

South Korea's Rise: Economic Development, Power and Foreign Relations

Uk Heo
University of Wisconsin-Milwaukee

Research Question

- The relationship between politics and economics
- E.g. Democracy-growth nexus, election-economic performance, defense-growth
- Void in studying the effects of economic development on foreign policy
- What is the impact of South Korea's economic development on its foreign policy?

Theory

- Economic development → Transition to democracy
→ Elite changes.
 - Education Enhancement
 - Industrialization and Access to Information
 - Urbanization
 - Increased Middle Class
- New elites may interpret national interest differently, and policy changes, such as shifting the focus in foreign policy and changing relationship with other states, may follow, reflecting the new assessment of national interests.

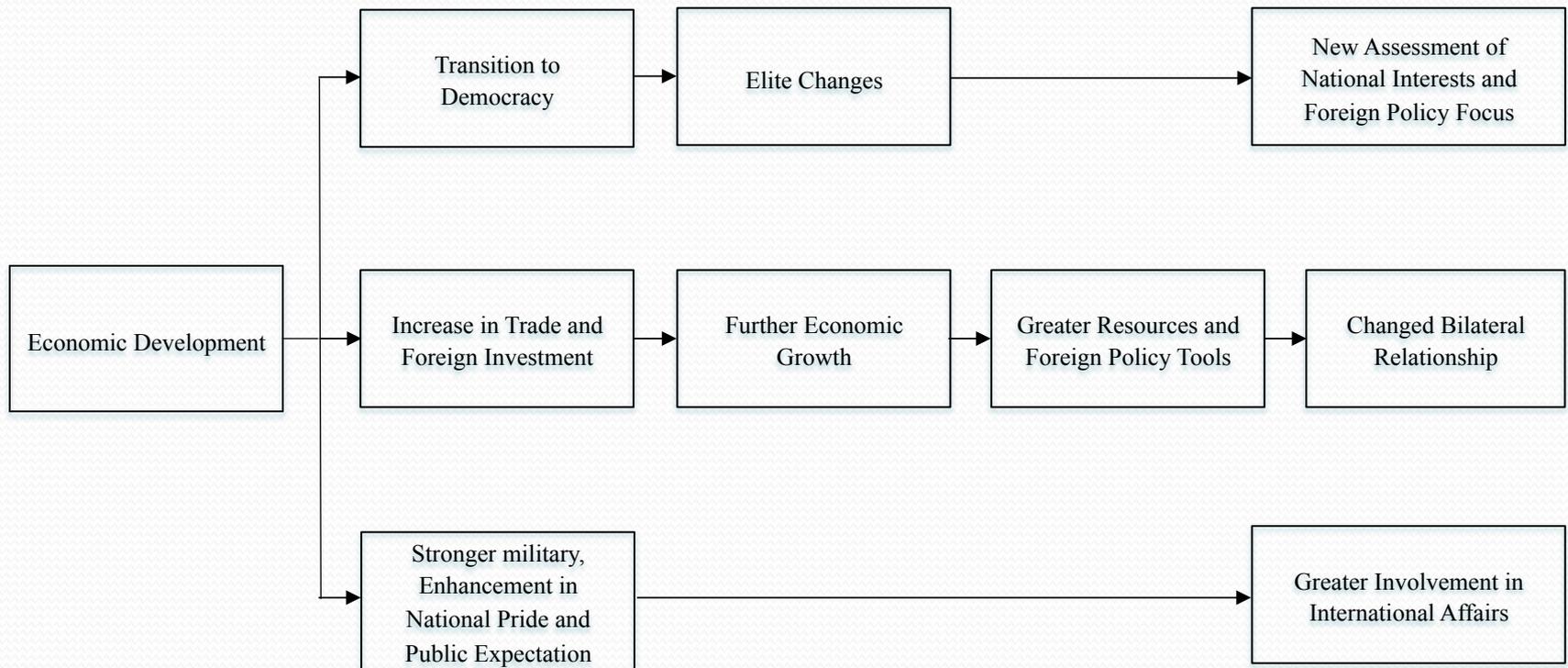
Theory

- Economic development also attracts more trade and foreign investment for two reasons.
 - Democracy resulted from economic development provides the rule of law and grants better protection of private property rights. Thus, domestic and foreign investors feel comfortable making investment in democratic countries.
 - Economic development improves infrastructure and enhances consumers' purchasing power, attracting more trade and foreign investment. Increased trade and foreign capital facilitate further growth.

