. Koreans took advantage of the educational opportunities offered to them, but with the idea of personal gain and advancement rather than of transforming themselves into the uniform products for which the Japanese educational system was designed. Koreans who were fortunate enough to possess both the intellectual ability and the financial means to continue their education at the professional-school and university level tended to specialize in medicine or law, thus becoming physicians or filling the lower administrative and judicial positions in the civil service.

The individualistic character of the Korean working class is illustrated in a prewar attitude toward compensation for labor. In the Japanese view at that time, a group of Japanese laborers could be paid regular monthly wages and could be relied upon to work together at a certain level of efficiency in carrying out a particular job. The Japanese thought that Koreans, in contrast, would work slowly and less efficiently if paid regular monthly wages. At the same time, the Japanese felt that Koreans would in fact work faster than their Japanese counterparts to complete a particular job if paid piece-rates for each task performed. In other words, the Japanese were good at working collectively at a pace determined by the group, but with no individual trying to outshine his peers, whereas each Korean was working as an individual for the rewards of his labor. This attitude toward labor became intensified as a result of the Japanese-type educational system. It helps to explain why Koreans of the present day are fiercely competitive, excelling over other nationalities, for instance, in the implementation of overseas construction contracts. If given proper incentives to finish quickly, Korean laborers are willing to work long hours without complicated labor-union restrictions.

Placed in the right situation, Koreans will strive to outperform anyone, even under nearly impossible odds. One author (Griffis 1897:42-43) depicts this important character trait as reflected in records of warfare ranging across thirteen centuries. He begins by describing the Chinese rout of a Korean army in the seventh century:

After so crushing a loss in men and material, one might expect instant surrender of the besieged city. So far from this, the garrison redoubled the energy of their defense. In this we see a striking trait of the Korean military character . . . . Chinese, Japanese, French, and Americans have experienced the fact and marvelled thereat. It is that the Koreans are poor soldiers in the open field . . . . But put the same men behind walls, bring them to bay, and the timid stag amazes the hounds. Their whole nature seems reinforced. They are more than brave. Their courage is sublime. They fight to the last man, and fling themselves on the bare steel when the foe clears the parapet.
Korean individualism was reinforced by a trait that might be called a "sabotage complex," originating in the period of Japanese rule. Korean students, constrained within a Japanese educational system tailored to the Japanese national identity, funneled their energies into subversive channels. Unable to act openly against the system, they developed a tendency to sabotage the process by which they were being Japanized, thereby partly defeating the purposes of the system itself. Although the original common target was the Japanese, these behavioral characteristics became strongly ingrained in a whole generation of Koreans educated by the Japanese and inevitably persisted even after liberation in 1945. They were, moreover, passed on to the succeeding generation—their later sabotage objectives shifting from one Korean leader to another. This type of behavior, because of its origins in a repressive system, has unfortunately taken a destructive rather than a creative form; several generations may be required to correct it, possibly by diverting and absorbing the energies derived from this sabotage tendency into positive political change.

Experiences of the Han'gül Generation

After the departure of the Japanese at the end of World War II, the public desire for greater educational opportunities resulted in unprecedented expansion. The modern curriculum had to be both practical and Korean in concept, reversing the process of distortion that began with the proselytizing of Western missionary schools followed by decades of suppression of traditional Korean values by the Japanese-administered schools. At the time of liberation, virtually everyone wanted to gain more and more education at higher and higher levels. Koreans willingly invested as much as they could afford to provide their children with a good education. Investment in universal education significantly improved the quality of the modern Korean workforce, thus paving the way to rapid economic development in the 1960s and 1970s. The new workers of the two decades immediately after World War II were the first generation exposed to the post-Japanese system of general education.

The Koreans who received their education immediately after World War II are frequently called the "han'gül generation." They learned relatively few Chinese characters and were the first generation of Koreans to receive a formal education through the medium of the han'gül phonetic system of writing. The Korean educators of this period tried to emulate the achievements of their Japanese counterparts in terms of inculcating nationalism, and thus the content of postwar Korean education was strongly nationalistic. Unlike the Japanese, however, the Koreans do not have a long tradition of modern education. In formulating its policies, the Korean government was selective and sometimes inconsistent.

Official policy concerning the writing system, for example, was reversed several times. Although the Korean language was restored as the medium
of instruction after 1945, Korean nationalist sentiments were misguided in insisting that only the han'gul system of writing should be taught in public schools. Immediately after the war, an attempt was made to eliminate Chinese characters because they were regarded, incorrectly, as a lingering influence of Japanese- and Chinese-style education. In fact, Chinese characters have always served as an integral part of Korean literary tradition, with the partial exception of folk literature.

Some Koreans still argue that Chinese characters can be eliminated altogether, but to do so would be disadvantageous in various ways. The use of select Chinese characters in combination with the han'gul script offers numerous attractions, and even today few Koreans would willingly abandon the thousand or more characters that are still taught and in common everyday use. Although any Korean word can be written in the Korean script, it is often more practical to substitute a Chinese character to indicate a precise or complex meaning. The configuration of a Chinese character can enable the reader to recognize a precise meaning or concept that is less efficiently conveyed by the phonetic equivalent. (Chinese characters thus have the advantage of distinguishing between two words that are pronounced identically but could not be differentiated in han'gul script except when read in context.) Precise or elaborate meanings conveyed visually by the configuration of a Chinese character cannot be conveyed by a simple phonetic rendering of the spoken word. Hence Chinese (or Koreans), when a meaning comes into question, generally write the character so that the listener can see it, rather than explain the meaning verbally. From a modern perspective, moreover, familiarity with Chinese characters provides potentially valuable training to facilitate trade and communications with the Chinese and Japanese in the future, since schoolchildren in all three countries learn many of the same characters in common.

Han'gul was reinstated as the official written language in 1945. Under the education laws enacted by the Republic of Korea, primary schools were expected to teach only the han'gul script; secondary schools were required to use han'gul textbooks but also to teach 1,000 Chinese characters. In practice, this limitation on the use of Chinese characters was too severe, since newspapers and even official documents in the early 1950s continued to use a larger number of Chinese characters. By the time of the Korean War, most secondary schools found it necessary to teach more than 2,000 Chinese characters so that students could read newspapers and official statements (UNESCO 1954:18). Officially, the total number of required characters remains about 1,000, but well-educated Koreans take pride in learning many more. The debate about the use of Chinese characters has thus continued, and the question is not yet fully resolved.

Most of the Korean educators of the han'gul generation had to be recruited from among the Koreans who had received a Japanese-type education. They were the "individualists" who went through the alienation phase under
Japanese administration. Their individualist tendencies were fostered by Japanese-style education, in which they experienced national and cultural alienation, in terms of both the curriculum and the regimentation of their training. They did not on the whole become a disciplined group, and they could not shed the behavioral characteristics that they had acquired from their educational experiences under the Japanese. Most of them were not the best possible teachers, and they passed their undesirable behavioral characteristics to the next generation.

At the university level, most Korean academics during the Japanese colonial period were graduates of the best imperial universities in Japan. At that time, however, very few Koreans attained the rank of professor. After liberation, the existing corps of first-class Korean academics was too small to meet the needs of the numerous new colleges and universities that sprang up throughout the country. To fill the dramatically increasing number of faculty positions, the new institutions had to recruit Koreans who had only modest academic credentials obtained from lower-ranked Japanese institutions. Because of the serious shortage at this level, the government had to draw also upon the existing pool of high-school instructors, who would not normally qualify for university-level teaching. The shifting of many qualified educators away from the secondary schools may have caused both higher and secondary education to suffer from lack of teachers properly trained for their respective levels.

The climate created by the post-Pacific war educators lingered on after the Korean War, in the form of slovenly teaching habits, lack of creativity, and lack of discipline. The students were eager and capable, but the instructors were not equal to the task of providing quality education. The han’gul generation also seemed less disciplined than the Japanese in terms of collective behavior. Although the first generation of teachers in independent Korea were unable to provide high quality education, there were at least sufficient numbers of them to meet existing numerical demand. The government, needing every available teacher, had to employ many whose work habits were poor and who possessed only limited qualifications. These were the foundations on which modern Korean education had to be built.

As the demand for education grew, the supply of teachers could not catch up with the boom, particularly in terms of quality. Today, perhaps too many educational opportunities are available, although not yet enough of the highest quality. Competition for entry to the prestigious schools and universities is fierce, often requiring long hours of private tutoring beyond the standard curricula and sometimes leaving teenagers with an inadequate four or five hours each night for sleep. There is pressure on parents, too, for reasons of social prestige, which in turn puts a grave strain on students to gain admission to a particular institution, to get a diploma, and to continue their university education through graduate school.

The diploma itself came to be regarded as the only goal of education,
because the diploma seemed to be the key to a successful career. Unfortunately, some students, including very bright ones, did not value education for its own sake and cared only about the coveted diploma. How they got it—whether by cheating or other means—did not concern them. As a result, discipline eroded in Korean universities. Pure scholarship requires persistence and hard work, without expectation of special remuneration. Once their ties with the old scholarly traditions were severed, Koreans were never retrained to appreciate this kind of discipline. Many among the scholarly community, once they receive their degrees, neither continue to carry out research nor pursue knowledge for its own sake—except insofar as such activities may be required to preserve their positions or livelihoods.

American Influences
Korea, unlike Japan, had to overcome many basic obstacles in building a modern educational system and later in improving standards. Even before World War II, the Japanese successfully harnessed the positive features of traditional Japanese education for useful purposes in economic development. Korea, however, did not follow the same pattern after liberation. Immediately after the war, there was no modern Korean-style educational system on which to build, and Koreans therefore had to search for their own model.

Public education in Korea benefited in material terms from U.S. foreign aid after the Korean War, although the imposition of American educational philosophy was resisted. The American effort had three educational policy goals: democratization, decentralization of administration, and the creation of coeducational classes to improve the status of women. These basic objectives were never met: democratization was not achieved, Korean education remains hierarchical, and educational administration has become more centralized. Coeducational classes were never accepted beyond the primary level (AID, U.S., 1985). This attempt to induce policy changes reflects a lack of cross-cultural perception and understanding. Korean cultural traits proved resistant to the somewhat evangelistic posturing behind the American offer of aid. The Korean government accepted the material assistance but did not use the funds to carry out improvements in ways that the American donors intended.

The 1960s witnessed the first massive flow of Korean students to the United States and Europe for higher education. Successive age cohorts among them have returned home to help build better quality higher education. Although the period of exposure has been much shorter, the Koreans have in many ways become much more Americanized than the Japanese. This tendency is partly a result of the intensity and suddenness of exposure by Koreans to American values and education during the past quarter century, in contrast to the more gradual, century-long Japanese experience, which was characterized by extensive exposure to many Western nations.
Koreans have always had an exaggerated expectation of the people who have studied in a country that is more advanced than Korea. Great respect was traditionally given to Korean scholars whojourneyed to China, which was once regarded as the source of advanced learning. Upon their return home, these scholars were treated as though they knew everything. They were presumed to be more knowledgeable than people educated in Korea, wiser, and better teachers. In more recent times, new graduates returning from the United States were greeted with similar traditional esteem. The period of the late 1950s onward saw the beginnings of the influx of American-trained Ph.D.s into the Korean bureaucracy. American-trained economists played an important role in introducing new skills and rationalizing the development process. They were able to play a major role in Korea, in contrast to their counterparts in Japan, because of the absence of a sufficient number of indigenously trained Korean bureaucrats. (Immediately after the Korean War, however, there were still a few older Korean bureaucrats trained in the Japanese tradition who were formulating economic policy.)

The newly returned graduates thus filled an important gap. They were promoted with astonishing rapidity to senior posts, without passing through the essential stages of institutional training or gaining experience at various levels of the bureaucracy. Because of their unique positions, their roles may have exceeded realistic limits beyond which, in several ways, they tended to become dysfunctional. Thus the 1960s and 1970s might be characterized as an important stage of the learning process, one result of which was a complementary combination of indigenous elitist bureaucrats, on the one hand, working together with Western-trained technical bureaucrats, on the other.

Because of the scarcity of Ph.D.s in the late 1950s, anyone with a doctorate in economics was held almost in awe—as though he knew everything about the economy. The new degree holders returning to Korea were expected, moreover, to be able to perform immediately as skilled experts. Their degrees were, however, only certifications of analytical ability and training within a specific discipline, and their university studies alone could not have prepared them to deal with the broad range of problems faced by policymakers in the real world. In some cases, the theoretical aspects of their American-university training may have been irrelevant to the Korean economic setting. Upon their return to Korea, rather than acting with modesty and prudence, most of them yielded to the pressure and temptations. Their broad recommendations and suggestions then became the bases of economic policy.

2. Two examples are Mr. Jong-Yum Kim, who received a Japanese-style education and was promoted through the bureaucracy in Korea to become minister of commerce and trade, minister of finance, and President Park's chief of staff; and Dr. Duk-Woo Nam, former prime minister and minister of finance, who received graduate training in economics in the United States.
During the 1960s and 1970s, the increasing number of American-trained economists played a major role in formulating development policy for Korea. They popularized general Western economics knowledge in Korea, thereby contributing to rational planning. They were the communicators of Western economic thinking, rational planning, ideas of market economy, and analytical tools. They played a positive role by serving as a bridge to communicate concepts and techniques for analyzing the economic situation of Korea. One positive outcome is that they were well prepared to interact with Americans and to promote better mutual understanding, which was especially important because American assistance had played a major role in the Korean economy since the 1950s. The American-educated economists were also exposed to (although not necessarily experienced in) the American way of managing an economy. But the perceptions of such economists frequently fell short of the mark in their understanding of Korean conditions, traditional values, and behavioral characteristics relevant to economic development, when compared with the indigenous bureaucrats who had remained more closely in touch with local conditions.

By contrast, the Japanese postwar miracle of economic development was led basically by a school of elite bureaucrats (Nobusuke Kishi and others). In retrospect, as Chalmers Johnson (1982) indicates, these elitists bureaucrats were insightful and consistent over a longer time frame in nurturing consistent development policies. No American-trained Ph.D. was directly involved in formulating important Japanese development policies within the Economic Planning Ministry or the Ministry of International Trade and Industry (MITI). Most of the Japanese with American Ph.D.s were filtered instead into Japanese universities, where their work as researchers and advisors contributed only indirectly to the bureaucrats’ thinking.

