

SOUTH KOREA'S ECONOMIC AND SOCIAL DEVELOPMENT PLAN UNDER THE REGIME OF PARK CHUNG-HEE



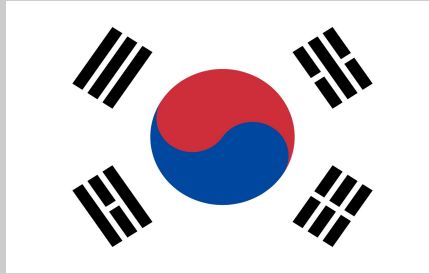


OVERVIEW OF
THE COUNTRY

CURRENT SITUATION

DEMOGRAPHIC

- 85.9% live in urban locations
- Growth rate of population is 0.5%



ECONOMICS

- Industrialized economy
- Nominal GDP per capita \$30,644 (2020)

Political and Legal

- Relatively calm in recent year
- Rising cost of trade

GEOGRAPHIC

- Easy to access by port
- Continental climate like USA
- Lack of natural resources (iron, copper or oil)



KOREAN WAR (1950-1953)

Following the Korean War, South Korea remained one of the poorest countries in the world for over a decade. In 1960 its GDP per capita was \$79. The growth of the industrial sector was the principal stimulus to economic development. In 1986, manufacturing industries accounted for approximately 30 percent of the gross domestic product and 25 percent of the workforce.





PARK CHUNG-HEE

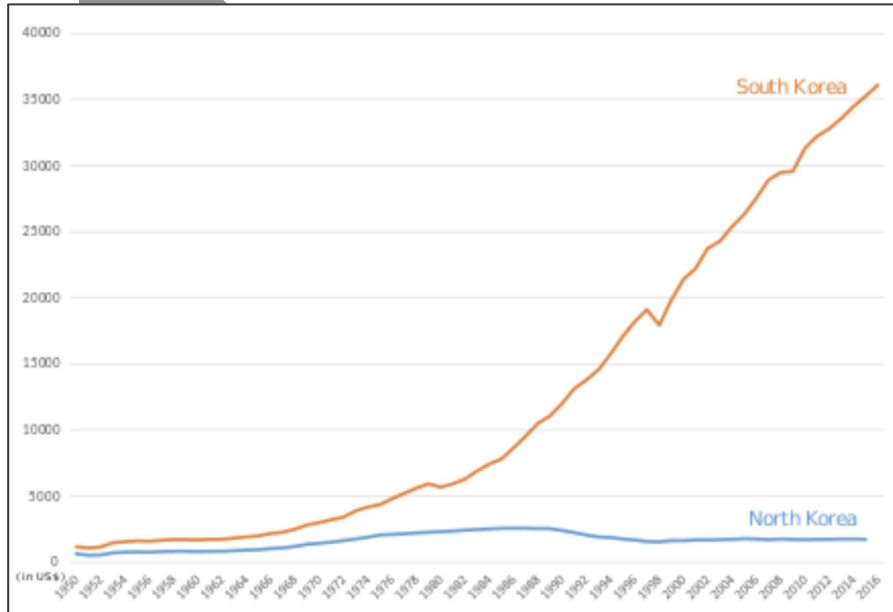
A South Korean politician and army general who served as the President of South Korea from 1963 until his assassination in 1979

PARK CHUNG-HEE REGIME (1960S-1980S)



With the coup of Park Chung-hee, a protectionist economic policy began. To promote development, a policy of export-oriented industrialization was applied, closing the entry into the country of all kinds of foreign products, except raw materials. General Park nationalized the financial system to swell the powerful state arm, whose intervention in the economy was through five-year plans.

SOUTH KOREA ECONOMIC GROWTH



South Korea's real gross domestic product expanded by an average of more than 8 percent per year.

Nominal GDP per capita

In 1962 - \$103.88

In 1989 - \$5,438.24

The manufacturing sector grew

In 1962 - 14.3 percent of the GNP

In 1987 - 30.3 percent of GNP

The ratio of domestic savings to GNP

In 1962 - 3.3 percent

In 1987 - 35.8 percent



IDENTIFICATION
OF KEY ISSUES

KEY ISSUES

Poverty

Corrupted Government

Strongly rely on financial assistance

The rate of economic growth is lower than the rate of population growth

Income per capita lower than 100 USD

Scarce Natural resources

Korean war

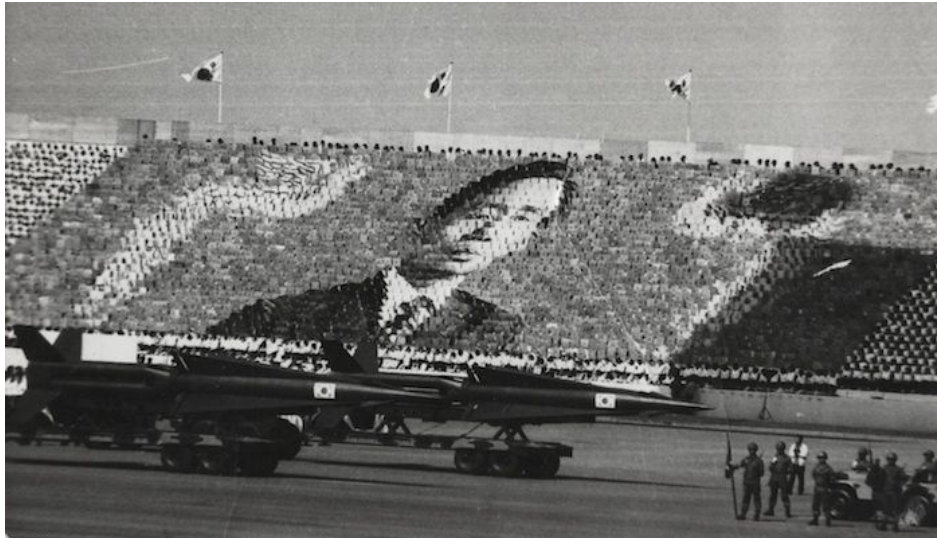




MAIN DEVELOPMENT
STRATEGIES AND POLICIE

PARK CHUNG HEE'S GOAL

- To be independent and successful nation
- To be a market-based economy
- To improve overall efficiency of the overall economy