Theory

- Economic development → more foreign policy options and tools: aid, trade, and stronger military power
- Economic development supplies the opportunity for greater political influence through bilateral relationship change or memberships in international organizations that require advanced nation status, such as the Organization for Economic Cooperation and Development (OECD) or G-20.

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- Economic Development → Stronger Military Power, Enhanced National Pride and Public Expectation → Greater Role in International Affairs (e.g. Involvement in Peace Keeping Operation)



The South Korean Case

- Economic Development
 - South Korea's per capita GDP in the 1950s was \$60. At that time, South Korea's international trade was minimal and its foreign relations were limited.
 - In the 1960s, South Korea's GDP per capita was comparable with levels in the poorer countries of Africa and Asia. But, since 1962, the South Korean economy developed rapidly.
 - Over the next four decades, South Korea demonstrated incredible growth to become a high-tech industrialized economy.

- In 2004, South Korea joined the trillion dollar club of world economies, and is currently the world's 12th largest economy.
- GDP Per capita in 2012 (PPP value): \$32,400
- South Korea joined the OECD (Organization for Economic Cooperation and Development) in 1996.
- In 2010, South Korea became a member of OECD DAC (Development Assistance Committee); South Korea is the first country that transformed itself from an international aid recipient to donor.

Economic Development → Industrialization & Urbanization

- In 1970 agriculture and fishing were 36.8% of GDP and 22.9% of GDP came from the manufacturing and construction industries.
- In 1990, agriculture and fishing were 8.9% and manufacturing and construction were 38.6% of GDP.
- In 1970, 41.2% of the population lived in urban areas, but it increased to 81.9%.
- Population employed in the manufacturing sector in 1979 was about 3 million, but it increased to over 4 million in 1987.

Economic Development → Education Enhancement

- In 1970, South Korea's per capita GDP was \$279
- 20.3% of the high school age population was enrolled in school.
- In 1990, South Korea's per capita GDP rose to \$6,153.
- 79.4% of the high school age population was enrolled in school.
- Those who received tertiary education also increased from a mere 5.4 percent to 23.6 percent in the same time period.

Transition to Democracy

- Democratization
 - In 1987, a popular election was held to elect the president.
- Power shifts between Conservatives and Liberals/Progressives
 - Two conservatives (Roh Tae-woo & Kim Young-sam)
 - Two liberals/progressives (Kim Dae-jung & Roh Moo-hyun)
 - Two conservatives again (Lee Myung-bak & Park Geun-hye)

Democratization → New Elites → Changed Foreign Policy

- Changed policy toward North Korea
 - Using economic aid as a policy tool
 - Engagement policy
- Demand changes in the US-Korea bilateral relationship
 - From the patron-client relationship to equal partnership

Economic Development → Increased Trade and FDI → Increased Foreign Policy Options

- In 1987--total trade was \$88.3 billion
- In 2012, total trade reached \$1.067 trillion, a 1,200 percent increase in 25 years
- In 1996--\$3.2 billion
- In 2012--\$16.3 billion, a 508 percent increase in 16 years
- Relationship with the EU
 - Minimal trade until the early 1980s—FTA in 2010
- Normalization with USSR/Russia—Economic aids (\$3 billion in loans)

- Rapprochement with China in 1992
 - Trade: \$6.37 billion in 1992 → \$215.1 in 2012 (34 times)
 - China is ROK's largest trade partner
- Economic Aid to North Korea as an inducement
 - \$500 million for a summit meeting
 - Kae-sung Industrial Park
 - Kum-gang Tourism

Economic Development → Greater Role in International Affairs

- South Korean military's participation in peace keeping operation
 - <http://rokdrops.com/2010/01/27/chart-of-korean-troops-participating-in-un-peacekeeping-operations/>
- Joined Combined Task Force 151, the international counter-piracy operation off the Somali coast
 - South Korean navy's role in the Gulf of Aden
- Hosted the G-20 summit and the Nuclear Security Summit
- Elected to the UN Security Council
- Joined the OECD Development Assistance Committee (DAC), an elite organization of the world's top aid donors
- Free Trade Agreements
 - USA, EU, Chile, Peru, ASEAN, Singapore, Columbia, India (Comprehensive Economic Partnership Agreement)
 - Currently discussing with China & Japan

Conclusion

- Economic Development in South Korea led to the transition to democracy and provided more options in foreign policy.
- Accordingly South Korea's foreign policy changed and its role in world politics significantly increased as the economy develops.