Korea did not have enough elite bureaucrats who had received the type of training that their Japanese counterparts possessed. Indigenously educated bureaucrats were helpful in assessing local situations, whereas those who received their doctorates in the West were not trained to grasp the traditional aspects of the economy and society. They tended to develop policies based instead on their technical training from Western literature—in essence, a textbook treatment of economic policies. For example, the implementation of a value-added tax (VAT) system worked well in Europe. Korean bureaucrats with a sense of traditional behavior and institutional arrangements were opposed to the adoption of a VAT system in Korea. But some Korean economists with American training were fascinated by the European success with VAT and persuaded the government to introduce this tax system in Korea. In spite of their compelling arguments and persuasive theory, the Korean experiment turned out to be a costly lesson, because of the failure to take into consideration the way Koreans behave in consonance with their expectations, habits, and customs. Given sufficient time, Korean behavioral norms could be modified to accommodate the VAT system, but such radical change cannot be brought about rapidly.
In some ways, the recent generation of highly skilled graduates returning from the West can be compared with their predecessors who were products of the Japanese educational system. In the post-Korean War period, because of the predominant role that Americans played in military and economic assistance, which the Koreans appreciated, it seems in retrospect that Koreans were too ready to accept things American, including American-style education and its content. Only later did Koreans see that American-style education is not the all-encompassing panacea that they once imagined and that it does not completely fit the traditional Korean value system. The tendency at present is to look back and search for an amalgamation of both traditional Sino-Korean and contemporary Western-technological education.

CONCLUDING REMARKS

The potential for rapid expansion of education in Korea already existed at the time of liberation in 1945. Japanese rule provided not only a legacy of basic infrastructure but also modern concepts, the more important of which were the goal of making schooling universally available and modern curricula and teaching methods to train the workforce to carry out national economic objectives. The Japanese use of education to enforce social change, however, had several negative consequences, fostering a sense of alienation, stimulating the sabotage complex, and distorting traditional Korean values that did not fit the Japanese mold. Nevertheless, rapid advances after liberation were facilitated by the positive Korean outlook concerning educational opportunities—most notably the high value placed on education at every level of Korean society, the Confucian concepts that predominated among the majority of the population, and the tradition of learning based on Chinese characters and held in common with the rest of East Asia. Teachers were held in high esteem. Koreans were very receptive to education as a means of personal advancement, and the learning process was facilitated also by the discipline inherent in the hierarchical nature of society, with its emphasis on respect for elders.

The modern educational system provided the nation's workforce from 1945 to the 1980s with essential basic skills, which industry utilized as one of the driving forces for economic expansion and industrialization. Future development, however, especially in high-technology industries and in trade and services based on medium and high technology, will rely on higher standards of teaching, increasing technological sophistication in educational curricula, and a more disciplined labor force. The greatest task for Korean educators as the nation enters the 1990s is to achieve rapid improvements in the quality of education, particularly at the secondary and tertiary levels. Such advances are vital if the generation of Korean youth entering the labor market at the turn of the century are to be adequately prepared to meet the intensified international competition from other advanced industrialized economies.
23 Changes in the Social Structure

by Lee-Jay Cho and Kennon Bréazeale

The social structure of Korea has undergone disruptive changes during the past two to three generations, particularly as a result of subjection to colonial rule, two major wars, and political turmoil under the six successive republics. By the early 1940s, Korea had ceased to be the "land of the morning calm" where farmers tilled their fields while the class of landed gentry (yangban) provided community and national leadership and served as the repository of traditional values. Large numbers of Koreans were mobilized by Japan for the war effort, and in Korea itself the number of factory workers more than doubled within a few years—from 0.27 million in 1939 to 0.55 million in 1943 (H. Choi 1971:291). The economic infrastructure of the peninsula was relatively undamaged at the end of World War II but was later destroyed during the Korean War. Thus, unlike most other countries occupied during and immediately after World War II, Korea's economic rehabilitation was delayed for almost a decade. The entire period from the time of liberation was, however, one of rapid social change.

**POPULATION MOVEMENTS**

**Geographic Mobility**

There is a long history of northward migration by Korean farmers in search of farmland in Manchuria, but the era of large-scale population movement out of the peninsula coincides with the years of Japanese colonization from 1910 to 1945. Manchuria continued to attract most of the emigrants until about 1920, when the tide of emigration shifted to Japan (Table 23.1). The number of emigrants to Manchuria continued to increase, however, and reached an unprecedented level in the 1930s when Japan was attempting to develop the resources of the puppet state established in 1932.

These emigration statistics, although only approximations, demonstrate clearly the magnitude of Korean emigration during this period. On the eve of World War II, large numbers of Koreans were residing outside the peninsula: about 778,000 in Manchuria and 730,000 in Japan in 1937 (H. Choi 1971:275). The emigrants to Japan were largely from the agricultural south, where the population loss was more noticeable than in the industrial north. During the war, the Koreans who were sent to Japan for the war effort constituted a substantial proportion of the "emigrants." Between 1940 and 1945 about 630,000 people, representing 2.5 percent of the entire Korean population, moved to Japan. Subsequent emigration from Korea has not been significant.
Table 23.1. Net Korean migration to Japan and Manchuria: 1910-40

<table>
<thead>
<tr>
<th>Years</th>
<th>Manchuria</th>
<th>Japan</th>
<th>Both areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910-15</td>
<td>150,000</td>
<td>1,000</td>
<td>151,000</td>
</tr>
<tr>
<td>1916-20</td>
<td>174,600</td>
<td>34,000</td>
<td>208,600</td>
</tr>
<tr>
<td>1921-25</td>
<td>24,200</td>
<td>138,300</td>
<td>162,500</td>
</tr>
<tr>
<td>1926-30</td>
<td>101,400</td>
<td>200,300</td>
<td>301,700</td>
</tr>
<tr>
<td>1931-35</td>
<td>175,500</td>
<td>262,400</td>
<td>437,900</td>
</tr>
<tr>
<td>1936-40</td>
<td>565,200</td>
<td>456,500</td>
<td>1,021,700</td>
</tr>
</tbody>
</table>

Source: Kwon et al. (1975).

Table 23.2. Estimates of migration into South Korea: 1945-49

<table>
<thead>
<tr>
<th>Place of origin</th>
<th>Ministry of Foreign Affairs</th>
<th>Ministry of Health</th>
<th>Survey of Manpower Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1,117,819</td>
<td>1,407,255</td>
<td>936,000</td>
</tr>
<tr>
<td>North Korea</td>
<td>648,784</td>
<td>456,404</td>
<td>209,000</td>
</tr>
<tr>
<td>Manchuria</td>
<td>317,327</td>
<td>382,348</td>
<td>212,000</td>
</tr>
<tr>
<td>Rest of China</td>
<td>72,848</td>
<td>78,442</td>
<td>42,000</td>
</tr>
<tr>
<td>Other places</td>
<td>32,864</td>
<td>157,916</td>
<td>481,000</td>
</tr>
<tr>
<td>Total</td>
<td>2,189,642</td>
<td>2,482,365</td>
<td>1,880,000</td>
</tr>
</tbody>
</table>


After the occupation of the peninsula in 1945 by Soviet and American troops, above and below the 38th parallel, many people moved south across the artificial dividing line, and most Koreans residing outside the country tried to return. Although no accurate records were maintained during this turbulent period, official estimates of migration to South Korea between 1945 and 1949 range from 1.9 to 2.5 million (Table 23.2). Comparisons of prewar and postwar census data suggest that the total number of immigrants to South Korea during 1945-49 was in the range of 1.7-1.8 million (Kwon et al. 1975:33). About 1.0-1.4 million of these came from Japan alone, mostly returning to their areas of origin in the three southern provinces, but settling in urban rather than rural areas. The total number of returnees from Manchuria may never be known, but as many as 400,000 of them resettled in South Korea by 1949. (For further details, see Kwon et al. 1975:29-36 and Taeuber and Barclay 1950.)

The social and economic dislocation of this period was exacerbated by wartime casualties, two waves of migration between the North and South, and internal migration within South Korea alone. Estimates of those who
moved south across the military occupation line during 1945-49 range from 150,000 to 740,000 (Kwon et al. 1975:33; Table 23.2). The great majority of the migrants from the North settled either in Seoul or simply moved across the line and into the rural areas of the two northern provinces of South Korea. During the Korean War (1950-53), the entire peninsula was affected by the attacks and counterattacks deep into both North and South Korea, although at the end of the war the country remained divided at the original arbitrary occupation line. The toll taken by the war in South Korea included more than 760,000 civilians and more than 200,000 military personnel killed, missing, or abducted and never returned, plus nearly 230,000 civilians and more than 100,000 military personnel wounded (Table 23.3). In addition, 16 nations deployed troops to aid South Korea. The U.S. military alone suffered nearly 33,750 dead and 103,300 wounded among the 0.5 million U.S. soldiers who fought in the war (Department of Defense, U.S., 1989). During the Korean War, it is estimated that nearly 650,000 people from the North moved to South Korea, and nearly 290,000 moved from the South to the North (Kwon et al. 1975:35-36).

**Urbanization and the Emergence of a Middle Class**

Seoul was the destination for 45 percent of all migrants from North Korea during 1945-49. About 48 percent of the refugees from the North during the Korean War crowded into the cities. During 1950-53 about 44 percent of the urbanward refugees from the North moved into Seoul. More than a third settled initially in Pusan, which became the provisional wartime capital. When the national administrative functions were transferred back to Seoul during the second half of the 1950s, however, these refugees likewise tended to move to the Seoul area (Kwon et al. 1975:36-37).

Because the wartime destruction affected almost every part of the peninsula, the period up to 1953 and several years beyond was one of

### Table 23.3. South Korean casualties during the Korean War: 1950-53

<table>
<thead>
<tr>
<th>Category</th>
<th>Civilian</th>
<th>Military</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Killed in fighting</td>
<td>166,104</td>
<td>78,559</td>
</tr>
<tr>
<td>Executed</td>
<td>97,680</td>
<td>31,256</td>
</tr>
<tr>
<td>Wounded</td>
<td>168,849</td>
<td>60,776</td>
</tr>
<tr>
<td>Taken prisoner to North Korea</td>
<td>78,377</td>
<td>6,155</td>
</tr>
<tr>
<td>and not returned</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>253,271</td>
<td>49,941</td>
</tr>
<tr>
<td>Total</td>
<td>764,281</td>
<td>226,687</td>
</tr>
</tbody>
</table>

*Source: C. C. Yun (1974:126).*

---

*a. Combined with "killed in fighting."*
deprivation and hardship for the majority of the populace, who had to turn to any means available to survive and provide bare necessities for their families. A large proportion of the people involved in the massive migrations into and within Korea from 1945 to 1953 were uprooted from their previous occupational niches, and the only choice for most was to eke out a living in an urban area. The Seoul metropolitan area, which had fewer than 1 million inhabitants in 1945, absorbed within the first decade after liberation more displaced persons than its original population. The populations of the capital and other cities in the South thus swelled suddenly, not as a result of industrialization and economic growth but because of wartime chaos and movements of refugees.

Comparative census data show the growing tendency among South Koreans to change their place of residence after the two wars. The South had very low interprovincial migration rates prior to World War II, but the volume of movement away from native provinces increased substantially in the postwar period. Three-quarters of the internal migration was urbanward, predominantly to the two independent metropolitan areas. Seoul (a metropolitan area since 1945) acquired 51 percent of its population through in-migration from the provinces by 1960 and 56 percent by 1966; Pusan (a metropolitan area since 1966) likewise had a high rate of in-migration. At the same time, almost all of the nine provinces were experiencing a net loss of population. Hence the increase of the South Korean population during the 1960s was absorbed largely by the two metropolitan areas and, to a lesser extent, by smaller cities (L. J. Cho 1973:25-33).

Although the speed of industrialization between 1960 and 1985 was rapid but irregular, that of urbanization was steady. The proportion of the total population residing in urban areas increased from 28 percent in 1960 to 65 percent in 1985. By 1985 the population of Seoul reached 9.6 million and accounted for more than 36 percent of the nation's urban population. Between the end of World War II and 1985, the population of Pusan grew from 200,000 to 3.5 million, accounting for an additional 13 percent of the total urban population (EPB, ROK, Census Report, 1985:22, 34).

The quality of life in rural areas did not improve after the Korean War, largely because of rapid population growth and increased agricultural density. The pressure on the land was already apparent under colonial rule (average landholding per farm declining by about 12 percent between 1918 and 1936), and although the number of independent farm households remained steady (at just over 0.5 million during 1944-40), representing roughly one-fifth of all households, the proportion of tenant farming had increased to more than half of all households by 1940 (H. Choi 1971:264-65). After the Korean War, rural poverty resulted in another massive influx into the cities.

Because of the desperate economic conditions, there was a strong desire at both individual and collective levels to find any means available in urban
areas to overcome poverty. The urbanward migrants crowded into the slums of Seoul and Pusan, where the need to survive fostered an increase in unskilled and semi-skilled employment, such as unskilled construction workers, street vendors, tailors, cooks, and drivers. Later, the rapidly expanding economy, centered mainly on urban areas, attracted increasing numbers of in-migrants from rural areas, and consequently the proportion of the populace engaged in agriculture dwindled.

The gradual inundation of original city dwellers by refugees and other in-migrants brought about important changes in attitudes and self-perception. At the end of the Korean War, the middle class was a very small proportion of the populace—mainly teachers, merchants, lawyers, physicians, government officials, and other educated people. Only a few individuals—notably great landowners and some entrepreneurs—were actually rich, and the vast majority of the populace regarded themselves as poor. This perception was overturned, however, by the relative prosperity and expanding educational opportunities in the 1960s and 1970s. Rapid urbanization exposed an increasing number of rural people to urban occupational opportunities, such as services, sales, and small business. With the economic take-off of the 1960s, most city dwellers were able to find occupational niches. Shacks and shabby shops were replaced by substantial and prosperous-looking buildings, as Seoul’s former refugee slums (such as Itaewan, Haebangchon or “Liberation Village,” Mok-dong, Oksoo-dong, Eungbong-dong, Sanggye-dong, and Jungkye-dong) were transformed into middle-class districts. Objective statistical indicators during the past several decades reveal a substantial change in the proportion of the population perceiving themselves as middle class—from about 20 percent in 1960 to 30 percent in 1970 and 48 percent in 1980 (D. S. Hong 1980). By 1987, according to a survey published by the newspaper Dong-a Ilbo, the number had reached 65 percent. This increase and the emergence of the middle class as the predominant segment of society reflect the effects of rapid economic development on incomes and occupational diversification.