THE FIVE-YEAR ECONOMIC AND SOCIAL DEVELOPMENT PLAN

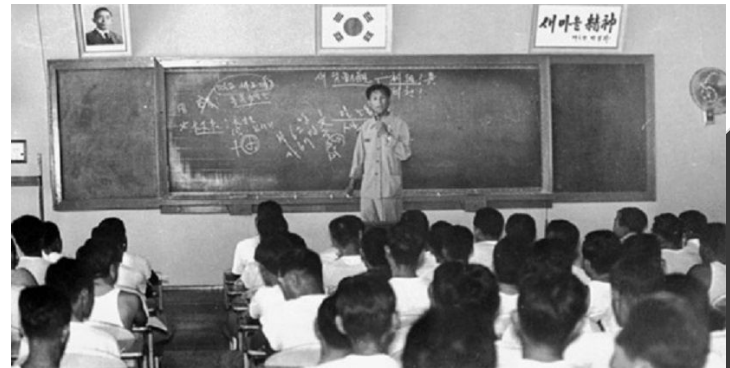
(Country Industrialization) (1962-1996)

- First: technological capacity
- Second: modernizing industrial sectors and building import substitution industries
- Third: HCI Plan
- Fourth: compete in the world's industrial export markets
- Fifth: Technology-Intensive Industries



THE FIRST FIVE-YEAR PLAN (1962-1966)

- Expand electrical/coal energy industry
- Self-sufficient infrastructure
- Agricultural productivity
- Neutralize BOP
- Investment in education and other social resources



THE SECOND FIVE-YEAR PLAN (1967-1971)

- Shift to heavy industry (Guro Industrial Park)
- Encourage building import-substitution industry (Steel, machinery, chemicals)
- Result from second year plan, more people are attending high school and college to meet the demand of high skilled labors.



THE THIRD FIVE-YEAR PLAN (1972-1976)

Improving country's industrial sector (1960s)

- Less import goods/ more domestic goods
- Building South Korea's army

The Heavy-Chemical Industry plan/ HCI Plan (1970s)

- Focus on transforming agriculture country to industrial country

Results

- Capable of self-sufficient economy
- Produce higher market value of good and services



THE FOURTH FIVE-YEAR PLAN (1977-1981)

- Technology intensive and skilled labor intensive industries
 - Machinery
 - Electronics
 - Shipbuilding
- Producing higher labor skill and higher technology level of production
- Starting heavy and chemical industries such as iron, steel, and petrochemicals
 - Grew by 51.8% in 1981
- Improving the exported goods of the country
 - The export increase to 45.3% of total output in 1981.



THE FIFTH FIVE-YEAR PLAN (1982-1986)

- Succeeded in the developing of arts Ex. Samsung electronics develops Korea's first 64k DRAM (1983) and universal mobile WIMAX access (1990) which led to its global leadership in the industry
- overpowered the foreign companies in developing new products
- Attempted a revolution in the information technology industry and becoming an IT power
- Solve the growling disparity between rich and poor conflict
- Invest steel, shipbuilding, automobiles, petrochemicals and semiconductors to achieve extraordinary economic growth
- Acquired a world- class manufacturing industry



LESSON LEARNED

Lessons learned

The five-year plans for Korea's growth that can be applied to future planning development

Policy decisions is based on policies devised by Korean presidents to increase their political prestige, influence, and ensure regime longevity. Therefore, policy reforms causes the turning point in economic growth due to the problem of..

Socialisation of private risk

Consolidation in executive power and reorganization of regulatory machinery

Park Chung Hee's focus on performance

- Who met or exceeded the goals over a certain number of evaluation periods surviving or being rewarded
- Who did not meet the goals over a certain number of evaluation periods facing potential dismissal

Implementation policy changes in financial sector

Creation of the *Economic Planning Board* with the most effective policies

- Money allocated to the private sector goes through officially authorized business areas
- Businessmen who breach national economic guidelines are punished

Lessons learned from the experience ?

Executive power concentration

As the country concentrated on export-oriented industrialisation, reforming strategy for the bureaucracy that increased its scale, enhanced professional competence, and strengthened its capacity to deal with increasingly complex economic issues

Powerful clusters of skilled economic bureaucrats

Stabilize the scheme through a credible commitment to an alliance with bureaucrats, chaebol, and farmers was crucial to its institutionalisation. Not only did the credible pledge include benefits, but it also included fines

State regulation of the financial system

Placed a high value on economic ministries and technocracy, constantly seeking to insulate the EPB from political tensions and appointing mostly economic experts to these ministries

An alliance with bureaucrats, farmers, and other business groups

tax fraud prosecutions, in which the companies found guilty were subjected not only to extra taxes and fines, but also to criminal prosecution



CONCLUSION



THE MIRACLE OF THE HAN RIVER



THANK YOU

Q&A