**SOCIAL DEVELOPMENT**

**Social Mobility**

Political turmoil and geographical mobility helped to bring about radical changes in social mobility patterns. The cities became melting pots of people from different regions. While some of the poor were growing richer, however, some of the rich were sliding into poverty. Some of the wealthiest Koreans of the 1945–50 period may now be among the poorest, and none of the ten richest Koreans of that period are among the top ten today. Similarly, none of the top ten businessmen from these interwar years would rank among the top 50 today. The patterns of mobility in the Korean business community can thus be characterized as unprecedentedly dynamic.
Lack of education, moreover, no longer seems to be a major barrier to economic mobility, since the owners of today's large business conglomerates received much lower levels of education than the military elite or the nation's bureaucrats.

Meanwhile, the position of the landlord class in the social hierarchy, especially in economic terms, practically ceased to exist. Most former landowners gained possession of their property through inheritance and enjoyed the benefits of rental income. They capitalized on the status accompanying their positions as board members and managed to build positions for themselves in the industrial corporations. After the implementation of land reform, some rich landlords used the compensation received for their land to start businesses and engage in other entrepreneurial activities. Some of the landed class with the biggest landholdings were able to maintain their status in the social hierarchy because of benefits accruing from earlier investments in private educational institutions (such as building schools and universities). The majority of the former landowners, however, joined the ranks of the middle class, and some even became impoverished. Regardless of economic status, most of them could afford to provide an education for their children, thereby enabling their descendants to find places in the universities, other educational institutions, and the major professions.

The rate of social mobility in Korean society has been higher than in other developing countries in recent decades (D. S. Hong 1980:59-99). Rapid social change and turmoil have eroded class boundaries and given the Korean people the idea that the self-perpetuating class is an institution of the past. The fact that anyone with resources, energy, and luck now has the opportunity to climb the social ladder has contributed greatly to the emergence of a strong egalitarian ideology among the masses.

Culture and Values

Large-scale geographic mobility has been accompanied by a dilution of traditional values. As people have moved away from their ancestral lands and parents and have become increasingly profit oriented, they have become less concerned with perpetuating the rituals and customs that reinforce traditional values and passing them on to the next generation.

Two distinctive features of religious organization in Korea are the low level of professed religious affiliation and the tendency to blur the lines of demarcation between major religions. One analysis of 1983 data (I. H. Yun 1985) showed that fewer than 40 percent of the population categorized themselves under a specific religion—that is, 18.9 percent (7.5 million people) were Buddhist, 13.5 percent (5.3 million people) were Protestant, and 4.0 percent (1.6 million people) were Catholic. The analysis showed further that, after a pattern of steady growth during 1971-81, there was a decrease in the numbers of both Buddhists and Protestants between 1981 and 1983. The decline was especially sharp in the case of Buddhists, prob-
ably reflecting a change in self-categorization. Some persons may have upheld a set of values drawn variously from Buddhism, Christianity, and Confucianism, formerly declaring themselves under one group but later preferring to place themselves in no specific category. (This factor, which is basically one of definition, does not apply to Catholics, who registered a slow but steady increase in number throughout the period measured.)

The recent alienation from traditional culture has been accompanied by a dilution of the individual discipline that was once typical of the cohesive village community. Urbanization and economic development have been so rapid that the villagers have not had sufficient time to make the necessary social and other adjustments to "urbanism as a way of life." Korean cities, unlike those of Japan, have thus become concentrations of villagers and refugees. The time span of at least a generation will be required for those new city dwellers to make themselves an integral part of the cities and urban life.

At least five broad patterns can be discerned among the changes in individual values since the time of Korean independence. At the end of World War II, everyone's attention was concentrated on patriotism toward the nation in the wake of liberation from colonialism. By the end of the Korean War, however, attitudes had changed, and people placed greater weight on wealth, status, and political power. The attitude that only the end, and not the means, was important led to an erosion in traditional moral values. The 1960s witnessed the recovery of traditional moral values and heightened economic values. During this time, people tended to attach greater value to national development, patriotism, diligence, self-reliance, improved standards of living, and a happy (preferably small or nuclear) family. In the 1970s there was less emphasis on diligence and wealth but greater value was placed on social welfare and a happier life. This period witnessed the emergence of ordinary, nonmaterial aspects of happiness: individualism, equality, social justice, and human rights. The 1970s also witnessed the re-emergence of strong family values and respect toward elders. In the 1980s, the trend turned once again toward wealth, but with less emphasis than before on patriotism and national development, as people grew more concerned about health and the pleasures of life. The overall trend indicates that the younger generation of the 1980s exhibits a greater degree of individualism than the older postwar generation and has experienced a transition from family and clan consciousness to a wider social consciousness (Cha 1985).

**Student Radicalism**

Students have always played a political role by expressing discontent and pressing for political change in the East Asian countries, and student groups have often been hotbeds of radical thought. The 1960 student protests in Korea against corruption and dictatorship helped to overthrow the regime
of Syngman Rhee. Later in the 1960s Korean students organized massive demonstrations to protest the normalization of relations with Japan (just as Japanese students protested violently in the 1950s against the Japan-U.S. security treaty). Massive student demonstrations in 1986 and 1987 called for democratic reform and an end to the military regime under President Chun. (During the past few years, students in China likewise have called for more democratic freedoms and a relaxation of the prevailing communist ideology.) Student rioting and occupation of university buildings in 1988 seems to have taken an even more violent turn, reflecting a more radical ideology that is anti-establishment, anti-capitalist, and anti-American; in its opposition to rapid economic development and international trade dependence, it is also to some extent anti-development. (For an academic approach to dependency issues affecting Korean development, see K. D. Kim 1987.) An intriguing facet of student radicalism is the effort to heighten nationalistic sentiments by demanding the unification of North and South Korea at any cost. It is instructive to examine this radicalization from the perspective of the contrasting experiences of successive generations of Korean society.

Student radicalism is related in some ways to the demographic transition, reflecting the change from high to low fertility levels and from poverty to prosperity. A common pattern can be discerned in societies that have undergone extended periods of depression followed by relative prosperity. In the United States, for example, the fertility rate was low during the depression of the 1930s and the war of the early 1940s. Postwar economic prosperity was accompanied by a baby boom, and the parents who suffered during the depression and war years were anxious to provide their children with everything that they had never been able to afford for themselves. But in lavishing upon their children all the necessities of life, a good education, and other luxuries, they brought up the new generation in the absence of want. As the generation of the baby boom approached adulthood—a more numerous generation, reflecting the rise in fertility and consequent population increase—many of them were not inculcated with the older generation's values such as respect for authority and hard work. The anti-establishment protests of the 1960s and 1970s were thus partly a reflection of the markedly different conditions prevailing during the formative years of the two generations—hence the tendency to oppose or reject whatever their parents had established or believed. This phenomenon is also apparent among the radicalized Japanese students of the 1950s who had not experienced the economic difficulties and war of their parents' generation.

In China a double reversal of a similar behavioral pattern can be discerned. Some of the elderly generation among China's leaders came from the landed class and, in their youth, had heated arguments with their parents over the perpetuation of feudalism, the exploitation of land rights, and
the misery of their tenants. That generation a half century ago sought a solution in the absolute equality implicit in communist philosophy. The children of today's leaders, on the other hand, have grown up in the absence of war and have not suffered the deprivations that their parents did. In Chinese cities at least, standards of living have improved greatly in recent years. And yet the extreme poverty of the majority of the population increasingly stands out in contrast to the better standards of living enjoyed by urban dwellers and by farmers with access to nonstate markets. The dinner-table debate in the leaders' homes has thus shifted in the opposite direction, and many younger Chinese now declare that the older generation has failed to modernize China and has left it one of the world's poorer countries.

The radicalization of Korean students can be better understood in the context of this behavioral pattern of action and reaction by successive generations against the values of their parents' generation. In Korea and China alike, authoritarianism and the traditional ideal of collective work served to motivate people, to help them overcome poverty, and to promote development. But as people grow richer, the desire for more individual freedom emerges. Because of this inherent conflict, a certain amount of political and economic change becomes inevitable. If a regime becomes so rigid and entrenched that it does not respond to these generational changes, then further radicalization and conflict likewise seem inevitable.

REGIONAL POLARIZATION

One interesting phenomenon, despite massive movements of people from rural to urban areas and from one province to another, is the persistence of regional or provincial differentiation. The sharpest geographical and political division is between two traditional rival regions—Kyŏngsang and Chŏlla. This conflict is deeply imbedded in Korean history and can be traced back to the struggles during the first millennium A.D. between the two kingdoms of Silla (modern Kyŏngsang) and Paekje (modern Chŏlla)—from which Silla emerged the victor. The interprovincial conflicts were brought into increasingly sharper focus by 1950-53 wartime conditions, post-Korean War industrialization, and the presidential election campaign of 1971.

The southeastern part of the country is divided into North Kyŏngsang (which includes Taegu, the nation's third largest city), and South Kyŏngsang (which until 1966 included Pusan, Korea's second largest city). Kyŏngsang has the largest population of any part of the country, and its people have played a predominant role in national politics, business, and the military since the military coup of 1961. All nine army chiefs of staff between

---

1. Kim Dae Jung, an opposition leader from Chŏlla, lost the 1971 presidential election to Park Chung Hee (a Kyŏngsang native) by a small margin.
1966 and 1985, for example, were of Kyŏngsang origin, as were Presidents Park, Chun, and Roh. Among the heads of the leading conglomerates, those of Kyŏngsang origin would certainly constitute a majority. The Kyŏngsang region not only has two of the largest Korean cities but also has industrialized much faster than the two neighboring Chŏlla provinces, which constitute the southwestern extremity of the peninsula. Although Chŏlla's two main cities (Kwangju and Chunju) have become important industrial centers, Chŏlla was unable to maintain parity with Kyŏngsang in its shares of political and military leadership. This was partly because Chŏlla was geographically outside the mainline transportation network developed under Japanese rule and remained mostly agricultural. It was also partly a result of the fortunes of war.

Given the infrastructure that existed at the time of liberation (most notably the Japanese-built harbor facilities and the Pusan-Seoul rail line), scarce capital was obviously better invested in the regions around Seoul and Pusan. President Park Chung Hee, himself a native of Kyŏngsang, made an effort to develop the Chŏlla region during the 1960s, but the philosophy of "growth first, distribution later" in this context reflects the undeniable fact that, for lack of capital and resources, all parts of the country could not undergo economic growth simultaneously or at equal rates. For the long-term benefit of the country as a whole, investment had to be concentrated first on the best economic assets, although in the short term this uneven growth pattern inevitably resulted in income differentials between the rapidly developing southeast and the more slowly developing southwest. In 1970 per capita incomes were 85,000 won for Kyŏngsang and 59,000 won for Chŏlla (when the national average was 70,000 won), compared to 8,400 won and 7,500 won, respectively, in 1960 (when the national average was 9,500 won) (Hong and Cho 1986). The persistence of these differentials between the two provinces is amazing in some ways, particularly since economic development has provided mass communications and an elaborate transportation system, making the country much "smaller" than it was prior to the Korean War in terms of interactions. These differentials were manifested in the 1987 presidential and parliamentary elections, in which the people of Chŏlla denounced the apparent economic and political discrimination by the governments of the past quarter century against Chŏlla and in favor of Kyŏngsang. To expedite the initial stage of economic development, however, such regional imbalance was probably unavoidable in the short term.

During the Korean War, the initial offensive from the North in 1950 pushed the South Korean forces into a relatively small perimeter in the southeast, including Pusan (which became the provisional capital) and Taegu. Although a counter-offensive moved the front line north beyond Seoul later the same year, a renewed North Korean offensive shifted it back into the south by early 1951. At the very beginning of the war, therefore, the two Chŏlla provinces became occupied territory. For security reasons,
anyone from Cholla or other provinces overrun by the enemy came under close scrutiny because of the danger of enemy infiltration among the civilian populace.

The emergency conditions necessitated an unparalleled expansion of the military academy, which had to rapidly provide commissions to meet the need for more officers to conduct the war. The members of Class 10 were commissioned immediately after their entry in July 1950, and the academy was then closed temporarily. Subsequent officer trainees were recruited, given a month's training, and transferred to the army's training school. The regular four-year training program resumed only in early 1952, when the academy was reopened in Chinhae, a naval base near Pusan.

During the next few years recruitment in the army was apparently concentrated among young men from the surrounding Kyongsang area, and entrants to the reopened academy were drawn from both this area and the enlisted ranks. It was almost impossible for men living in enemy-occupied areas to reach Pusan, and the security clearance required of each entrant excluded virtually everyone outside Kyongsang. Security clearances likewise excluded prospective university students from those areas. People from the other provinces lost out by default, because of the geographic and strategic position of Kyongsang during a brief period of rapid expansion of military personnel. The effects of these wartime conditions are still being felt, manifested during the 1980s by increasing tension in the two Cholla provinces during the presidency of Chun Doo Hwan (1981-87) and the 1987 election campaign of President Roh Tae Woo, both of Kyongsang origin and commissioned with Class 11—the first regular graduates after the academy was reopened in the Kyongsang area.

POSTWAR INSTITUTIONAL CHANGES

Status of the Military
Immediately after liberation, particularly in the South, a career in the military was not regarded with high esteem. This perception was shaped by Chinese cultural influences over recent centuries. Soldiers were looked down upon, whereas the literati-cum-officials were granted high professional prestige, arising from Confucian values and emphasis on scholarship but disdain for military prowess.

The military elite of the post-Korean War period and of today were drawn mostly from the agricultural and the urban working classes. Military officers are likely to be the sons of farmers, shopkeepers, or blue-collar workers. Many of the early entrants into the military after national liberation in 1945 had served in the Japanese army as enlisted men or as student conscripts. The ranks of the armed forces were expanded by refugees from North Korea who were not successful in finding stable occupations in the South. In addition, some who joined the new Korean military service had gone through the regular selection process in the Japanese military academy and had
served as officers. Park Chung Hee, for example, served as an officer in Japan's Manchurian Army.

The outbreak of the Korean War necessitated a dramatic expansion of the Korean armed forces. All those in uniform before the war (competent or not) who survived the war were propelled up the social ladder. This was an unprecedented opportunity for upward social mobility and for gaining access to leadership positions in society. Such a phenomenon would never have occurred had the war not broken out. It is reflected in the educational attainment of today's military elite, who have achieved a level of education comparable to that of the civil service or almost any other sector of Korean society outside academia.

Among the Korean government elite, there appears to be a value congruence between those who have a military background and those who do not (Hong and Cho 1986). The political party elite with a military background tend to hold an attitude similar to that of the professional military elite. The military elite, moreover, share much in common with owners of small businesses in their perceptions of economic development and social harmony. The military elite are more progressive in their views regarding policies for redistribution of income than are corporate executives and owners of large businesses. Over the period of great upheaval and change after independence, Koreans have become more egalitarian-minded about the distribution of wealth. This is an important perceptual change that accompanied social change during the Park period.

Legacy of the Colonial Legal System

The executive branch of the independent government of Korea was patterned on the structure that existed during the Japanese colonial period, although it was modified and enlarged to suit the needs of the newly liberated nation. Many of the bureaucrats who served the Japanese administration were promoted and continued in government service when the First Republic was established. With the exception of the top leadership, therefore, the executive branch experienced no clear break with the past. For this reason, the workings of the colonial bureaucracy—including attitudes, values, and practices—were perpetuated to some extent after independence.

The judicial branch likewise was based on the system instituted during the colonial period, including both a law code patterned after continental European law and a legal profession trained at Keijo Imperial University in Seoul or universities in Japan. In theory, the Korean legal system and laws from the First Republic onward were designed to serve and protect the people. In practice, however, Korean lawyers and judges helped to perpetuate the colonial concept that the legal system served primarily as a means of exercising control over the population. Not surprisingly, therefore, many people continued to believe, even after the representative system of government was established, that laws were formulated to serve the elite rather than the ordinary citizen. This perception did not foster a sense
of respect for the legal system, and people tended to avoid compliance if they could do so without personal risk. Although a more rational attitude has gradually evolved, the perceptions ingrained during the colonial period still linger, and lack of respect for the law still contributes to inadequate enforcement (Yang 1985). Many people fail to perceive the civil code as an instrument that helps to guarantee their rights, and they regard legal action as an embarrassment to family honor and social status. Because of this aversion to litigation, there is a tendency to pursue out-of-court settlements, which in turn reinforces the lack of confidence in and respect for the legal system.

**Rise of the Labor Movement**

Although Korea has a long tradition of labor unions, the labor movement was shaped by the conditions under which it evolved during the period of Japanese colonialism from 1910 to 1945. Neither before nor after independence did appropriate institutions evolve to accommodate the resolution of conflict between labor and management, and in some ways the legacy of the colonial period still lingers.

Two major features of the Korean labor movement bear the imprint of the colonial period. Under Japanese rule, the workers were all Korean whereas management was mostly Japanese. The more defiance demonstrated by labor leaders against Japanese management, the more patriotic they appeared to their fellow Koreans. Such circumstances precluded any system of compromise—which was equated with "collaboration" and portrayed as a betrayal of the rank-and-file Korean workers. Under these circumstances, the labor movement developed a political and anti-colonial orientation rather than concentrating primarily on negotiations for increased pay and improved working conditions. Hence the process of institutionalization to achieve Western-style, business-like trade unionism was stifled by circumstances that also nurtured a tradition of violence as the principal recourse in resolving conflict.

After the Korean War, the government formulated an elaborate program of labor legislation. The laws that were enacted in the mid-1950s, however, were not a response to labor-management needs but were designed instead to counterbalance North Korean propaganda. (In essence, when the communist government began publicizing North Korea as a laborers' paradise, Syngman Rhee's government enacted new laws designed to show that labor conditions in the South were even better.) Because industry and government alike could not afford to provide all workers simultaneously with an attractive package of benefits, it was obvious to labor leaders that the statutory requirements were merely window dressing. Furthermore, the absence of an institutionalized labor movement in Korea itself forced the lawmakers to look elsewhere for precedents and models. Their draft legislation was thus copied largely from labor laws recently enacted in Japan, which in turn were based on American models of the postwar Allied occupation period.
The Japanese did not find such models to be entirely appropriate for conditions in Japan, and they did not enforce all legal stipulations to the letter of the law.

The unfortunate consequence of these contradictions is that, from the outset, all concerned parties simply disregarded the Korean labor laws. Employers could not afford to provide all the benefits and did not abide by the law. Labor leaders, on the other hand, could not get the government to enforce the law. This cycle of delinquency-by-default prevented the growth of any sense of mutual obligations among the three parties and established a behavioral pattern that has persisted up to the present.

The colonial tradition of violence and confrontation as the principal alternative to compromise likewise persists and is particularly noticeable in recurrent crowd behavior that shows no regard for rules or order. The curtailment of individual political rights during the 1970s and 1980s, moreover, exacerbated the pent-up feelings of the younger generation at a time of dramatic rise in the level of education, increased international communications, and greater awareness of labor- and political-rights activities in other countries. Amidst these rapid changes, the labor movement was muted most of the time, although there were occasional explosive outbursts—such as the violence that erupted in the last year of the Park administration.

With the political liberalization that began in 1987, the relationship between labor and management began to change dramatically. Up to this time, labor disruptions were relatively rare in Korea, whereas during a two-month period alone in 1987 there were 3,300 recorded labor disputes (all wildcat strikes). Unless there is a major political reversal, the labor movement will continue to emerge as a major factor in politics and the economy. Many years will be needed, however, for the three parties concerned—government, management, and the unions—to develop institutional arrangements for conducting peaceful negotiations and procedures for settling labor disputes, thereby achieving the genuine objectives of a labor union: material benefits for the rank and file, participatory satisfaction of members, institutional constraints, and a respect for law and order.

Viewed from the present time, it may be instructive to ponder whether the rapid industrialization and rapid growth accomplished by the Park regime were worth the restriction of public participation and civil liberties. When material benefits must be considered together with social and political costs, how should the national ledgers of rapid industrialization and rapid growth be balanced? Although the costs of economic development are by no means negligible, should not economic development be imperative, when it is the sole alternative for eliminating extreme poverty? For those who wish to study what to emulate and what to avoid by drawing comparisons from the past, the experiences of Korea provide a useful perspective on the question of whether political development can or should be postponed under certain circumstances.
PART IV
EPILOGUE
The two decades of political stability that President Park Chung Hee maintained through his dexterous political skill and firm leadership, paved the way for rapid economic growth in Korea. The Park government took rapid economic growth and the elimination of absolute poverty as its major goals and assumed the role that many political economists attribute to the capitalist developmental state. Government played an increasingly active role in managing the economy, beginning with the launching of the First Five-Year Economic Development Plan and nationalization of all commercial banks in 1961. To overcome rural poverty and motivate the rural people to participate in improving their situation, the government launched the Saemaul (new community) movement, which aimed at rapid rural development and transformation. President Park also fostered the development of a strong, efficient, and effective economic bureaucracy, enhancing its capabilities in formulating and implementing policies reflecting the government's active role in the economy. Institutions and legal systems were forged to facilitate the implementation of the developmental priorities of the government. In these ways, the government laid the foundation for subsequent economic growth.

During the rapid international changes of the 1970s, in particular the U.S. initiative in developing a political and economic relationship with China and the possibility of a U.S. troop withdrawal from Korea, President Park's strong and effective government led Korea not only in dealing effectively with national security issues but also in readjusting the structure of the entire Korean economy to achieve long-term goals.

The government's basic purpose in intervening in the management of the economy at that time was to create the infrastructure needed for self-defense by accelerating the development of heavy industry. Under the Heavy and Chemical Industries Promotion Plan, announced in 1973, the new industrial strategy was to restructure Korean industry by shifting

1. The "capitalist developmental state" exists when the state leads economic development—"when it mobilizes and allocates capital, when it licenses or subcontracts its projects to private entrepreneurs, and when it plays the predominant role in controlling the organization of workers... Korea since 1961 is a prime example" (Johnson 1989).
manufacturing output and exports away from light manufactured goods toward more sophisticated and high value-added industrial goods. The government chose to emphasize the heavy and chemical industries not only because of national defense concerns but also in anticipation of the industrial transition from the prevailing labor-intensive types of production to capital-intensive industries.

The government's heavy-handed intervention in the big push for heavy and chemical industrialization has frequently been criticized for creating overcapacity (particularly in machinery and shipbuilding) and causing a sectoral imbalance in investment. Although the Heavy and Chemical Industry Promotion Plan was on the whole consistent with Korea's drive for greater competitiveness and emerging advantage in international markets, the pace was too rapid. The plan was also criticized for its excessive cost. The development plan for the heavy and chemical industries, which absorbed a large percentage of the nation's financial resources, essentially replaced market tests for performance with bureaucratic judgment.

The late 1970s can be characterized as a tumultuous period of rough-riding and risk-taking for the government. The biggest risk was the push for heavy and chemical industrialization, which could have had serious repercussions on the national economy if the destabilizing factors had not been managed properly. Inflationary pressure had built up during the earlier expansionary response to the oil shock of 1973-74, and it was accelerated during the second half of the 1970s by the massive injections of capital in the heavy and chemical industries and the increase in the money supply resulting from the sudden influx of foreign exchange earnings from the Middle East. The introduction of a value-added tax system in 1977 exacerbated the already serious inflationary pressure, because it necessitated an across-the-board adjustment of the entire price structure. The weakening of export competitiveness, inflationary distortions in resource allocation, and growing frustration among workers (who were increasingly aware of the widening disparity in the distribution of wealth and income) pointed to chronic inflation as a principal force undermining economic health. It became clear that sustained economic growth would be difficult unless inflation was curbed. In April 1979 the government announced the Comprehensive Stabilization Program to control aggregate demand through restrictive fiscal and monetary management and investment adjustment in the heavy and chemical industries.

The single most destabilizing factor for Korea was the assassination of President Park in October 1979, which sent shock waves through government, the business community, and the general public. The shock was so great that, for the first time in almost two decades, the Korean economy recorded a negative growth rate (−3.7 percent) in the following year. Although the economy quickly regained its high growth rate, the assassi-
nation marked the end of almost two decades of unprecedented political stability under strong political leadership.

President Choi Kyu Hah, who automatically succeeded to the presidency under the existing Yushin constitution, did not demonstrate the strong leadership needed in early 1980 to restore political stability and to direct and manage the national economy. The consequences for the economy were disastrous and the morale of the business community and general public ebbed to its lowest point. The situation was worsened by large-scale student demonstrations and disorder.

President Park had built up the nation's military capabilities to face external aggression, but he had not developed institutional arrangements to ensure a smooth and peaceful succession in the leadership. Thus, when the nation abruptly became leaderless in late 1979, the military was in the strongest position to fill the power vacuum and had a further advantage because of its role in maintaining law and order. General Chun Doo Hwan became the most powerful leader within the military after the December Twelfth (1979) Incident (also known as the "Night of the Generals"). At that time, the younger officers who were allied to General Chun (then chief of the military security command) and his classmates consolidated their power. On 18 May 1980 full martial law was declared and the military assumed control of national administration. President Choi subsequently resigned.

General Chun was elected to serve for the remainder of the current presidential term, as stipulated under the constitution, by the National Reunification Assembly (which was created in the latter part of the Park regime). In June 1980 the military government established the National Security Council, which was expanded in August 1980 into an interim legislative body to draft a new constitution. The new constitution, ushering in the Fifth Republic, was approved by a plebiscite conducted under martial law in October. A new election law instituted the electoral college system for the selection of the president and also limited the president to a single, seven-year term. The presidential election was held in December 1980, and Chun was elected. A new National Assembly was elected in March 1981.

2. In addition to imposing martial law, the Korean authorities arrested opposition political leaders and closed the universities. These actions led to massive protests in the city of Kwangju, which is located in the home province (Cholla) of opposition leader Kim Dae Jung. These protests, characterized as riots during the Chun regime, were recently described as pro-democracy demonstrations by President Roh Tae Woo. After the protesters gained control of the city the military instituted a siege and finally mounted a full-scale assault. By the time the military regained control of the city on 27 May 1980, 190 civilians had been killed.

The Kwangju tragedy remains a major issue in Korean politics, exacerbating regional tensions between Cholla and Kyongsang provinces. A special committee on investigation of the Kwangju incident was formed in the National Assembly in June 1989 and President Roh has called for early implementation of measures to compensate the families of those killed during the military suppression of the civil uprising.
RETROSPECTIVE ON THE FIFTH REPUBLIC, 1980-87

The Just Society

From the outset, a reformist and puritanical stance was adopted by the younger military officers who were the principal architects of the Fifth Republic and the advocates of a "Just Society." The first step in the realization of this goal was to retire a number of politicians belonging to both the progovernment majority and the opposition parties, because the government considered them to be obstacles to forming a new society. Also as part of the "purification" drive, the Chun regime purged nearly 8,000 civil servants in July 1980. The puritanical tendencies were strengthened by the elimination of part of the news media and the consolidation of newspaper and broadcasting companies under state control, with the official aim of remolding the news media into a "more desirable, ethical, and healthy" industry. In its efforts to "purify" Korean society, the Chun government also sent so-called troublemakers (gangsters, hoodlums, armed robbers, rapists, pimps, and other chronic lawbreakers) to the Samchong re-education camps, with the goals of training the individuals to be useful citizens and instilling greater social discipline in general.

By 1982 a certain distance had developed between the more puritan-minded young officers and the older cohort headed by President Chun. The gap between the opposing views widened as a result of the "Lady Chang scandal" over financial maneuvering in which relatives of the president's wife were implicated. Ultimately, disagreements about ethics in running the government culminated in the departure of the younger cohort from the center of political power. Their major objection was the involvement of the president's relatives in financial dealings and government affairs. In 1982 President Chun consolidated his political power and established his own political base.

3. After the establishment of the Sixth Republic, the government of President Roh Tae Woo began to re-examine its predecessor's actions during this period and has, for example, offered a formal apology and a pledge of monetary compensation to thousands of former civil servants who were dismissed in the 1980 purge.

4. In November 1990 a Seoul lawcourt ordered Munhwa Broadcasting Corporation, the only private broadcasting company in Korea, to return some of its shares to their original owners, who were stripped of their holdings by the Defense Security Command Investigators in the forced media merger of 1980. This is the first instance in which the judiciary has ruled that the military intelligence authorities' acts, committed in the course of the 1980 media merger, were a "serious breach of the Constitution and law" (The Korea Times, 2 November 1990; The Korea Herald, 2 November 1990).

5. The criteria for designating "troublemakers" were arbitrary and some innocent people were sent to the camps. There were instances of mismanagement of the camps and abuses of inmates' human rights—including wrongful death and torture. President Roh has promised to restore honor and provide compensation to the innocent victims of the Samchong camps.
In the succeeding years, the younger cohort and their puritanical orientation had a decreasing influence, and the president did not eliminate the practices that they strongly cautioned against. In spite of their objections, for example, the president's younger brother continued in his position as head of the Saemaul movement. During the Sixth Republic he was charged with illegally mobilizing political contributions through the Saemaul movement, which was intended to be a pure and clean rural development organization operated on a voluntary basis. He was convicted and is still serving a 13-year prison sentence.

Although a good military leader, and very able in mobilizing and taking care of his troops, President Chun was not endowed with the political acumen and vision that came naturally to President Park. His lack of experience in politics helped to perpetuate the authoritarian features of the Park regime, while differing from it in important ways. One factor that ultimately contributed to his political downfall was his "taking care of" and mismanagement of his relatives. A second was his arbitrary use of power while lacking any long-term political vision or philosophy of government. He conveyed the image of a nice and personable man. But he did not appreciate or understand the fundamental meanings and consequences of power.

The tight monitoring of political contributions from the business community in the initial stage of the Chun administration represents a change that is not fully recognized by the general public. During the time of President Park Chung Hee, the channel of political contributions was decentralized. President Park distanced himself personally and left the task of gathering and managing such funds to the political leaders and senior government officials serving him. To combat this system, which made certain parts of the bureaucracy and some politicians amenable to corruption, the younger puritanical cohort instituted a monitoring system early in the Chun administration, as part of the movement toward clean government. The system monitored the business community's political contributions to and financial dealings with higher levels of the executive branch (including cabinet members) and with senior politicians in the legislature. The president himself concentrated most of these financial dealings at the very top of the administration, sometimes acting through his close associates and frequently also his relatives. Thus the president and his relatives eventually bore the full brunt of the assault on corruption. There were no major leakages of contributions to the cabinet and senior politicians who, under Chun's watchful eye, were thus spared from involvement in corruption scandals. In this sense, some progress may have been achieved in institutionalizing a system to resist major corruption in the middle and lower echelons.

6. After leaving office former President Chun Doo Hwan apologized to the nation for the abuses and failings of his administration and went into seclusion at Pakdam Temple in September 1988.
Contributions to Economic Development

With his vision of the "Just Society," President Chun established his own goal of making "My Country, an Advanced Country." He placed great emphasis on mobilizing competent technocrats and academics to promote development. The 1980s represent a period of economic stabilization and liberalization for Korea, with the government still maintaining high growth. From the economic modernization perspective, the achievements of the Fifth Republic were substantial. The positive contributions that can be credited to the Fifth Republic can be assessed under the following three major areas related to economic development.

**Economic progress.** Despite the rocky start in the 1980-81 period of severe recession, the economic performance of Korea in the 1980s has been excellent. When the Chun regime came to power, the Korean economy was beset by the strains and structural imbalances created by the heavy and chemical industry drive of the 1970s and the second oil crisis. There were strong inflationary pressures, rapidly rising unit labor costs, a negative real interest rate, and sectoral bias in incentives. These internal imbalances were aggravated by the second oil crisis, the surge in international interest rates, and the onset of the international recession.

This confluence of events, coupled with poor harvests and the domestic political uncertainties caused by the assassination of President Park, brought the Korean economy to a state of crisis in early 1980. Consequently, during 1980 the Korean economy experienced, for the first time in modern economic history, a negative real growth rate (−3.7 percent), which was accompanied by a 39-percent jump in the wholesale price index and a current account deficit that reached 9.4 percent ($5.3 billion) of GNP (Table 24.1).

Given these circumstances, the Chun government embarked on stabilization and structural adjustment as its overriding objectives in economic policy. The macroeconomic policies followed were essentially a strong implementation of the restrictive monetary, fiscal austerity, and wage control policies initiated by the Park government in 1979. President Chun's political leadership and commitment to the stabilization policy successfully eradicated the chronic high inflation from which the country had suffered since the start of modernization and that had seriously undermined the country's growth potential, particularly in the latter part of the 1970s. The inflation rate declined sharply from 39.0 percent in 1980 to 4.6 percent in 1982 and remained at less than 1.0 percent during 1983-87. The current account deficit declined to $1.6 billion in 1983 and further to $1.4 billion in 1984. In the meantime, the GNP growth rate averaged 9.7 percent during 1982-84. In 1985 a sharp fall-off in export growth caused by the international recession led to a reduced GNP growth rate of 7.0 percent (Table 24.1).

In addition to the stabilization program, the Chun government in 1981-82
<table>
<thead>
<tr>
<th>Table 24.1. Major indicators of the Korean economy: 1979–89</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>GNP growth rate (%)</td>
</tr>
<tr>
<td>Per capita GNP (US $)</td>
</tr>
<tr>
<td>Current account balance (10^9 US $)</td>
</tr>
<tr>
<td>Inflation rate (%)</td>
</tr>
<tr>
<td>Wholesale prices</td>
</tr>
<tr>
<td>Consumer prices</td>
</tr>
<tr>
<td>GNP deflator</td>
</tr>
<tr>
<td>Wages</td>
</tr>
<tr>
<td>Expansion of money supplyb (%)</td>
</tr>
<tr>
<td>Narrowly defined (M1)</td>
</tr>
<tr>
<td>Broadly defined (M2)</td>
</tr>
<tr>
<td>Interest ratesb (%)</td>
</tr>
<tr>
<td>One-year time deposits</td>
</tr>
<tr>
<td>General loans (one-year)</td>
</tr>
<tr>
<td>Exchange rate (won/US $)</td>
</tr>
<tr>
<td>Gini coefficientc</td>
</tr>
</tbody>
</table>


a. Preliminary.
b. Year-end.
c. For all families. The Gini coefficient is a measure of inequality in income distribution. The ratio may vary between 0 (no inequality) and 1 (complete inequality).

u—unavailable.
undertook major structural adjustment programs that a democratic government would have found difficult to implement. These economic reforms were aimed at dismantling the regulations that were constraining the capacity of the Korean economy to adjust to the new external and internal environments. As a first step toward financial liberalization, the Chun administration started denationalizing commercial banks in 1981 by disinvesting the government's share. By 1983 the government turned all nationwide city banks over to private ownership and reduced its control over day-to-day operations. To promote competition among banks, two new nationwide commercial banks—joint ventures with foreign banks—were authorized. Perhaps the most important part of the financial reform was the rearrangement of the interest rate structure. Although the monetary authorities still maintain interest-rate ceilings on bank deposits and loans, the real rate of interest has been kept positive since 1981. The autonomy and the efficiency of the banking industry, however, have been limited by the bailouts of depressed industries and the accumulated substantial amounts of nonperforming assets (loans) of nationwide commercial banks.

To improve industrial efficiency, a fundamental policy reform was instituted which aimed at reducing the government's direction of and control over investment decision making and at increasing the industry's exposure to market forces and external competition. The Fair Trade Law was promulgated in 1981 to guard against anticompetitive mergers, unfair advertising, and restrictive trade practices. The Chun government bypassed competitive solutions in most of its restructuring operations. Nevertheless, there were justifications for some of the interventions, because financial distress was so widespread that it threatened the viability of the commercial banks as a group. Most significant, the government began to reverse its past preference for large, heavy-industry firms by reserving credit for small and medium-size firms. Thus industrial policy became more neutral.

Finally, the Chun government committed itself to reforming the import regime, so that by 1986 it would reach the level of liberalization achieved by industrialized countries, and to overhauling the import-tariff schedule to reduce both the average level and the spread of tariff rates. The Tariff Reform Act, promulgated in 1984, included phased general reductions in tariff levels and charges, aimed at creating greater uniformity in tariff rates.

Restrained macroeconomic policies, combined with major structural reforms on the supply side, enabled Korea not only to achieve price stability and industrial efficiency but also to be well-positioned to take advantage in the first quarter of 1986 of an exceptionally favorable sequence of developments in the world economy. These events included the steep decline in oil prices, the decline in international interest rates, the sharp depreciation of the U.S. dollar relative to the Japanese yen, and enhanced OECD growth prospects.
All of these developments made it easier for Korea to achieve a balance-of-payments surplus and a high GNP growth rate without exceeding its targets for external debt acquisition and inflation. The decline in the price of oil helped Korea directly by reducing its import bill and indirectly by sparking a higher rate of world economic growth and trade. The decline in interest rates also improved Korea's balance of payments by reducing debt-service payments. These two developments also made it easier to maintain price stability. Finally, the effective devaluation of the won relative to the yen, resulting from the dollar depreciation, enhanced Korea's export prospects, especially in the United States and the European Economic Community, where Korea competes actively with Japan in such important product lines as automobiles, electronic goods, and iron and steel products.

The Korean economy as it entered 1986 started to revitalize, thanks to favorable external conditions and the legacy of strong structural reforms. During the three-year period 1986-88, Korea managed to post very respectable real growth rates, with GNP increments averaging 12.7 percent annually. The current account balance has been in surplus since 1986. As a result, in 1988 GNP exceeded $170 billion, and per capita GNP reached $4,127. The current account surplus amounted to $4.6 billion in 1986 and increased to $9.9 billion in 1987. It further increased to $14.2 billion in 1988 (Table 24.1), due mostly to export expansion and the inflow of foreign currency from the Seoul Olympic Games.

Korea is now faced, however, with various social and economic problems that are the unfortunate byproducts of rapid industrialization and unbalanced modernization. For example, income and wealth distribution, which were quite equitable by world standards in the early 1970s, has deteriorated in recent years; economic policy decision making is now concentrated around highly centralized political power; economic power is highly concentrated in a small number of major corporations; many banks have become financially insolvent; and the relationship between management and labor has turned acrimonious.

One feature created by the restructuring exercise of the 1980s is the problem of "moral hazard." The active government role resulted in a reduction in incentives for taking tough private adjustment decisions. In some cases, firms persisted in borrowing rather than take the hard decisions required to reduce capacity and numbers of employees. Anticipating a government rescue, weak firms postponed adjustment, hoping that their shares in some eventual merger or cartel arranged by the government would represent an improvement over the immediate prospects for scaling down or accepting a private merger proposal. Despite these shortcomings, the government of the Fifth Republic succeeding in remolding business and industry along the lines of a more "modern" industrial structure through its trade liberalization policy and changes in incentives.
Promotion of science and technology. The government's intervention in the promotion of technology is reflected in the establishment of institutions for scientific training and for basic and applied research. There has been a remarkable increase in research and development investment since 1981. Under a "technology drive" policy, investment in science and technology increased from 0.9 percent of GNP in 1981 to 2.2 percent in 1987, and roughly 40 percent of public expenditure on science and technology was channeled to general research and to create and operate special research centers in areas such as energy, resources, machinery, electronics, telecommunications, and chemicals (Ministry of Science and Technology, ROK, 1987). In line with this policy shift, more efforts are being made to improve the research capabilities of universities.

To broaden and intensify the support for research and development activities aimed at industrial innovation, the government began in 1980 to offer tax and financial incentives to the corporate sector. The commercial tax law was revised in 1981 and 1982 to encourage the private sector to promote science and technology. Among the tax incentives for private firms were a 10 percent tax credit on research and development expenditures, a local tax exemption on the purchase of real estate for a research establishment, income tax exemptions for foreign technicians, a tariff reduction on goods imported for research and development, and a lower special consumption tax on products representing new technology. As a result, the number of research centers in the private sector multiplied almost sixfold, from 53 in 1981 to 290 in 1987. Investment in the corporate sector, which was 120 billion won in 1981, increased by a factor of 4.8 by 1985. The development of science and technology was further expedited by the establishment of a national project in 1982 to fund public as well as private-sector joint research and development activities (Ministry of Science and Technology, ROK, 1987).

A long-term plan for the development of science and technology through the year 2000 was launched during the Fifth Republic. The primary emphasis of the plan, which calls for increasing investment in science and technology up to 3.1 percent of GNP by the year 2000, is the development and mobilization of manpower, which involves investment in education and training in basic and applied science and technology within the country. A major effort has been made to recruit highly trained scientists and technicians from abroad, especially from the United States and Western Europe.

The plan is designed to improve the structure and management of research institutions as a means of developing a better system of research. Industry is encouraged to concentrate on industrial technology to improve product quality, increase productivity, and develop more innovative products. Just as President Park contributed in the 1970s to generating the export-oriented mood, President Chun contributed in the 1980s to generating the technology-minded mood. The big corporations are encouraged
to develop and invest in their own scientific and technological research activities. The government also offers subsidies to encourage small and medium-size firms to pool their resources and establish applied technology research centers for their mutual benefit.

As a foundation for advancing to the next stage of economic development, Korea must create this scientific research infrastructure and highly trained manpower. The government's plan places great emphasis on "catching up" with more advanced countries at the cutting edge of modern technology, including electronics, genetic engineering, high-tech chemistry, and automation. The government is also trying to promote greater corporate interaction with industries in the United States and other countries. Korean corporations are urged to establish research centers, engage in joint research, and increase their investment in joint ventures in the United States and other advanced countries, and to attract advanced foreign technology to Korea. Such activities contribute to identifying the most advantageous niches that a country the size of Korea can occupy in the international markets. Basic research provides the necessary underpinning for cutting-edge technological development. But Korea does not have to be a leader in all areas of research. To prosper, it is necessary only to gain timely access to profitable applications or to specialize in something that maintains good terms of trade with countries that have such access or are already research leaders.

*Education and welfare programs.* Investment in education continued to expand under the Fifth Republic. In the high schools the ratio of students to teachers improved from 45:1 in 1979 to 36:1 in 1987. During the same period, high school enrollment rose from 81 percent to 92 percent, and the number of college and university students trebled from 330,000 to 990,000 (Kang 1989).

Among the significant welfare accomplishments are the compulsory medical insurance system (which applies to both urban and rural areas) and the minimum wage legislation of 1987. Also, a pension system was established in 1988 as part of a larger social security scheme, which is applicable to all firms with 30 or more employees. Infrastructure for rural development was substantially expanded through the construction of houses and roads and the provision of piped water to rural residents. Rural areas have also been provided with greater telephone services, and it is now possible to make a direct-dial international telephone call from almost any village in the country.

Some recent social indicators reflect continued success in combating rural poverty. Between 1980 and 1987 the national average per capita daily intake of protein increased by 50 percent. Between 1980 and 1985, the proportion of Korean households possessing a refrigerator rose from 39 percent to 70 percent and those equipped with a telephone increased from 22 percent
to 50 percent. Income distribution, as measured by the Gini coefficient, has shown a gradual improvement from the late 1970s to the mid-1980s, and real annual wage increases of about 7 percent kept up with growth in productivity until the end of the Fifth Republic (Kang 1989).

The latter half of the 1970s saw an increase in public dissatisfaction, even though absolute poverty had been overcome, because of the deterioration in income distribution and the worsening of differentials in regional development. During the 1980s the Chun government responded by increasing investment in social development and making a major effort to achieve more balanced economic growth throughout the country. Between 1982 and 1986, benefiting in part from price stability, the government made at least a slight improvement in income distribution. To bring about a major improvement, however, some drastic institutional reforms would probably have been necessary.

**Diminishing Regional Tensions**

Prior to the 1970s, when China initiated its open-door policy and began experimenting with the market economy, no progress was made in diminishing mutual hostility between Korea and China. Two international incidents brought the changing relationship between the two countries to the general public's attention and improved the Chinese leadership's image of Korea. The first was the 1983 hijacking of a Chinese airliner, which was forced to land in Korea. The Korean government's considerate treatment of the passengers and the informal intergovernment cooperation that was necessary for their return helped to dampen Chinese hostility toward the government in Seoul. The Chinese perception was further changed by Korea's cooperative response in 1985 when a Chinese torpedo boat entered Korean waters, was briefly detained by the Korean authorities, and was returned with its crew to China.

During the 1980s, much effort was made through business and quiet diplomacy to open and widen the avenues of communication. A notable result was China's decision to send a team to the Seoul Olympics in 1988. Meanwhile, unofficial trade between the two countries has gradually expanded through indirect channels and reached $3.1 billion in 1988. Relations with the Soviet Union have also developed rapidly since the Seoul Olympics, and high-level officials, politicians, and businessmen from Korea have visited the U.S.S.R. in increasing numbers. On 30 September 1990 the Republic of Korea and the Soviet Union announced the immediate establishment of full diplomatic relations.

The international political climate has changed remarkably through the expansion of cultural exchange, international athletics, and other nonpolitical relations. There has been a dramatic increase in trade activities between Korea and her two superpower neighbors, which in turn has contributed to a reduction of political tensions in the region. Economic
activities with China were not affected by the June 1989 Tiananmen Square incident and are likely to increase steadily. The development of a substantive economic relationship between Korea and her powerful neighbors is creating a more peaceful mood and helping to ease the tension that persists between North and South Korea.

If these trends continue, the Korean economy will be in a strong position to benefit from further development of economic ties across East Asia. One difficulty is that the policy of the South Korean government toward China, North Korea, and the Soviet Union has been neither well-coordinated nor based on careful economic and political analysis. Many Korean moves relating to these three countries were made in the context of short-term, domestic political gains. In the future, Korea can promote mutually beneficial relations only through a dependable long-term strategy that is consonant with Korea's development in the international context as an economic and political partner.

**PERSPECTIVE ON THE SIXTH REPUBLIC: THE 1988 OLYMPICS AND BEYOND**

Extraordinary amounts of time and resources were lavished by President Chun and other leaders of the Fifth Republic on the effort to make possible the Seoul Olympic Games in October 1988. Viewing this event partly as a vehicle for exhibiting Korea to the international community as an advanced country, the nation's leaders took great national pride in planning for the games.

The circumstances preceding the games were very fortunate for Korea. The economy was doing extremely well during the years immediately before the games. The government was therefore able to afford the vast expenditure necessary not only for the athletic facilities but also to improve the infrastructure of major Korean cities, thereby accommodating an unusually large amount of travel and tourism both at home and from abroad. Five persons, including President Chun, were the architects and political engineers of the Seoul Olympics. It is ironic that, for political reasons, none of them was able to participate in the opening ceremonies.

Toward the end of the Fifth Republic, student demonstrations over the issue of political legitimacy became more intense and numerous. Massive protests took place in June 1987 in opposition to the president's plan to choose his own successor. On 29 June 1987, a sweeping plan of action for political democratization was announced by the head of the Democratic Justice Party, Mr. Roh Tae Woo, who was not only a presidential candidate but also a close friend, fellow classmate, and subordinate of President Chun. The president reluctantly agreed to these demands, haggling between the government party and the opposition over proposals for a parliamentary system was stopped, and a new constitution was drafted. The new constitution provides for the direct election of the president, who is limited
to a single five-year term, and for the election of National Assembly members under the “small election district” system (one member per election district, rather than multiple members per region as before).

In relinquishing his power in a peaceful transition President Chun took an important step. Although a historic event for Korea, it is unlikely to be appreciated as such by Westerners accustomed to rigorous mechanisms for changes of administration and succession to political power. Syngman Rhee was forced out of office in 1960 by student agitation; the Chang Myon government was removed by a military coup in 1961; Park Chung Hee was assassinated in 1979; and Choi Kyu Hah resigned in 1980 under conditions of political instability and pressure from the military. Although compelled to do so under the political circumstances at the time, Chun Doo Hwan is the only leader who served his term and left office according to the provisions of the constitution.

Roh emerged the victor in the fall 1987 presidential election, which marked the beginning of the Sixth Republic, although with only 36 percent of the vote and a slim margin over two of his rivals. He thus became a minority president representing a minority of the popular vote. A potentially more serious problem for the new administration, however, is the regional pattern of voting. The 1987 election dramatized strong emotional and regional appeal of the candidates, as did the April 1988 elections for the National Assembly, when the government party lost its majority, further polarizing the regional differences.

Kim Dae Jung’s Peace Democratic Party got 100 percent of the seats in his home area (Cholla). Kim Young Sam’s Democratic Party garnered most of the seats in the Pusan Metropolitan Area and neighboring South Kyongsang province. Kim Jong Pil’s New Republican Party got most of their seats in the leader’s home province of South Ch’ungch’ong. And the government party got most of their seats from President Roh’s home area and the outskirts of the Seoul Metropolitan Area. The absence of a mandate from a cross section of the nation undermines the government’s legislative basis for asserting strong political leadership and implementing national development policies.

The Sixth Republic inherited many unresolved problems from the preceding administration. The principal leaders of the Fifth Republic (including former President Chun) were accused of corruption, misuse of power, and extortion of contributions to establish what was perceived to be Chun’s own foundation and research institute. Most of the former president’s family and relatives were indicted and have received jail sentences, and Chun’s personal property (including his house) has been surrendered. A National Assembly hearing on the misconduct of Fifth Republic leaders was in session until the last hour of 1989 but was not able to reach a clear-cut conclusion.
A serious political issue that has persisted into the Sixth Republic is the May 1980 Kwangju incident, in which the military was sent to deal with a prodemocracy demonstration. Some of the protesters had armed themselves, and more than 190 demonstrators were killed in a clash with the army. The responsibility for this incident is still unresolved.

Meanwhile, workers and students have taken to the streets, demanding higher wages and greater democracy. Korean labor unions are organized to an extent unimaginable in Western countries and even cover scientific and technical research institutes. The unions have informed most large and medium-size corporations that they will join in wildcat strikes, which have become a daily routine in the Sixth Republic. The government has been unable to deal with the 25 percent average wage increase demanded by the labor unions. Korean wages are growing much more rapidly than those of their competitors, implying that Korea is losing competitiveness in the international marketplace.

The trade balance began to deteriorate in 1989, and after the middle of the year the monthly balance became negative again. Although the trade and the current account balances for the entire year will still be positive, the magnitude will be much less than in 1988. This deterioration is due mostly to the government’s inability to hold wage increases below productivity increases, with the consequent loss of international competitiveness and loss of time due to strikes. Low morale among workers has brought about laxity in production and deliveries. The business community, moreover, has drastically reduced investment, which is the key to increased productivity in subsequent years. In November 1989 the Economic Planning Board declared the current situation an “economic crisis” and planned to take drastic action, starting with the lowering of interest rates.

Despite the spiraling wage increases that are the result of succumbing to union demands, income distribution may not have improved, because of the exorbitant real estate price increases that have ominously affected the pattern of wealth distribution. During the past couple of years, real estate prices have doubled almost yearly in the Seoul metropolitan area, which offsets any gains in wage increases. The increase in the value of land and real estate has thus become a major economic, social, and political issue. Various options for legislation concerning land utilization are under consideration. Based on the “communal concept” of land, the intention is to discourage business conglomerates from speculating in real estate by establishing criteria to identify idle land and taxing it more heavily than land in productive use. In addition, the government may determine that 200 pyung (661 square meters or 7,117 square feet) is a reasonable limit for residential use in metropolitan areas. If a plot of residential land exceeds this limit, the portion above 200 pyung would bear a form of luxury tax set at a much higher rate. The tax proposals have aroused much controversy.
They are supported by the majority of the population—i.e., those with modest or no land holdings—but corporations and other big landowners are strongly opposed and argue that such laws would violate the basic constitutional right of property ownership.

The government has likewise been unable to deal with student demands. Violent demonstrations have taken place at most universities, accompanied by destruction of university property and equipment. In the span of two years following the end of the Fifth Republic, there was a change of president in virtually every university and college in the country. The lack of discipline among students in the aftermath of chaotic rioting and demonstrations may have a serious effect on the quality of education, which it is essential to improve if Korea is to maintain its competitive edge in the next stage of development of the capital- and technology-intensive economy.

The Sixth Republic began with a great vision of a democratic society. But the rapid swing from authoritarian government to political stalemate without clear leadership has produced some negative consequences: the decline in discipline in factories and other places of work, work stoppages and strikes, student demonstrations, seizure of university buildings and influence over university management, the deterioration in law and order, and the increased incidence of rape, violent robbery, and other crimes. As a result, the morale of the middle class and business community has been sinking.

The formulation and implementation of economic policies to solve current problems are rendered all the more difficult by the precarious political situation. Since the opposition parties won a majority of the seats in the 1988 National Assembly elections, the government has been unable to implement effective leadership in economic affairs, and it is becoming clear that Korea will face very difficult economic problems in the next few years. Koreans may have to learn the difficult lessons of a pluralistic, democratic society—its strengths and weaknesses and its costs and benefits—the hard way. It is likely that the Korean electorate, after several years of the current precarious and economically costly political situation will opt for a more stable government and party structure.

In early 1990 the government party and two of the opposition parties led by Kim Young Sam and Kim Jong Pil announced a merger to form the new People's Democratic Liberal Party. This alliance constitutes a majority in the legislature and has managed to convey at least the appearance of moving toward a political solution. The big question in the short term, however, is whether the existing parties can integrate smoothly and effectively to provide stable leadership. Many obstacles must be overcome to create a viable political entity from this merger. The parties are characterized by very different interests, objectives, and personalities and have experienced different patterns of party history and intraparty struggles for
leadership and power. Some of Kim Young Sam's followers opted to resign from his party rather than join the alliance. Such factors do not bode well for achieving the political stability required for continued healthy economic performance.

In the long term, however, the vitality, flexibility and hard work of the Koreans will overcome the transitional difficulties facing the country today. Creative and effective leadership will be essential to bring about the institutional changes and reforms required to synergize the hard working labor force and the vitality of entrepreneurs and business leaders toward sustained economic growth and more equitable distribution of the benefits of development. Korea will then emerge as a far stronger economic force in East Asia and the Pacific.
References

Boldface numbers in square brackets after dates of publication represent the chapters in which the referenced works are cited.


Center, Dong-A University, and East-West Population Institute, June 30-July 3, Pusan, Korea.


References


References


References


Agricultural policies: credit system, 23, 384-85, 398; farm mechanization, 383-84, 398-99; fertilizer pricing, 385-86, 397; land and water development, 23, 382-83, 397; recommendations for future, 396-404. See also Agriculture; Grain management policy (1969); Saemaul (new community) movement (1971)

Agriculture: contribution to economic growth, 371-74; role in industrialization, 371-72, 386-87. See also Agricultural policies; Grain management policy (1969)

Allied occupation (1945-48), 9-11; effect on economy, 10-11; effect on emigration, 588-89

Annexation by Japan. See Colonial rule, Japanese (1910-45)

Anti-conglomerate policies. See Antitrust policies

Antitrust and Fair Trade Law (1981), 94, 489-92, 499, 610

Antitrust policies: appropriateness of, 498-99; background of, 473-87, 499-501; early anti-conglomerate efforts, 492-93; effect on industrial concentration, 505-10; effect on market behavior and performance, 502-5; and Fair Trade Commission, 501-2; and fair trade promotion measures (1981-83), 491-92; legislative basis for, 94-95, 488-91, 499-501; May 29 (1979) measure, 493-95, 499-501; September 27 (1980) measure, 495-98, 501. See also Conglomerates; Industrial concentration; Price Stability and Fair Trade Law (1976); Antitrust and Fair Trade Law (1981)

Bank of Korea, 16, 45, 47, 48, 135

Banks. See Financial institutions, banking

Birth rates, trends in, 304, 305, 315

Buddhism, 554, 592-93

Bureau of Economic Education, 236

Capital market, development of, 51

Central Federation of Fisheries Cooperatives, 47

Chang Myon. See Second Republic (1960-61)

Choi Kyu Hah, interim government of (1979-80), 39, 605

Chōil/Kyōngsang regional conflict, 595-97

Chun Doo Hwan: acquisition of power (1980), 39, 605; consolidation of power (1982), 606; contributions to economic development, 608-14; factors contributing to political downfall, 607; leadership qualities of, 607; relinquishment of power, 615-16. See also Fifth Republic (1980-87)

Citizens National Bank, 47, 135

Civil service examinations, exclusivity of, pre-1945, 569-70

Civil Service Pension Law (1960), 331

Coal: as a domestic energy source, 183-84; replacement by oil, 184-85

Colonial rule, Japanese (1910-45): antecedents of, 3-4; economic goals of, 4-5; impact on Korean economic development, 6-9; impact on Korean educational system, 8-9, 571-75, 578-80; territorial expansion during, 5

Commission on Middle East Economic Cooperation, 533

Community-based primary health care system, 338

Community development movement. See Saemaul (new community) movement (1971)

Comprehensive Stabilization Program (1979), 38, 207-41; background of, 38, 207-10, 237, 604; economic education component, 236; features of, 38, 211-14; fiscal management policies, 212, 225-27; implementation of, 214-21; interest and exchange rate policy, 215, 227-31; investment in heavy and chemical industries, 213; monetary restrictions, 211-12, 214, 221-25; and policy response to 1979 oil crisis, 214-15, 237; recommendations for future, 237-41; reflationary modifications (1980-82), 38, 215-21, 237; wage policy, 231-36. See also Inflation; Oil crisis (1979), policy response to

Concentration, industrial. See Industrial concentration

Confucianism: as advocated by Park Chung Hee, 29; authoritarian
emphasis of, 559–66; and Chinese philosophy, 554–56; comparison of practices in China, Japan, and Korea, 559–66; and Neo-Confucianism, 556–57; role of Mencius, 554–55, 559

Confucius. See Confucianism


Construction industry: excess capacity in, 528–30; factors influencing the modernization of, 529–30; impact of oil crisis on, 530–32. See also Construction services, export of

Construction services, export of, 527–49; appropriateness as a policy measure, 35, 534–39, 549; economic effects of, 35, 527, 540–48; effect on balance of payments, 541–43, 548; effect on economic stability, 545–48; effect on economic structure, 547–48; effect on employment, 543–45, 548; government assistance for, 533–34, 537; growth in (1965–81), 527–28; implementation of, 539–40; importance to Korean economy, 540–49; institutional reforms in support of, 533, 535–37; legislative basis for, 532; licensing for, 532, 535–36. See also Construction industry; Overseas Construction Promotion Act (1975)

Credit allocation: government intervention in, 55–57; patterns of, 56–62; relationship to allocation of physical resources, 65–68


Death rates, trends in, 304

December Twelfth (1979) Incident, 605

Demand-management policy, 90–91

Democratic People's Republic of Korea, establishment of, 11

Demographic transition: in Korea, 18 (note); relationship to student radicalism, 594–95

Economic Planning Board (EPB): approval of, for foreign loans, 47; and Comprehensive Stabilization Program (1979), 211; and Emergency Decree for Economic Stability and Growth (1972), 166–67; establishment of (1961), 15; and formulation of First Five-Year Development Plan (1962–66), 16; and implementation of antitrust policies, 491, 501–2; and population policy, 310; and price controls (1973), 93

Educational system, 567–86; American influence on, 583–86; Confucian model, pre-1945, 569–70; and development of Korean individualism, 579–80; dualistic (traditional), 569–71; and economic development, 569, 578–86; evolution of, 567–78; exclusivity of, pre-1945, 569–70; future policy directions for, 576–78; government expenditures for, 331; Japanese influence on (1910–45), 8–9, 571–75, 578–80; and Korean War, 567–68, 575–76; post-liberation achievements, 567–69, 575–76; post-war achievements, 575–76. See also Han'gul

Emergency Decree for Economic Stability and Growth (1972), 29–31, 163–81; background of, 29–30, 80, 93, 163–65; effect on curb market, 168–70, 179–80; effect on price stabilization, 93, 170–72, 180; features of, 33, 188–89, 260–61. See also Oil crisis (1973–74), policy response to


Emigration. See Migration; Migration, rural-to-urban

Energy resources, domestic, 183–86


Exchange rate: multiple (through 1964), 103–5; trends (1955–65), 103–5; unifica-
tion attempts, 103–5. See also Exchange-rate reform (1964–65)
Exchange-rate reform (1964–65), 17, 21, 103–8; appropriateness as a policy measure, 117–19; background of, 17, 20–21, 101–3; criticisms of, 107; effect on balance of payments, 127; effect on export growth, 125–27; effect on industrialization, 127–31; effect on relative export incentives, 120–25; features of unitary floating system, 106–7; limited success of, 132–4. See also Exchange rate
Export-Import Bank of Korea, 51
Export promotion: appropriateness as a policy measure, 117–19; as a cause of inflation, 85–86; and changes in commodity composition of exports, 126; comprehensive plan for, 108–10; and consistency with exchange-rate system, 108–12; and diversification of export markets, 126; economic impact of, 125–27; effect on imports, 126–27; effect on industrialization, 127–31; effect on relative export incentives, 120–25; and export-targeting system, 111; implementation of policies for, 111–12; incentives for, 108–10, 440–49; limited success of, 132–34; and Monthly Export Promotion Conference, 21, 111–12; shift to, as an industrialization strategy, 17, 20–21, 101–3, 117-19. See also General trading companies (GTCs)
Export Promotion Conference, Monthly, 21, 111–12
Export Promotion Law, 102
Export-targeting system, 111
Fair Trade Commission, 491, 501–2
Fair trade measures, 491–92, 493. See also Antitrust policies
Fertility reduction: as a population policy, 17–18, 306, 308–10, 311; role of economic development in, 310–19; role of noneconomic factors in, 319–30. See also Family planning program, national
Financial institutions, banking: Bank of Korea, 16, 45, 47, 48, 135; Central Federation of Fisheries Cooperatives, 47; Citizens National Bank, 47, 135; commercial banks, 16–17, 45–46, 135, 504–6; foreign banks, 50; Korea Agricultural Bank (KAB), 45–46; Korea Development Bank (KDB), 45, 47, 48, 52, 135; Korea Exchange Bank (KEB), 49; Korea Housing Bank, 49–50; Korea Trust Bank, 49; local banks, 50; Medium Industry Bank (MIB), 46, 135; National Agricultural Cooperatives Federation (NACF), 46, 135, 374; specialized banks, 49–50. See also Interest-rate reform (1965)
Financial institutions, nonbanking, 50–51
Financial savings, trends in, 135–36, 138, 146–47. See also Interest-rate reform (1965)
First Comprehensive National Physical Development Plan (1972–81), 353
First Five-Year Economic Development Plan (1962–66): energy policy, 183–84, 193; fertility reduction goals, 17, 303, 308; formulation by Economic Planning Board, 16–17, 603; grain-price policy, 86; industry-oriented strategy, 16, 373; investment planning for, 16–17; tax reforms, 257–58
First Republic (1948–60), 11–13; corruption during, 12; establishment of, 11; and Korean War, 11; land reform during, 11–12; military strengthening during, 11. See also Rhee, Syngman
Foreign loan guarantee operations (1963–66), 47–48
Fourth Five-Year Economic and Social Development Plan (1977–81): expansion of heavy and chemical industries during, 37, 65, 434–35; fertility control efforts, 310; promotion of social development and economic equity during, 327, 334
Fourth Republic (1972–80), 27–38; antitrust measures, 94–95, 488–95, 500; conglomerates, 32–33, 477–81; economic slowdown (1971–72), 29–30; as
“emergency regime,” 27-29; financial controls, 52-53, 63-65, 68-72, 82, 92-94; inflationary pressures, 81-84, 95, 207-10, 604; national security concerns, 32; price stabilization measures, 94, 96; promotion of heavy and chemical industries, 31-32, 52-53, 603-4; response to oil crises, 33, 81-82, 84, 187-93; social development projects, 35-36; and Yushin constitution, 28-29. See also Park Chung Hee; Comprehensive Stabilization Program (1979); Emergency Decree for Economic Stability and Growth (1972); Emergency Decree for National Economic Security (1974); General trading companies (GTCs); Heavy and Chemical Industries Promotion Plan (1973-79); Industrial concentration; Overseas Construction Promotion Act (1975); Population Redistribution Plan (1977); Social development projects (1976-77); Value-added tax (1977)

General Park Chung Hee. See Park Chung Hee

General trading companies (GTCs), 33-34, 511-25; appropriateness as a policy measure, 516-17; background of, 34, 511-12; comparison of Korean and Japanese, 512, 521-23; contributions to export expansion, 33-34, 523, 524-25; criticisms of, 523-25; establishment of, by presidential decree (1975), 511-12; export share of, 517-19, 520; features of, 34, 512-15, 519-21; incentives for, 515-16; requirements for designation as, 512-15

Grain Management Fund (GMF), 380-81, 399-401

Grain Management Law (1950), 86, 381

Grain management policy (1969), 23-24, 371-404, 405-8; appropriateness as a policy measure, 386-90; effect on farm income, 392-93; effect on food grain production, 391-92, 396; effect on income distribution, 394-95; effect on price stabilization, 393-94; and government intervention trends, 381-82; and Grain Management Fund deficit, 208, 380-81, 399-401; historical context, 23, 371-74, 405-7; and inflation, 86-87; price determination, 86-87, 376-80; procurement and distribution, 374-76, 401-4; recommendations for the future, 396-404; two-tier price system for rice and barley, 23-24, 86-87, 377, 380-81, 407-8. See also Agricultural policies

Grain-price policy. See Grain management policy (1969)

“Growth center” migration policy, 356-57 GTC. See General trading companies (GTCs)

Han’gul (phonetic writing system): early use of, 570-71; and experiences of the “han’gul generation,” 580-83; as official written language of Korea, 581; policies related to, 580-81

Han’gul Society, 575 HCI Plan. See Heavy and Chemical Industries Promotion Plan (1973-79)

HCl. See Heavy and chemical industries

HCI Promotion Council, 432, 443

Health-care delivery: cost and financing of, 339-40, innovations in, 338; institutional basis for, 336-37; planning for, 335-38. See also Health insurance program (1976-77)

Health insurance program (1976-77), 327-47; background of, 35-36, 329-34, 344-45; cost and financing of, 339-40; effects of, 36, 340-44; extent of coverage of, 341-42, 345-46; implementation of, 334-40; institutional basis for, 335-38; objectives of, 334; shortcomings of, 345-47. See also Health-care delivery: Medical Insurance Law (1976)

Heat Management Law (1974), 187, 190

Heavy and chemical industries: financing of, 52-53, 57-60; and inflation, 87-89; justification for investment in, 603-4; projects, pre-1973, 431-32. See also Heavy and Chemical Industries Promotion Plan (1973-79)

Heavy and Chemical Industries Promotion Plan (HCI Plan) (1973-79), 31, 431-71; appropriateness as a policy measure, 458-61; background and rationale, 437-39; economic effects, negative, 461-66, 604, economic effects, positive, 466-69; features of, 435-37, 457-58; financial support for, 441-49; incentive system, 441-49; Japanese model for, 439; outcome of, 449-57, 470-71; projects included, 432-34; and restructuring of Korean industry, 31, 603-604; revisions of (1976), 434-35

Housing, government expenditures for, 330

Import-liberalization program (1967), 17, 21, 112-15; appropriateness as a policy
Index 645

measure, 117-19; background of, 17, 20-21, 101-3; effect on balance of payments, 127; effect on export growth, 125-27; effect on industrialization, 127-31; effect on relative export incentives, 120-25; and import restriction trends, 112-13, 116; limited success of, 132-34; negative-list system, 113-14; tariff reform, 114-15

Import-liberalization program (1983), 504

Import substitution policy: as an industrialization strategy in developing countries, 117; shift from, to export promotion in Korea, 117-18

Incentives, export promotion, 108-10, 440-49

Income distribution: effect of industrial concentration on, 485-86; effect of inflation on, 210

Incomes policy (1976), 82

Industrial accident insurance program, 333

Industrial concentration: causes of, 481, 484; levels of (1970-77), 473-81; in the manufacturing sector, 473-77, 478; negative economic effects of, 485-88. See also Antitrust policies; Conglomerates; Price Stability and Fair Trade Law (1976); Antitrust and Fair Trade Law (1981)

Industrial decentralization policies: and Industrial Distribution Law (1977), 355-56; and land policy measures, 355

Industrial Distribution Law (1977), 355-56

Industrial location policy, 357-58

Industrial Rationalization Fund (1972), 166, 176-78

Industry, construction. See Construction industry

Industry, heavy and chemical. See Heavy and chemical industries

Inflation: causes of, 84-91, 208; effect of industrial concentration on, 486; effect of money supply on, 222-25, Appendix 9.1; effect on export competitiveness, 209-10; and export promotion, 85-86; as a limiting factor in Korea's economic development, 208-10, 237, 604; link to wage increases, 209, 233-34; and price control and stabilization measures, 16-17, 91-96, 208-9. See also Comprehensive Stabilization Program (1979): Inflationary trends

Inflationary trends: for 1961-64, 74-75; for 1965-73, 76-80; for 1974-80, 81-84, 207

Institute of Advanced Science and Technology, 25

Insurance, health. See Health insurance program (1976-77)

Interest-rate reform (1965), 22, 48-49, 135-62; appropriateness as a policy measure, 146-49; background of, 22, 135-37, 146-47; economic impact of, 22, 76-77, 149-62, 172; effect on aggregate saving and investment, 147, 151-55; effect on curb market, 157-59; effect on financial savings, 48-49, 76-77, 144, 147, 149-51; effect on organized money market, 155-57; features of, 22, 48, 137-46; reaction to, 140

Interest-rate trends, 141, 146, 172-74, 229, 609

Jaebul. See Conglomerates

Japan: annexation of Korea (1910), 4-6; assumption of control of Korean economy, 4-6; economic modernization of, 3-4; industrial development of, 4-6; influence on Korean legal system, 598-99; normalization of relations with, 1965, 26; Western influence on, 3-4. See also Colonial rule, Japanese (1910-45); Meiji revolution

Kim Dae Jung, 605 (note), 616
Kim Jong Pil, 616, 618
Kim Young Sam, 616, 618-19

Korea: Allied occupation of (1945-48), 9-11; division of, north and south, 9-10; economic future of, 618-19; economic trends, 76-80, 609; historical overview, pre-1960, 3-11; role of culture and values in economic development, 553-66. See also Colonial rule, Japanese (1910-45)

Korea Advanced Institute of Science and Technology (KAIST), 25

Korea Agricultural Bank (KAB), 45-46

Korea Development Bank (KDB), 45, 47, 48, 52, 135

Korea Development Institute (KOI), 25, 171, 336-37

Korea Energy Management Association (KEMA), 190

Korea Energy Research Institute (KERI), 191

Korea Exchange Bank (KEB), 49

Korea Health Development Institute (KHD), 336-38

Korea Housing Bank, 49-50

Korea Institute of Energy Conservation (KIEC), 191

Korea Trust Bank, 49

Korean Educational Development Institute (KEDI), 577-78
Korean Institute for Science and Technology (KIST), 25
Korean International Economic Institute, 533
Korean-Japanese treaty of commerce (1876), 4
Korean War (1950-53), 11, 589; and expansion of the military, 597-98
Kwangju incident (1980), 39, 605, 617
Kyöngsang/Chölla regional conflict, 595-97

Labor movement, evolution of, 599-600
“Lady Chang scandal,” 606
Law Amending the Government Organization Law (1966), 251
Law for Fostering the Capital Market (1968), 51
Law Governing Rationalization in the Use of Energy (1980), 191
Law on Opening of Closed Corporations (1972), 30
Law on Price Stability and Fair Trade (1975), 94-95
Legal system, and influence of colonial concept, 598-99
Legalism, definition of, 28 (note)
Livelihood Protection Law (1960), 331
Loans, foreign: as a source of financing for Korean businesses, 47-48; bank guarantees for repayment of, 47-48
Local Industrial Development Law (1967), 355

Manchuria: Japanese administration of (1932), 5; as supplier of natural resources, 5
Manufacturing sector: industrial concentration in, 473-77
May 29 (1974) measure, 493-95, 499-501
Medical insurance. See Health insurance program (1976-77)
Medical Insurance Law (1976): coverage and benefits, 334-35; effects of, 36; enactment as first comprehensive social security program, 36, 334, 339. See also Health insurance program (1976-77)
Medium Industry Bank (MIB), 46, 135
Meiji revolution, in Japan (1868-1912): achievements of, 28; role in modernizing of Japanese economy, 3-4, 19, 28
Mencius. See Confucianism
Migration: between North and South Korea, 303, 588-89; to Japan, 587-88; to Manchuria, 587-88. See also Migration, rural-to-urban
Migration, rural-to-urban, 36, 589-91; associated with rapid industrialization, 36, 349-52; economic effects of, 328-29; social effects of, 591-95. See also Population Redistribution Plan (1977); Urbanization
Military: postwar expansion of, 11, 597-98; postwar status of, 15, 597-98
Military government (1961-63), 15-18; assumption of economic control, 16-17, 46-47; export promotion measures, 101-2; financial institutions, 45-47; financial legislation, 47, 93; financial reforms, 16-17, 46-47, 74-75; inflationary trends, 74-75; policy shift toward export-based industrialization, 15, 101; population policy, 17-18; price controls, 17, 91-92; rationale for political takeover, 15; tax reforms, 250-51. See also First Five-Year Economic Development Plan (1962-66); Park Chung Hee Military Pension Law (1963), 331
Military takeover. See Military government (1961-63)
Ministry of Agriculture and Fisheries (MAF), 374, 376
Ministry of Commerce and Industry, 108, 112-13
Ministry of Energy and Resources, 191
Ministry of Home Affairs, 408
Mobility, geographic. See Migration; Migration, rural-to-urban; Urbanization
Mobility, social. See Social mobility
Money market, informal. See Curb market
Money supply: relationship to inflation rate, 222-25, Appendix 9.1
Monopoly firms. See Industrial concentration
Mutual defense treaty, with United States (1953), 11
National Agricultural Cooperatives Federation (NACF), 46, 135, 374
National Health Council (NHC), 336-37
National Health Secretariat (NHS), 336-38
National Reconstruction Movement, 23
National Security Council, 605
National Welfare Pension Law (1973), 332-33
Neo-Confucianism. See Confucianism
New community movement. See Saemaul (new community) movement (1971)
Night of the Generals, 605
Nixon Doctrine (1969), 437
Office of Middle East Economic Cooperation, 533
Office of National Tax Administration (ONTA). See Tax administration reform (1966)
Oil crisis (1973-74): and demand for construction services, 530-32; impact on Korean economy, 81, 93, 183-86. See also Construction services, export of
Oil crisis (1973-74), policy response to
Oil crisis (1973-74), policy response to: 33, 81-82, 93, 186-97; appropriateness of, 194-96, 198-201, 205-6; decreased oil dependency measures, 193, 201-4; energy conservation measures, 189-93, 198-201; recommendations for future, 205-6. See also Emergency Decree for National Economic Security (1974); Oil crisis (1973-74)
Oil crisis (1979), 82, 84, 214-15
Oil crisis (1979), policy response to, 191, 192, 214-15. See also Comprehensive Stabilization Program (1979); Oil crisis (1979); Price control and stabilization measures, post-1979
Oligopoly. See Industrial concentration
Olympic Games (1988), 615
Overloaning, effects of, during military government, 16-17
Overseas Construction Promotion Act (1975): appropriateness as a policy measure, 35, 534-39; effectiveness in promoting construction service exports, 535-39; features of, 34-35, 532; formation and implementation of, 34-35, 539-40. See also Construction services, export of
Park Chung Hee: accomplishments, 15-17, 603-5; agricultural policies, 18-19; assassination (1979), 38-39, 71, 604-5, 616; background, 18; economic development views, 18-19, 28-29, 163, 603; economic goals, 19, 28-29; and Emergency Decree for Economic Stability and Growth, 163-81; leadership qualities, 18-19, 603; population control views, 17, 303; promotion of science and technology, 25; rural development views, 18-19, 23. See also Military government (1961-63); Third Republic (1963-72); Fourth Republic (1972-80); Heavy and Chemical Industries Promotion Plan (1973-79); Sae-maul (new community) movement (1971)
Pension programs, 331-32, 613
People's Democratic Liberal Party, 618
Planned Parenthood Federation of Korea, 303, 308. See also Family planning program, national
Population dispersion policies: and rural development, 367; success of, 364-67. See also Population Redistribution Plan (1977)
Population growth rates, trends in, 303, 304-5, 307
Population movement. See Migration; Migration, rural-to-urban
Population policy. See Family planning program, national
Population Policy Council, 310
Population projections, 305-6, 307
Population Redistribution Plan (1977), 36, 349-67; background of, 36, 349-53; criticisms of, 36, 354-55; effect on economic decentralization, 361-62; effect on interregional economic balance, 359-61; effect on rural-urban balance, 358-59; effect on urban size distribution, 362-64; goals of, 353-54, 356; "growth center" migration policy, 356-57; industrial decentralization policies, 355-56, 357-58; level of success, 364-67. See also Migration, rural-to-urban; Urbanization
Price control and stabilization measures, pre-1979: and antitrust legislation, 94-95; comprehensive package (1972-73), 92-93; effectiveness as anti-inflation measures, 96-97, 99-100; effectiveness as anti-monopoly measures, 98-99; effectiveness in redistributing income, 97-98; and Emergency Decree for Economic Stability and Growth (1972), 80, 93, 170-72; Law of Price Stability, 93; price freeze and relaxation (1960-63), 16-17, 91-92; in response to oil crisis (1973-74), 93-94; stabilization efforts (1974), 94. See also Comprehensive Stabilization Program (1979); Value-added tax (1977)
Price control and stabilization measures, post-1979: economic education component, 236; effectiveness of, 238-39; effect of exchange-rate adjustments,
230-31; effect of interest-rate reductions, 227-30; effect of tight fiscal policy, 225-27; effect of wage policies, 231-36; monetary management, 215-18, 221-25, 219-20; reflationary policies of 1981, 216-18; response to, 237; tasks yet to accomplish, 239-41. See also Comprehensive Stabilization Program (1979)

Price Stability and Fair Trade Law (1976), 488-89

Pusan, bipolar development of, with Seoul, 349-51. See also Population Redistribution Plan (1977)

Radicalism, student, 593-95

Regional polarization, 595-97

Republic of Korea, fifth. See Fifth Republic (1980-87)

Republic of Korea, first. See First Republic (1948-60)

Republic of Korea, fourth. See Fourth Republic (1972-80)

Republic of Korea, second. See Second Republic (1960-61)

Republic of Korea, sixth. See Sixth Republic (1987-)

Republic of Korea, third. See Third Republic (1963-72)

Resources, energy: indigenous supplies of, 183-84; policies to reduce dependence on oil, 184

Rhee, Syngman: anti-Japanese policies of, 26; contribution to Korea's economic development, 11-12; early liberalism of, 12; and Korean War, 11; land reform of, 11-12; mutual defense treaty with United States (1953), 11; removal from office (1960), 13, 616; views on population control, 17, 303. See also First Republic (1948-60)

Roh Tae Woo, 615-16. See also Sixth Republic (1987-)

Rural development. See Saemaul (new community) movement (1971)

Saemaul (new community) movement (1971), 23-25, 405-27; criticisms of, 423-27; economic achievements of, 24-25, 419-22; environmental improvement projects, 24, 409-10, 419-20; features of, 18-19; goals of, 24; government support for, 416-19; historical context, 23-24, 405-8; ideology, 18-19, 24, 409, 414; income-generating projects, 24, 410-11, 420-22; initiation of, 408-9; organization of, 415-16; scope of participation, 411-13; training component, 413-14

Second Five-Year Economic Development Plan (1967-71): agricultural policies, 382-83; energy policies, 186; tax reforms, 258-61

Second National Land Development Plan (1982-91), 356, 367

Second Republic (1960-61), 13, 616

Securities and Exchange Commission, 51


September 27 (1980) measure, 495-98, 501

Shogogaisha (Japanese general trading companies), 34, 512

Sixth Republic (1987-): economic crisis during, 617-18; and Korea's economic future, 618-19; labor movement during, 617; land reform proposals during, 617-18; student unrest during, 618; trade balance deterioration during, 617; transition to (1987), 616

Social development projects: education programs, 331; government expenditures for, 329-34, 344-45; historical context of, 35-36, 327-29; housing programs, 330; industrial accident insurance, 333; pension programs 331-33. See also Health insurance program (1976-77)

Social mobility, patterns of, 591-92

Social security programs. See Pension programs

Soviet Union: diminishing tensions with, during Fifth Republic, 614-15; occupation of North Korea (1945), 9-10

Stock exchange, development of, 51

Tariff reform, 114-15

Tariffs, import restriction, 105-6

Tax Accountant Law, 250

Tax administration reform (1966), 22, 251-57; appropriateness as a policy measure, 261-63, 270-72; background of, 247-51; criticisms of, 268-70; effect on government saving, 267-68; effect on tax revenues, 22, 264-67; fraud investigations, 252, 254; internal audits, 254, 256; Office of National Tax Administration (ONTA), 22, 251-57; organizational changes, 252, 253, 255, 281; voluntary disclosure program, 256-57

Tax, business. See Tax, indirect

Tax Collection Temporary Measures Law (1961), 250
Tax Delinquent Special Measures Law (1961), 250
Tax, indirect: disadvantages of, 273-75; rate structure of, 275. See also Value-added tax (1977)
Tax reform. See Office of National Tax Administration (ONTA); Tax administration reform (1966); tax law reform; Value-added tax (1977)
Tax revenue sharing, 178-79
Tax revenue trends, 247-50
Tax System Bureaus, 252-53
Tax, turnover. See Tax, indirect
Tax, value-added. See Value-added tax (1977)
Third Five-Year Economic Development Plan (1972-76): promotion of heavy and chemical industries during, 52, 65, 431; effects of repressive financial policies, 63-65; tax reform during, 260. See also Heavy and Chemical Industries Promotion Plan (1973-79)
Third Republic (1963-72), 18-27; antitrust measures, 499-500; economic liberalization and reforms (1964-67), 20-23; economic slowdown (1972), 80, 163-65; economic trends, 76-80; establishment of specialized banking institutions, 49-50; export growth, through 1970, 21, 60, 76-77; financial policies, 45-72; international politics, 26-27; promotion of science and technology, 25; tax reforms, 22-23; transition to, 18. See also Park Chung Hee; Agricultural policies; Emergency Decree for Economic Stability and Growth (1972); Exchange-rate reform (1964-65); Export promotion; Grain management policy (1969); Import-liberalization program (1967); Interest-rate reform (1965); Office of National Tax Administration (ONTA); Saemaul (new community) movement (1971); Tax administration reform (1966); tax law reform, of 1967

38th parallel. See Allied occupation (1945-48)

Unitary floating exchange-rate system. See Exchange-rate reform (1964-65)
United States: influence on Korean economic policy, 20; postwar military aid to Korea, 13. See also Allied occupation (1945-48)
Urbanization: economic effects of, 328-29; and emergence of middle class, 589-91; factors contributing to, 349-51; problems resulting from, 36, 349-53; regional imbalances, 36, 349-50; regional polarization, 595-97; resulting from wartime and postwar migration to Seoul, 589-90; social effects of, 592-93; and social mobility, 591-92; trends, 589-91. See also Migration, rural-to-urban; Population Redistribution Plan (1977)

Value-added tax (1977), 37-38, 95, 273-300; administration of, 278-80, 297-98; effect on exports, 289-91; effect on inflation, 209; effect on investment and savings, 286-89; effect on prices, 95, 284-86, 287; effect on tax burden distribution, 291-94; exemption scheme, 276-78, 294-96; features of, 274-75; implementation process, 281-82, 299-300; in Korea, compared with European systems, 274-76; objectives of, 37-38, 273-74; problems with, 37-38, 271-72, 294-300, 604; rate structure of, 275-76, 296-97; as replacement for indirect taxes, 273; and small businesses, 280, 298-99; tax base of, 275; tax yield of, 282-84; theoretical advantages of, 273-74; zero rating system, 276-78
Values, traditional: changes in, resulting from geographic mobility, 592-93
VAT. See Value-added tax (1977)
Vietnam War, 26-27
Yushin constitution, 28-29, 605

Zero rating, in value-added tax, 276-78
THE EAST-WEST CENTER is a public, nonprofit educational institution established in Hawaii in 1960 by the United States Congress with a mandate "to promote better relations and understanding among the nations of Asia, the Pacific, and the United States through cooperative study, training, and research."

Some 2,000 research fellows, graduate students and professionals in business and government each year work with the Center's international staff on major Asia-Pacific issues relating to population, economic and trade policies, resources and development, the environment, culture and communication, and international relations. Since 1960, more than 25,000 men and women from the region have participated in the Center's cooperative programs.

Principal funding for the Center comes from the United States Congress. Support also comes from more than 20 Asian and Pacific governments, as well as private agencies and corporations. The Center has an international board of governors.